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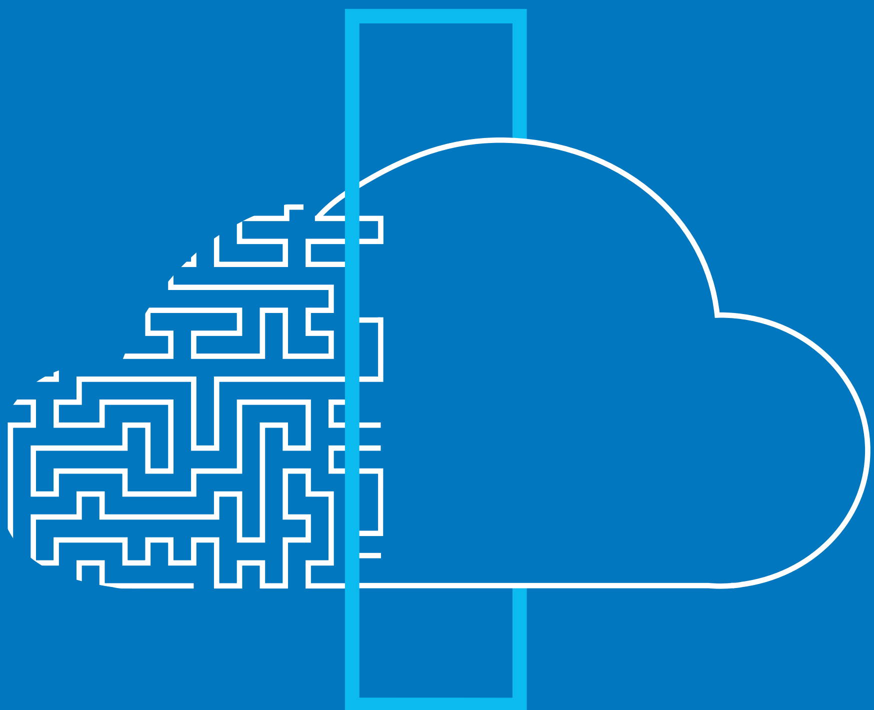

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Subsidiary Financials 2020-21

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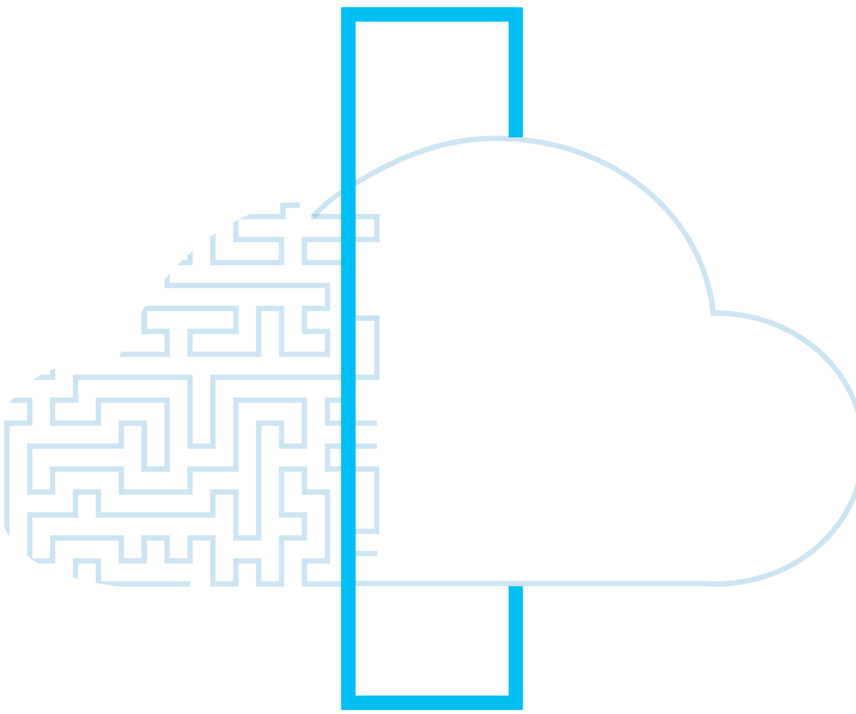
Contents



Infosys Technologies (China) Co. Limited

Auditor's Report

De Shi Bao (Shen) Zi (21) No. P04972

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

1. Opinion

We have audited the accompanying financial statements of Infosys Technologies (China) Co. Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2020, the Statement of Income, the Statement of Cash Flow, and the Statement of Changes in Owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared and present fairly, in all material respects, the Company's financial position as of December 31, 2020, and the Company's results of operation and cash flow for the year ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

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

4. Auditor's responsibilities for the audit of the financial statements

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

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

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

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

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

(4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant
Gao, Sunchao
Chinese Certified Public Accountant
Zheng, Zhipeng
May 17, 2021

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

Balance Sheet

In RMB

Particulars	Note VIII	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current assets			
Cash and bank balances	1	65,601,874.90	29,112,402.41
Accounts receivable	2	241,839,213.61	293,629,386.14
Prepayments		5,130,579.05	3,023,652.84
Other receivables	3	65,235,498.09	62,054,363.30
Other current assets		3,084,387.21	239,279.22
Total current assets		380,891,552.86	388,059,083.91
Non-current assets			
Fixed assets	4	8,008,661.62	3,498,864.77
Construction in progress	5	–	39,380.53
Long-term deferred expenses	6	953,253.49	190,460.95
Total non-current assets		8,961,915.11	3,728,706.25
Total assets		389,853,467.97	391,787,790.16

In RMB

Particulars	Note VIII	As at December 31, 2020	As at December 31, 2019
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	7	4,567,430.00	74,645,340.00
Accounts payable		107,932,848.59	64,214,824.86
Employee benefits payable	8	20,242,658.01	24,627,593.81
Taxes payable	9	3,660,950.19	3,029,187.13
Other payables		26,518,019.68	30,175,627.64
Other current liabilities		30,248,930.26	43,371,052.36
Total current liabilities		193,170,836.73	240,063,625.80
Total liabilities		193,170,836.73	240,063,625.80
Owners' equity			
Paid in capital	10	398,980,400.00	398,980,400.00
Capital reserve	11	51,575,614.42	51,575,614.42
Accumulated losses		(253,873,383.18)	(298,831,850.06)
Total owners' equity		196,682,631.24	151,724,164.36
Total liabilities and owners' equity		389,853,467.97	391,787,790.16

The accompanying notes form part of the financial statements.

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

Stone Zhu
Legal Representative

Subrata Das
Head of Accounting Department

Statement of Income

In RMB

Particulars	Note VIII	Year ended December 31,	
		2020	2019
I.Operating income	12	694,533,999.07	720,350,028.47
Less: Operating costs		586,160,921.20	646,552,845.09
Taxes and surcharges		224,591.78	120,000.13
Selling expenses		9,190,514.96	11,918,993.74
Administrative expenses		52,663,594.45	61,278,866.10
Financial expenses	13	1,605,653.96	3,898,722.09
Add: Other income	14	2,457,280.77	3,836,289.87
Reversal of impairment of assets (Loss)	15	(2,187,536.61)	1,526,280.38
Gains on disposal of assets		–	104,540.49
II.Operating profit		44,958,466.88	2,047,712.06
III.Total profit		44,958,466.88	2,047,712.06
Less: Income tax expenses	16	–	–
IV.Net profit for the year		44,958,466.88	2,047,712.06
V.Other comprehensive income, net of tax		–	–
VI.Total comprehensive income for the year		44,958,466.88	2,047,712.06

The accompanying notes form part of the financial statements.

Statement of Cash Flows

In RMB

	Particulars	Note VIII	Year ended December 31,	
			2020	2019
I.	Cash Flows from Operating Activities			
	Cash receipts from the sale of goods and the rendering of services		762,027,279.66	688,722,218.77
	Receipts of tax refunds		1,473,886.78	118,589.24
	Other cash receipts relating to operating activities		2,594,906.96	8,162,600.14
	Sub-total of cash inflows from operating activities		766,096,073.40	697,003,408.15
	Payments for goods purchased and services received		313,395,173.40	394,687,608.28
	Payments to and on behalf of employees		313,812,733.25	305,142,871.75
	Payments of various types of taxes		3,336,024.76	4,107,767.42
	Other cash payments relating to operating activities		18,798,611.29	37,651,231.22
	Sub-total of cash outflows from operating activities		649,342,542.70	741,589,478.67
	Net Cash Flow Used in Operating Activities	18	116,753,530.70	(44,586,070.52)
II.	Cash Flows from Investing Activities			
	Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		–	104,540.49
	Sub-total of cash inflows from investing activities		–	104,540.49
	Payments for acquisition of fixed assets,			
	intangible assets and other long-term assets		8,774,975.28	868,150.81
	Sub-total of cash outflows from investing activities		8,774,975.28	868,150.81
	Net Cash Flow Used in Investing Activities		(8,774,975.28)	(763,610.32)
III.	Cash Flows from Financing Activities			
	Cash paid for debt repayment		70,077,910.00	–
	Subtotal of cash outflow from financing activities		70,077,910.00	–
	Net Cash Flow Used in Financing Activities		(70,077,910.00)	–
IV.	Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(1,411,172.93)	202,193.58
V.	Net increase / decrease in Cash and Cash Equivalents	18	36,489,472.49	(45,147,487.26)
	Add: Opening balance of Cash and Cash Equivalents		29,112,402.41	74,259,889.67
VI.	Closing Balance of Cash and Cash Equivalents	18	65,601,874.90	29,112,402.41

The accompanying notes form part of the financial statements.

Statement of Changes in Owners' Equity

For the year ended December 31, 2020

In RMB

Particulars	Paid-in capital	Capital reserve	Accumulated losses	Total owners' equity
Balance at January 1, 2020	398,980,400.00	51,575,614.42	(298,831,850.06)	151,724,164.36
Changes in equity during the year				
(1) Total comprehensive income	–	–	44,958,466.88	44,958,466.88
Balance at December 31, 2020	398,980,400.00	51,575,614.42	(253,873,383.18)	196,682,631.24
Balance at January 1, 2019	398,980,400.00	51,575,614.42	(300,879,562.12)	149,676,452.30
Changes in equity during the year				
(1) Total comprehensive income	–	–	2,047,712.06	2,047,712.06
Balance at December 31, 2019	398,980,400.00	51,575,614.42	(298,831,850.06)	151,724,164.36

The accompanying notes form part of the financial statements.

I. Basic information

Infosys Technologies (China) Co. Limited (the "Company"), formerly known as Infosys Technologies (Shanghai) Co. Limited, is a wholly foreign-owned enterprise established in Shanghai in the People's Republic of China (PRC) by Infosys Limited (formerly Infosys Technologies Limited) registered in India. The Company obtained an approval certificate Wai Jing Mao Hu Zhang Du Zi Zi (2003) No. 2893 from the Shanghai Municipal Government on September 25, 2003, and a business license (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on October 10, 2003, issued by Shanghai Administration of Industry & Commerce of the PRC. The original registered capital was US$ 5,000,000.

In 2006, the Company's Board of Directors resolved to change the Company's name from Infosys Technologies (Shanghai) Co. Limited to Infosys Technologies (China) Co. Limited and to increase the Company's registered capital from US$ 5,000,000 to US$ 10,000,000. The Company obtained a revised approval certificate Wai Jing Mao Hu Zhang Du Zi Zi (2003) No.2893 and a revised business license (Qi Du Hu Pu Zong Zi No.317745 (Pudong)) on July 14, 2006 and December 14. 2006, respectively.

The Company's Board of Directors resolved to increase the Company's registered capital by US$ 13,000,000. The registered capital was increased from US$ 10,000,000 to US$ 23,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on January 15, 2009. The Company also obtained a revised approval certificate Shang Wai Zi Hu Pu Du Zi Zi (2003) No.2893 and a revised business license No.310115400134785 (Pudong) on January 15, 2009 and March 13, 2009, respectively.

In 2015, the Company's Board of Directors resolved to increase the Company's registered capital from US$ 23,000,000 to US$ 33,000,000. The Company obtained approval from the Shanghai Municipal Government for the change on March 5, 2015. The Company also obtained a revised approval certificate Shang Wai Zi Hu Pu Du Zi Zi (2003) No.2893 and a revised business license No.310115400134785 (Pudong) on March 5, 2015 and May 18, 2015, respectively.

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

The Company's period of operation is 50 years and its principal activities are to carry out research, develop, design and produce software; sell self-produced products; provide related technology consulting services and after sale services; develop computer and network technology; provide testing and maintenance of software solutions; provide business consulting services and business process Management; export and import computer hardware and software, wholesale, commission agency (excluding auction); offshore call center service and etc.

II. Basis for the preparation of financial statements

Going concern

The Management has assessed the Company's ability to continue as a going concern for the 12 months commencing from December 31, 2020, and noticed no items will raise substantial doubt about its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

III. Statements of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises ("ASBE"), and present truly and completely, the Company's financial position as of December 31, 2020, and the Company's results of operations and cash flows for the year ended.

IV. Significant accounting policies and accounting estimates

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

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

2. Functional currency

Renminbi ('RMB') is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as its functional currency and adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and / or disclosure in the financial statements are determined according to the above basis.

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

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

4. Cash and cash equivalents

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

5. Financial instruments

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

5.1 Effective interest method

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

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

5.2 Classification, recognition and measurement of financial assets

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

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

Loans and receivables

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

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

5.3 Impairment of financial assets

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

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

(1) Significant financial difficulty of the issuer or obligor;

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

    - Adverse changes in the payment status of borrowers in the group;

    - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Other objective evidences indicating the impairment of financial assets.

Impairment of financial assets measured at amortized cost

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

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

5.4 Classification, recognition and measurement of financial liabilities

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

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

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

Other financial liabilities

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

5.5 Derecognition of financial liabilities

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

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

5.6 Offsetting financial assets and financial liabilities

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

6. Fixed assets

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

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

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

Particulars	Useful life	Estimated net residual value rate	Annual depreciation rate
Electronic equipment	1-5 years	0%	20%-100%
Office equipment	1-5 years	0%	20%-100%
Software	3 years	0%	33%

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

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

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

7. Construction in progress

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

8. Long-term deferred expenses

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

9. Impairment of non-financial assets

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

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

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

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

10. Employee benefits

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

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

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

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

11. Revenue recognition

11.1 Income from rendering of services

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

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

12. Government grants

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

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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

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

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

13. Income taxes

Tax expense comprises current income tax and deferred income tax.

13.1 Current income taxes

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

13.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

13.3 Income tax offsetting

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

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

14. Transactions denominated in foreign currencies

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

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

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

15. Leases

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

15.1 The Company as lessee under operating leases

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

V. Critical judgments in applying accounting policies and key assumptions and uncertainties in accounting estimates

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

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

– Key assumptions and uncertainties in accounting estimates

At the Balance Sheet date, the key assumptions and uncertainties in the accounting estimates that are likely to result in material adjustments to the carrying amounts of assets and liabilities in the future are:

Deferred tax assets

The Management of the Company considers that it is uncertain for the Company to obtain enough income tax payable in the future, so the Company did not recognize RMB 179,160,595.90 of deductible losses as deferred tax assets at the end of this year according to Note VIII. 16.

Impairment of receivables

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

VI. Changes in accounting policy

Changes in accounting policy

During the year, the Company implemented the following relevant provisions and amendments to the Accounting Standards for Business Enterprises issued by the Ministry of Finance:

Interpretation of Accounting Standards for Business Enterprises No. 13 (Cai Kuai (2019) No. 21) ("Interpretation of Standards No. 13")

Implementation of Interpretation of Standards No. 13 has no significant impact on the financial statements of the Company.

VII. Taxation

Value-added tax

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

Based on the zero VAT rate policy, the overseas revenue of the Company is exempted from VAT.

Income tax

The statutory income tax rate of the Company is 25%, but the applicable income tax rate of the Company is 15% in the year (2019: 15%). The Company obtained the Certificate of Advanced Technology Service Enterprise on 16 December 2019 and paid income tax at a reduced rate of 15% in 2019. The accumulated tax loss of the Company as at 31 December 2020 has not been fully deducted, therefore, the income tax of this year has not been accrued.

Other taxes

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

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

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

VIII. Notes to the financial statements

1. Cash and bank balances

In RMB

Particulars	As at December 31,	
	2020	2019
Deposits with banks	65,601,874.90	29,112,402.41

2. Accounts receivable

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

In RMB

Particulars	As at December 31	
	2020	2019
Amounts due from related parties	68,110,604.25	55,516,595.40
Amounts due from other customers	187,642,145.61	252,442,043.34
Sub-total	255,752,749.86	307,958,638.74
Less: Bad debt provision	(13,913,536.25)	(14,329,252.60)
Total	241,839,213.61	293,629,386.14

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

In RMB

Particulars	As at December 31,	
	2020	2019
Opening balance	14,329,252.60	16,027,993.36
Provision during the year	13,865,846.04	14,525,405.94
Reversals during the year	(11,678,309.43)	(16,051,686.32)
Written-off during the year	(2,603,252.96)	–
Exchange difference	–	(172,460.38)
Closing balance	13,913,536.25	14,329,252.60

3. Other receivables

3.1 Summary of other receivables

The ageing analysis of other receivables is as follows:

In RMB

Particulars	As at December 31							
	2020				2019			
	Amount	Ratio (%)	Bad debt provision	Book value	Amount	Ratio (%)	Bad debt provision	Book value
Within 1 year	4,497,892.73	6.89	90,287.26	4,407,605.47	4,553,198.56	7.34	–	4,553,198.56
1 to 2 years	8,047,239.91	12.32	–	8,047,239.91	54,498,958.91	87.82	–	54,498,958.91
2-3 years	50,008,000.00	76.55	–	50,008,000.000	494,078.72	0.80	–	494,078.72
More than 3 years	2,772,652.71	4.24	–	2,772,652.71	2,508,127.11	4.04	–	2,508,127.11
Total	65,325,785.35	100.00	90,287.26	65,235,498.09	62,054,363.30	100.00	–	62,054,363.30

Note: Other receivables aged 2 to 3 years include loans of RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2017, out of which RMB 15,000,000.00 was originally due on 11 May 2018 and then was extended until the lender requires repayment, and RMB 35,000,000.00 was originally due on 27 July 2018 and then was extended until the lender requires repayment. As at the Balance Sheet date, RMB 10,499,178.08 of interest income has been recognized. For more details, please refer to Note IX. (3)(b)(c).

Other receivables aged over three years are lease deposits.

4. Fixed assets

In RMB

Particulars	Electronic equipment	Office equipment	Software	Total
Cost				
January 1, 2020	90,514,020.32	43,042,774.20	–	133,556,794.52
Additions during the year	7,209,990.80	327,720.23	57,529.20	7,595,240.23
Decrease	(2,248,085.03)	–	–	(2,248,085.03)
Balance at December 31, 2020	95,475,926.09	43,370,494.43	57,529.20	138,903,949.72
Accumulated depreciation				
January 1, 2020	(87,687,903.35)	(42,370,026.40)	–	(130,057,929.75)
Charge for the year	(2,703,968.93)	(375,064.80)	(6,409.65)	(3,085,443.38)
Decrease	2,248,085.03	–	–	2,248,085.03
Balance at December 31, 2020	(88,143,787.25)	(42,745,091.20)	(6,409.65)	(130,895,288.10)
Carrying amounts				
December 31, 2019	2,826,116.97	672,747.80	–	3,498,864.77
December 31, 2020	7,332,138.84	625,403.23	51,119.55	8,008,661.62

5. Construction in progress

In RMB

Particulars	
Balance at January 1, 2019 and December 31, 2019	39,380.53
Additions during the year	8,774,975.28
Transfer to fixed assets	(7,595,240.23)
Transfer to long-term deferred expenses	(1,219,115.58)
Balance at December 31. 2020	–

6. Long-term deferred expenses

In RMB

Particulars	As at December 31,	
	2020	2019
Leasehold improvement	953,253.49	190,460.95

7. Short-term loans

In RMB

Particulars	As at December 31,	
	2020	2019
Unsecured loans	4,567,430.00	74,645,340.00

Short-term loans include a loan of US$700,000.00 (equivalent to RMB 4,567,430.00) from Infosys Limited for the purposes of business operation, bearing an interest rate of 3.50% per annum. The interest is paid quarterly. The loan was originally due in December 2018 and then it was subsequently extended to December 29, 2021. The loan of US$10,000,000.00 obtained from Infosys Limited was for the purpose of business operation, bearing an interest rate of 6% per annum. The loan was originally due in February 2018 and then it was subsequently extended to February 2021. Infosys (China) repaid this loan on December 24, 2020.

8. Employee benefits payable

In RMB

Particulars	As at January 1, 2020	Provision for the year	Payment for the year	As at December 31, 2020
Wages or salaries, bonus, allowances, subsidies	24,627,593.81	273,844,966.30	(278,229,902.10)	20,242,658.01
Social security contributions	–	14,874,565.72	(14,874,565.72)	–
Including: Medical insurance	–	13,702,616.33	(13,702,616.33)	–
Maternity and work injury insurance	–	1,091,375.89	(1,091,375.89)	–
Defined contribution plans (Note)	–	2,878,155.53	(2,878,155.53)	–
Housing funds	–	17,548,503.81	(17,548,503.81)	–
Total	24,627,593.81	309,065,617.86	(313,450,553.66)	20,242,658.01

Note: Defined contribution plans

In RMB

Particulars	As at January 1, 2020	Provision for the year	Payment for the year	As at December 31, 2020
Basic pension insurance	–	273,844,966.30	(278,229,902.10)	–
Unemployment insurance	–	80,573.50	(80,573.50)	–
Total	–	2,878,155.53	(2,878,155.53)	–

The Company participates in basic pension insurance plan established by government in accordance with the relevant requirements. According to the plan, the Company makes a monthly contribution equivalent to the ratio of 16%, 14%, 16% and 16%, in Shanghai, Hangzhou, Beijing and Dalian respectively, of the employee's monthly basic wage based on last year's salary. The Company no longer undertakes further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occur.

9. Taxes payable

In RMB

Particulars Category	As at December 31, 2020	2019
Individual income tax	705,558.05	572,084.22
Withholding income tax and VAT	2,955,392.14	2,457,102.91
Total	3,660,950.19	3,029,187.13

10. Paid-in capital

The registered capital of the Company is US$ 58,000,000.00 which has been in place as at December 31, 2020. The contribution by the investor according to the Articles of Association is as follows:

Particulars	As at December 31,					
	2020			2019		
	US$	Ratio (%)	Equivalent to RMB	US$	Ratio (%)	Equivalent to RMB
Infosys Limited	58,000,000.00	100	398,980,400.00	58,000,000.00	100	398,980,400.00

11. Capital reserve

In RMB

Particulars	As at December 31, 2020	2019
Capital reserve	51,575,614.42	51,575,614.42

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

12. Operating income

In RMB

Particulars	Year ended December 31, 2020	2019
Income from principal activities-rendering of services	694,533,999.07	720,350,028.47

13. Financial expenses

In RMB

Particulars	Year ended December 31, 2020	2019
Interest expenses	2,879,200.37	4,616,866.84
Interest income	(3,673,649.82)	(3,506,728.15)
Exchange gains (losses)	2,400,103.41	2,788,583.40
Total	1,605,653.96	3,898,722.09

14. Other income

In RMB

Particulars	Year ended December 31, 2020	2019
10% additional deduction of VAT in service industry	883,984.49	775,916.36
Fiscal subsidy	640,000.00	1,270,000.00
Subsidy on job stabilization	470,946.50	160,915.43
Income tax service charges refund	241,136.28	351,490.84
Subsidy on rent	202,300.00	–
Subsidy for disabled employment	18,913.50	70,805.69
Subsidy on import	–	1,070,000.00
Government grant for training	–	128,100.00
Others	–	9,061.55
Total	2,457,280.77	3,836,289.87

15. Reversal of impairment of assets (loss)

In RMB

Particulars	Year ended December 31,	
	2020	2019
Reversal of bad debt (Loss)	(2,187,536.61)	1,526,280.38

16. Income tax expenses

In RMB

Particulars	Year ended December 31,	
	2020	2019
Current income tax expenses	–	–
Deferred income tax expenses	–	–
Total	–	–

As described in Note V, the Company's Management is uncertain that there will be sufficient taxable profit in future periods, so the deferred tax assets related to the accumulated deductible losses as at December 31, 2020 amounting to RMB 213,690,229.10 is not recognized. Among the accumulated deductible losses, RMB 54,149,412.24, RMB 135,839,954.14, RMB 23,700,862.72 will expire in 2021, 2022, and 2023 respectively.

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

In RMB

Particulars	Year ended December 31,	
	2020	2019
Accounting losses	44,958,466.88	2,047,712.06
Expected income tax expenses (income) at tax rate of 15% (2019:15%)	6,743,770.03	307,156.81
Tax effect of non-deductible expenses	89,066.53	282,287.22
Unused deductible losses	–	–
Temporary differences for unrecognized deferred tax assets	(1,373,413.10)	394,769.33
Tax effect of using unrecognized deductible loss and deductible temporary difference in previous years	(5,459,423.46)	(984,213.36)
Income tax expenses	–	–

This part reflected on the annual audit financial report is not a reference data for EIT filing and is only a part of the financial audit report disclosure.

17. Supplement to statement of income

Expenses in the income statement are analyzed by their nature:

In RMB

Particulars	Year ended December 31,	
	2020	2019
Employee benefits expenses	273,182,551.76	312,660,047.11
Depreciation and amortization expenses	3,541,766.42	5,053,452.40
Rental payments	9,451,044.87	11,297,922.98
Financial expenses	1,605,653.96	3,898,722.09
Other expenses	361,839,667.56	390,739,282.44
Total expenses	649,620,684.57	723,649,427.02

18. Supplementary information to the cash flow statement

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

In RMB

Particulars	Year ended December 31,	
	2020	2019
Net profits	44,958,466.88	2,047,712.06
Add: Provision for (Reversal of) bad debts	2,187,536.61	(1,526,280.38)
Depreciation of fixed assets	3,085,443.38	3,952,886.92
Amortization of long-term deferred expenses	456,323.04	292,721.44
Financial expenses	3,902,652.62	5,662,693.60
Gains on disposal of fixed assets	–	(104,540.49)

Particulars	Year ended December 31,	
	2020	2019
Decrease (Increase) in operating receivables	41,469,466.93	(56,809,024.51)
Increase in operating payables	20,693,641.25	1,897,760.84
Net cash flow from operating activities	116,753,530.71	(44,586,070.52)

(2) Net changes in cash and cash equivalents

In RMB

Particulars	Year ended December 31,	
	2020	2019
Cash and cash equivalents at the end of the year	65,601,874.90	29,112,402.41
Less: Cash and cash equivalents at the beginning of the year	29,112,402.41	74,259,889.67
Net increase / (decrease) in cash and cash equivalents	36,489,472.49	(45,147,487.26)

IX Related party relationships and transactions

(1) Information about the parent company of the Company is as follows:

In RMB

Name of the parent company	Registered address	Nature of business	Registered capital	Shareholding ratio	Voting ratio
Infosys Limited	India	Rendering of information technical consultation service and management consultation	INR 11.48 billion	100%	100%

(2) The following are other related parties which have transactions with the Company while no control relationship exists:

Name	Relationship with the Company
Infosys Poland Sp. z o.o.	Controlled by the same parent company
EdgeVerve Systems Limited	Controlled by the same parent company
Infosys Public Services Inc	Controlled by the same parent company
Panaya Ltd.	Controlled by the same parent company
Infosys BPM Limited	Controlled by the same parent company
Infosys Technologies S.De.R.L	Controlled by the same parent company
HIPUS Co., Ltd.	Controlled by the same parent company
Infosys Technologies (Shanghai) Co. Limited	Controlled by the same parent company
Infosys Management Consulting (Shanghai) Co, Ltd.	Controlled by the same parent company

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

(a) Sales and purchase

The details of sales and purchases between the Company and its related parties are as follows:

In RMB

Particulars	Year ended December 31,	
	2020	2019
Sales		
Infosys Limited	60,859,243.34	78,102,076.69
Infosys Technologies S.De.R.L	6,431,669.36	–
Infosys Technologies (Shanghai) Co. Limited	5,970,721.49	13,011,438.85
HIPUS Co., Ltd.	3,987,827.82	–
Infosys BPM Limited	2,508,328.78	1,573,469.63
Infosys Public Services Inc	468,329.33	563,218.53
Infosys Management Consulting (Shanghai) Co, Ltd.	2,299.00	–
Total	80,228,419.12	93,250,203.70

In RMB

Particulars	Year ended December 31,	
	2020	2019
Purchases		
Infosys Technologies (Shanghai) Co. Limited	277,684,762.47	294,232,291.79
Infosys Limited	22,644,941.51	24,354,244.60
HIPUS Co., Ltd.	1,124,319.99	–
Panaya Ltd.	620,008.61	1,017,143.02
Infosys BPM Limited	226,512.10	394,527.68
EdgeVerve Systems Limited	7,894.75	5,634.75
Infosys Management Consulting (Shanghai) Co, Ltd.	–	370,984.94
Total	302,308,439.43	320,374,826.78

(b) Loans and borrowings

The details of loans and borrowings between the Company and related parties are as follows:

In RMB

Particulars	Incurred amount in 2020	As at December 31, 2020	Incurred amount in 2019	As at December 31, 2019	Annual interest rate
Borrowings from					
Infosys Limited	(69,762,000.00)	–	–	69,762,000.00	6.00
Infosys Poland Sp. z o.o.	(315,910.00)	4,567,430.00	–	4,883,340.00	3.50
Total	–	4,567,430.00	–	74,645,340.00	
Lend to					
Infosys Technologies (Shanghai) Co. Limited	–	15,000,000.00	–	15,000,000.00	6.00
Infosys Technologies (Shanghai) Co. Limited	–	35,000,000.00	–	35,000,000.00	6.00
Total	–	50,000,000.00	–	50,000,000.00	

Note: The loan obtained by the Company from Infosys Poland Sp. z o.o. is for the purpose of business operation. The loan bears an interest rate of 3.50% per annum and the interest is paid quarterly. The loan was originally due in December 2018 and then it was subsequently extended to December 29, 2021. The incurred amount in the current year is the difference of exchange rate movements. The loan of US$10,000,000.00 obtained from Infosys Limited is for the purpose of operation and bears an interest rate of 6% per annum. Infosys (China) repaid this loan on December 24, 2020. The Company accumulatively lent RMB 50,000,000.00 to Infosys Technologies (Shanghai) Co. Limited in 2017, bearing an interest rate of 6% per annum, in which RMB 15,000,000.00 and RMB 35,000,000.00 would be due in May and July 2018, respectively, and extended to be repaid upon demand by the Lender.

In RMB

Particulars	Year ended December 31,	
	2020	2019
Interest expenses		
Infosys Limited	2,743,038.96	4,441,707.57
Infosys Poland Sp. z o.o.	136,161.31	175,159.27
Total	2,879,200.37	4,616,866.84
Interest income		
Infosys Technologies (Shanghai) Co. Limited	3,008,219.17	3,000,000.00

(c) Amounts due to/from related companies

In RMB

Accounts	Name of the related parties	As at December 31,	
		2020	2019
Accounts receivable	Infosys Technologies (Shanghai) Co. Limited	57,683,514.79	51,354,550.05
	Infosys Limited	5,605,943.96	3,888,964.38
	HIPUS Co., Ltd.	3,952,549.82	–
	Infosys Technologies S.De.R.L	648,915.47	–
	Infosys BPM Limited	195,195.49	229,993.94
	Infosys Public Services Inc	28,691.75	43,087.03
	Total	68,114,811.28	55,516,595.40

Accounts	Name of the related parties	As at December 31,	
		2020	2019
Other receivables	Infosys Technologies (Shanghai) Co. Limited	10,499,178.08	7,490,958.91
Prepayment	Panaya Ltd.	–	438,991.93
Accounts payable	Infosys Technologies (Shanghai) Co. Limited	73,903,122.63	34,610,991.87
	Infosys Limited	24,487,078.42	19,205,009.64
	Infosys BPM Limited	1,347,353.48	1,211,631.02
	HIPUS Co., Ltd.	1,118,105.94	–
	EdgeVerve Systems Limited	–	2,646,974.37
	Infosys Management Consulting (Shanghai) Co, Ltd.	–	2,436.94
	Total	100,855,660.47	57,677,043.84
Other payables	Infosys Limited	18,893,607.71	16,094,953.52
	Infosys Poland Sp. z o.o.	685,865.25	561,918.52
	Total	19,579,472.96	16,656,872.04

X Financial instruments and risk management

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

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

1. Risk management objectives and policies

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

1.1 Market risk

1.1.1 Foreign currency risk

Foreign currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the foreign currency risk is primarily associated with US$, INR, HKD and TWD. The Company's principal activities are settled in RMB. As at December 31, 2020, the balance of the Company's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in foreign currencies. Foreign currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Company's performance.

In RMB

Particulars	As at December 31,	
	2020	2019
Cash and bank balances	19,390,525.69	10,909,383.51
Accounts receivable	76,380,291.60	68,145,668.21
Short-term loans	(4,567,430.00)	(74,645,340.00)
Other payables	(19,579,472.96)	(16,656,872.04)
Accounts payable	(26,952,537.84)	(20,416,640.66)
Total	44,671,376.49	(32,663,800.98)

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

In RMB

Particulars	Changes in exchange rate	As at December 31,			
		2020		2019	
		Effect on profit	Effect on Owners' equity	Effect on profit	Effect on Owners' equity
Foreign currencies	10% increase against RMB	4,467,137.65	4,467,137.65	(3,266,380.10)	(3,266,380.10)
Foreign currencies	10% decrease against RMB	(4,467,137.65)	(4,467,137.65)	3,266,380.10	3,266,380.10

1.2 Credit risk

As at December 31, 2020, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

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

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

1.3 Liquidity risk

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

XI.Capital management

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

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

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

The Company is not subject to externally imposed capital requirements.

XII. Commitments

(1) Capital commitments

In RMB

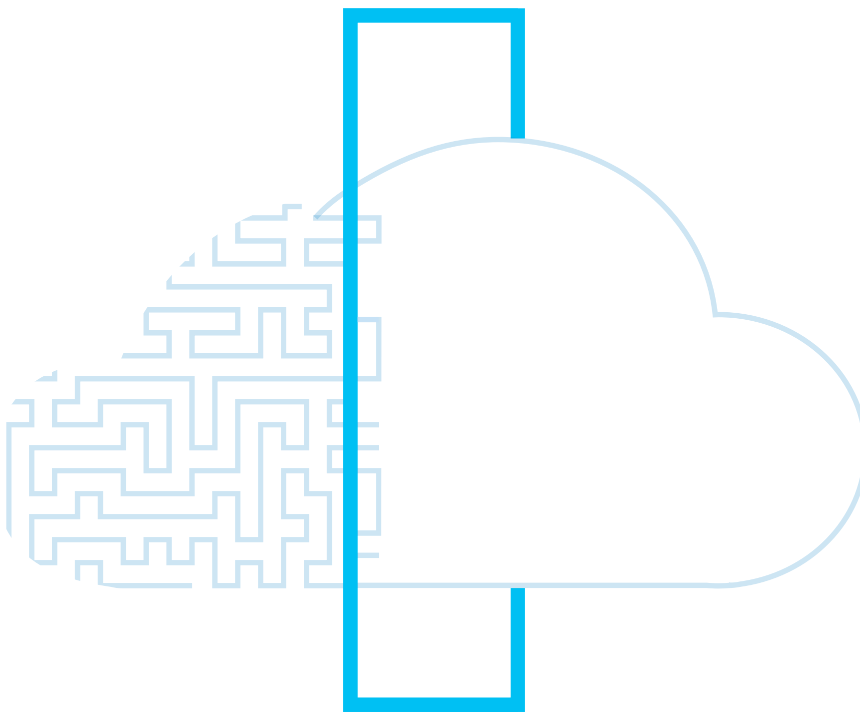
Particulars	As at December 31,	
	2020	2019
Capital commitments that have been entered into but have not been recognized in the financial statements: Contracts for purchasing fixed assets	149,314.00	1,405,635.39

(2) Operating Lease Commitments

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

In RMB

Particulars	As at December 31,	
	2020	2019
Within 1 year	12,377,023.71	8,661,009.04
1 to 2 years	7,457,513.34	3,694,088.04
2 to 3 years	4,862,206.73	2,855,277.91
Total	24,696,743.78	15,210,374.99



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

Independent Auditors’ Report

Tto the Board of Directors and Stockholders of Infosys Technologies, S. de R. L. de C. V.

Opinion

We have audited the financial statements of Infosys Technologies, S. de R. L. de C. V. (the “Entity”), which comprise the statement of financial position as of December 31, 2020 and 2019, and the Statements of Income, the Statements Changes in Stockholders’ Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2020 and 2019, and its financial performance and its cash flows for the year then ended in accordance with Mexican Financial Reporting Standards (MFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA’s). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for professional Accountants (IESBA Code) together with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code.

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

Other Matter

The accompanying financial statements have been translated into English for the convenience of readers.

Without implying any qualification in our opinion, we draw attention to Note 15, which details the impacts derived from the global pandemic by COVID-19 on the economy of the Entity.

Responsibilities of the Management and those charged with Governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with MFRS, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C.P.C. Ana Laura Rodríguez Pérez

May 20, 2020

Statements of Financial Position

In MXN

Particulars	Notes	As at December 31, 2020	As at December 31, 2019
Assets			
Current assets:			
Cash		464,661,228	405,992,080
Accounts receivable, net	5	294,248,503	167,080,051
Related parties	6	48,639,621	141,145,483
Other receivables		5,686,559	2,597,292
Prepayments		6,941,630	6,866,412
Total current assets		820,177,541	723,681,318
Non-Current assets:			
Furniture and equipment, net	7	15,498,481	5,813,131
Right-of-use assets	8	98,559,506	110,482,556
Deferred employee statutory profit sharing	12c	13,013,516	9,235,909
Deferred income taxes	12b	38,772,573	28,865,434
Guarantee deposits		2,303,837	2,240,754
Total assets		988,325,454	880,319,102
Liabilities and stockholders' Equity			
Current liabilities:			
Lease liabilities	9	15,541,019	16,512,382
Trade accounts payable		2,466,608	2,205,869
Accruals	11	41,210,511	28,606,902
Related parties	6	10,568,170	9,066,803
Taxes payable	10	44,552,278	68,544,044
Employee statutory profit sharing		19,430,976	18,676,048
Deferred revenue	3i	25,576,179	13,256,128
Total current liabilities		159,345,741	156,868,176
Non-current liabilities			
Employee benefits		15,047,477	11,370,361
Lease liabilities	9	93,628,781	105,500,786
Total liabilities		268,021,999	273,739,323
Stockholders' equity	13		
Capital stock		175,000,000	175,000,000
Retained earnings		545,303,455	431,579,779
Total stockholders' equity		720,303,455	606,579,779
Total Liabilities and Stockholders' Equity		988,325,454	880,319,102
Commitments and contingent liabilities	14		

See accompanying notes to financial statements.

Statements of Income

In MXN

Particulars	Notes	Year ended December 31,	
		2020	2019
Service revenues		1,123,951,119	869,462,645
Operating expenses:			
Salaries and related costs		545,368,119	452,802,315
Services		320,460,373	169,911,886
Depreciation		6,877,614	4,765,039
Depreciation of right-of-use assets	8	17,282,719	17,039,297
Employee statutory profit sharing		16,510,929	15,789,167
Other		48,240,198	56,200,785
Total operating expenses		954,739,952	716,508,489
Operating income		169,211,167	152,954,156
Comprehensive financial results:			
Foreign exchange loss – net		(7,857,216)	(8,159,996)
Interest attributable to lease liabilities	9	(8,958,555)	(10,138,170)
Interest income		12,090,721	15,660,697
Comprehensive financial results, net		(4,725,050)	(2,637,469)
Income before income taxes		160,044,588	150,316,687
Income taxes	12a	50,762,441	47,353,279
Net income		113,723,676	102,963,408

See accompanying notes to financial statements.

Statements of Changes in Stockholders' Equity

In MXN

Particulars	For the years ended December 31,		
	Capital stock	Retained earnings	Total stockholders' equity
Balances as of January 1, 2019	175,000,000	328,616,371	503,616,371
Net income (Refer to Note 13 b)		102,963,408	102,963,408
Net comprehensive income (Refer to Note 13 b)	–	431,579,779	606,579,779
Net income (Refer to Note 13 b)		113,723,676	113,798,777
Balances as of December 31, 2020	175,000,000	545,303,455	720,378,556

See accompanying notes to financial statements.

Statements of Cash Flows

In MXN

Particulars	Year ended December 31,	
	2020	2019
Cash flows from operating activities:		
Income before income taxes	164,486,117	150,316,687
Items relating to investing activities:		
Depreciation	6,877,614	4,765,039
Depreciation of right-of-use assets	17,282,719	17,039,297
Gain on sale of fixed assets	–	(3,518)
Interest income	(12,090,721)	(15,660,697)
Lease interest	8,958,555	10,138,170
	185,514,284	166,594,978
Accounts receivable and deferred revenue	(114,848,401)	(5,587,896)
Related parties	(23,427,828)	(82,227,119)
Other receivables and prepayments	(3164,484)	(456,313)
Guarantee deposits	(63,083)	(3,541)
Trade accounts payable	260,739	(7,458,516)
Accruals	12,603,609	3,943,461
Income tax and other taxes paid	(84,661,346)	(6,263,849)
Employee statutory profit sharing	(3,022,679)	3,454,203
Employee benefits	3,677,116	1,449,502
Net cash provided by operating activities	(27,132,093)	73,444,910
Cash flow from investing activities		
Interest received	12,090,721	15,660,697
Related parties	117,435,077	–
Acquisition of computer equipment, and furniture and equipment	(16,562,964)	(772,781)
Proceeds from sale of computer equipment, and furniture and equipment	–	–
Net cash provided by (used in) investing activities	112,962,834	14,887,916
Lease liability payments	(27,161,593)	(27,235,329)
Increase in cash	58,669,148	61,097,497
Cash		
At beginning of year	405,992,080	344,894,583
At end of year	464,661,228	405,992,080

See accompanying notes to financial statements.

Notes to the Financial Statements

1. Description of business

Infosys Technologies, S. de R. L. de C. V. "the Company", is an incorporated company under the laws of Mexico. The address of the Company is Boulevard Gustavo Díaz Ordaz 130 west, 16th floor, Santa María, Monterrey, Nuevo León. The Company is a subsidiary of Infosys Limited, and its main activity is to provide services of advice, operational support personnel trained in the area of design, development, implementation and adaptation of business solutions related to information technology.

2. Basis of preparation

a) Statement of compliance

Explanation for translation into English – The accompanying financial statements have been translated from Spanish into English for use outside of Mexico. These financial statements are presented on the basis of Mexican Financial Reporting Standards ("MFRS"), which are comprised of accounting standards that are individually referred to as Normas de Información Financiera or "NIFs". Certain accounting practices applied by the Entity that conform with MFRS may not conform with accounting principles generally accepted in the country of use.

b) Monetary unit of the financial statements

The financial statements and notes as of December 31, 2020 and 2019 and for the years then ended include balances and transactions denominated in Mexican pesos of different purchasing power. Cumulative inflation rates over the previous three-year periods ended December 31, 2020 and 2019 were 15.69% and 12.71%, respectively. Accordingly, the economic environment is not inflationary in either such period and no inflationary effects were recognized in the accompanying financial statements. Inflation rate for the three-year period ended December 31, 2020 was 15.06%. Inflation rates for the years ended December 31, 2020 and 2019 were 2.83% and 4.83%, respectively .

c) Use of estimates and judgment

The preparation of financial statements requires the Management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of furniture and equipment; valuation allowances for accounts receivable, and deferred income tax assets and liabilities related to employee benefits. Actual results could differ from those estimates and assumptions.

d) Functional and reporting currency

The aforementioned financial statements are presented in Mexican pesos (reporting currency), which is the same as the local currency but different from the functional currency and were not remeasured or translated into the functional currency because, such financial statements are issued only for legal and tax purposes.

e) Statement of income presentation

The Company presents comprehensive income in a single statement of income or loss entitled "Statement of income" given that the Company did not generate other Comprehensive Income (OCI) during the current year or the preceding year, which is presented for comparative purposes.

Given that the Company is a service entity, ordinary costs and expenses are presented based on their nature, in order to present the information clearer. Additionally, the "Operating income" line item is included, which results from subtracting the expenses from service income as this line item is considered to provide a better understanding of the Company's economic and financial performance.

3. Summary of significant accounting policies

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

a) Accounting changes

Improvements to the 2020 NIFs that generate accounting changes:

NIF C-16, Impairment of receivable financial instruments – Clarifies the effective interest rate to be utilized when renegotiating a financial instrument for the collection of principal and interest (FICPI).

NIF C-19, Payable financial instruments, and NIF C-20, Financial instruments for the collection of principal and interest – Specify that the effective interest rate need not be periodically recalculated when its application does not generate material effects.

NIF D-4, Income taxes, and NIF D-3, Employee benefits– Include paragraphs on uncertain tax treatments when considering the basis used to determine income tax (ISR) and employee statutory profit-sharing (PTU), while also assessing the probability whereby the tax or labor authorities may or may not accept an uncertain tax treatment.

NIF D-4, Income taxes – Clarifies the accounting recognition of income taxes incurred by the distribution of dividends as regards the transaction that generated distributable profits.

NIF D-5, Leases – a) Given the complexity that may arise when determining the discount rate, this standard establishes the possibility of utilizing a risk-free rate to discount future lease payments and subsequently recognize a lessee's lease liability. b) The use of the practical expedient to prevent material and identifiable components that are not leases from being included in the measurement of right-of-use assets and lease liabilities was restricted.

The improvements to the 2020 NIFs include improvements that do not generate accounting changes and which are fundamentally intended to enhance the accuracy and clarity of regulatory principles.

At the date of issuance of these financial statements, the Entity has determined that these NIFs have not impact on its financial statements.

b) Cash

Cash consists of checking accounts, and foreign currency. At the date of the financial statements, interest income and foreign exchange gains and losses are included in the statement of comprehensive income.

c) Accounts receivable

Accounts receivable are recognized according to the percentage of completion of service to the date of the statement of financial position and include amounts billed and unbilled net of provisions for returns and discounts and the allowance for doubtful accounts.

d) Computer equipment and furniture and equipment, net

Furniture and equipment are recorded at acquisition cost. Depreciation on furniture and equipment is calculated on the straight-line basis over the estimated useful lives of the assets as determined by the Company's Management. The total useful lives annual depreciation rates of the principal asset classes are as follows:

Particulars	Years	Rates
Furniture and equipment	5	20%
Computer equipment	2 - 5	50 - 20%

Minor repairs and maintenance costs are expensed as incurred.

e) Prepayments

Mainly include prepayments for the purchase of services that are received after the date of the statement of financial position and in the ordinary course of operations.

f) Impairment of furniture and equipment

The Company evaluates the net carrying value of furniture and equipment to determine the existence of indications that such value exceeds its recoverable value. The recovery value represents the amount of potential net income that is reasonably expected to be obtained as a result of the use or realization of such assets. If it is determined that the net carrying value exceeds the recoverable value, the Company records the necessary estimates.

g) Accruals

Based on the Management's estimates, the Company recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, principally services and other amounts payable to employee.

h) Employee benefits

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

Direct long-term benefits

The Company's net obligation in relation to long-term direct profits (except for deferred PS – see subsection (j) Income taxes and employee profit sharing) and which the Company is expected to pay after twelve months from the most recent Balance Sheet date is the amount of future benefits that employees have earned in exchange for their service in the current and prior years. This benefit is discounted to determine its present value. Reimbursements are recognized in the income statement in the period in which they accrue.

Termination benefits

A liability for termination benefits and a cost or expense is recognized when the Company has no realistic alternative other than to face the payments or cannot withdraw the offer of those benefits, or when it meets the conditions to recognize the costs of a restructuring, whichever comes first.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in the statement of income as the related services are provided by employees. Prepaid contributions are recognized as an asset to the extent that down payment results in a reduction in payments to be made in the future or a cash refund.

Defined benefit plans

The calculation of obligations by defined benefit plans is performed annually by qualified actuaries using the projected unit credit method.

When the calculation results in a possible asset for the Company, the asset recognized is limited to the present value of the available economic benefits in the form of future refunds of the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, any minimum funding requirement should be considered.

The labor cost of the current service, which represents the cost of the benefit period to the employee for having completed one more year of working life based on the benefit plans, is recognized in the costs and operating expenses. Net interest is recognized under the "Comprehensive financial result, net".

Changes to plans that affect the cost of past services are recognized in operating results immediately in the year in which the change occurs, with no possibility of deferral in subsequent years. Likewise, the effects of liquidation events or reduction of obligations in the period that significantly reduce the cost of future services and / or significantly reduce the population subject to benefits, respectively, are recognized in the results of operations.

Remedies (before actuarial gains and losses) resulting from differences between the projected and actual actuarial assumptions at the end of the period are recognized in the period in which the results of the period are incurred.

i) Income Tax (IT) and Employee Statutory Profit Sharing (ESPS)

IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT, for operating loss carryforwards and other recoverable tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized on the statement of income in the period that includes the enactment date.

j) Revenue recognition

Revenues from services are recognized as services are provided.

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

Revenues from fixed-price contracts are recognized by the percentage of completion method. Based on the percentage of completion method, income is recognized on the basis of cost incurred to date, obtaining a percentage of the total estimated costs to complete the contract. No revenue is recognized when there is significant doubt about the recoverability. If there are projections that will change the estimated income, or costs, or if the process is extended to conclude the contract, checks are performed to determine the new estimates. These revisions may result in increases or decreases on income and estimated costs, which are recognized in income for the period relative.

If during the term of the projects, the Company estimates that the costs incurred plus costs to be incurred exceed the total revenue, the estimated loss is recognized in operating results immediately.

Costs and incurred gains unbilled are recognized under the caption receivables unbilled, while revenue in excess of costs and earnings is recognized as deferred income and is presented in current liabilities until all the conditions required for the revenue recognition are met.

Maintenance revenues are recognized proportionally according to the contractual terms.

The Company makes estimates for after-sales services for certain customers to provide support in case of bug fixes, volume discounts, among other reservation time.

k) Business and credit concentration

Expenses for administrative services with related parties as of December 31, 2020 and 2019 amount to 26% and 19%, respectively, of total operating expenses. In addition, balances receivable from related parties as of December 31, 2020 and 2019 represent to 5% and 5%, respectively, of total assets and balances payable to related parties as December 31, 2020 and 2019 represent the 7% and 7 % of total liabilities.

l) Comprehensive financial results (CFR)

The CFR includes foreign exchange loss/gain and interest income. Transactions in foreign currency are recorded at the exchange rate prevailing on the date of execution or settlement. Foreign currency assets and liabilities are translated at the exchange rate in force at the statement of financial position date. Exchange differences arising from assets and liabilities denominated in foreign currencies are reported on the statement of income.

m) Contingencies

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

4. Foreign currency exposure and translation

Monetary assets and liabilities denominated in dollars, euros and pound sterling translated into the reporting currency, as of December 31, 2020 and 2019, were as follows:

In MXN

As at December 31, 2020	Pound sterling	Dollars	Euros
Assets:			
Assets	752,840	294,358,528	8,180,351
Liabilities	–	12,612,445	–
Net (liability) assets	752,840	281,746,083	8,180,351

In MXN

As at December 31, 2019	Pound sterling	Dollars	Euros
Assets:			
Assets	(404,751)	142,273,857	15,381,992
Liabilities	–	10,773,749	–
Net (liability) assets	(404,751)	131,500,108	15,381,992

At December 31, 2020 and 2019, amounts recorded $(7,857,216) and $ (8,159,996) respectively, for the foreign exchange loss.

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

In MXN

Country	Currency	Exchange Rate	
		2020	2019
United States of America	Dollars	19.8600	19.2946
European Union	Euros	24.3900	21.6487
England	Pound Sterling	27.1300	25.4568

At December 31, 2020, the Company did not have foreign exchange hedging instruments.

5. Accounts receivable

Accounts receivable at December 31, 2020 and 2019, consist of the following:

In MXN

Particulars	As at December 31,	
	2020	2019
Billed accounts receivable	167,452,641	159,568,956
Unbilled receivables	160,973,043	33,302,593
	328,425,684	192,871,549
Less:		
Provision for discount to customers	(33,155,999)	(25,514,182)
Allowance for doubtful accounts	(1,021,182)	(277,316)
	(34,177,181)	(25,791,498)
	294,248,503	167,080,051

6. Related parties

Transactions carried out with related parties, during the years ended December 31, 2020 and 2019, were as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Revenues for consulting and implementation provided to customers on behalf of its related party (1)	193,511,005	204,030,996
Interest income (2)	2,140,086	509,043
Expenses for specialized personnel services in project implementation. (3)	248,518,168	92,120,765
Licence (4)	4,009,803	63,565

(1) Infosys Limited, EdegeVerve Systems Limited and Kallidus Inc. in 2019 and 2020.

(2) Kallidus Inc. and Infosys Consulting Ltda in 2020 and 2019.

(3) EdgeVerve Systems Limited, Infosys Limited, Infosys BPM Limited, Infosys Chile SpA, Infosys Technologies (Shanghai)Company Limited, Infosys Technologies China Co. Limited and Infosys Consulting S.R.L. in 2020 and 2019.

(4) Panaya Limited 2020 and 2019.

Balance receivable from related parties are as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Infosys Limited	26,844,744	1,915,529
Kallidus Inc (5)	–	77,651,957
Infosys Consulting S.R.L. (Argentina)	1,555,282	1,876,292
Infosys Consulting LTDA (6)	–	38,624,332
Panaya Ltd.	20,239,595	20,281,087
EdgeVerve Systems Limited	–	796,286
	48,639,621	141,145,483

Balance payable from related parties are as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Infosys BPM Limited	125,999	23,445
EdgeVerve Systems Limited	4,362,507	–
Infosys Technologies (China) Co. Limited	1,966,951	–
Infosys Technologies (Shanghai) Company. Limited	4,328,718	7,935,129
Infosys Chile SpA	341,406	1,108,229
	11,125,581	9,066,803

7. Computer equipment, furniture and equipment

Furniture and equipment at December 31, 2020 and 2019, comprise the following:

In MXN

Particulars	As at December 31,	
	2020	2019
Furniture and equipment	52,570,853	52,570,853
Computer equipment	75,275,644	58,749,083
	127,846,496	111,319,936
Less: accumulated depreciation	(112,348,015)	(105,506,805)
	15,498,481	5,813,131

8. Right-of-use-assets

In MXN

Particulars	Buildings	
	2020	2019
Initial recognition at January 1	110,482,556	127,521,853
Additions	5,359,669	–
Depreciation (amortization) of the year	(17,282,719)	(17,039,297)
Balances at December 31	98,559,506	110,482,556

9. Lease liabilities

In MXN

Particulars	2020	2019
Initial recognition as of January 1	122,013,168	139,110,327
Aditions	5,359,669	–
Financial expenses	8,958,555	10,138,170
Payments	(27,161,593)	(27,235,329)
Balance as of December 31	109,169,800	122,013,168
Lease current liabilities	15,541,019	16,512,382
Liabilities for long-term leases	93,628,781	105,500,786

As of December 31, 2020 the maturity of the liabilities for long-term leased assets is as follows:

In MXN

Year	Amount
2022	17,844,590
2023	19,319,920
2024	6,262,773
2025	3,270,813
2026 and thereafter	46,930,685
Total	93,628,781

10. Taxes payable

As of December 31, 2020 and 2019, taxes payable consist of the following:

In MXN

Particulars	As at December 31,	
	2020	2019
Income tax	–	20,037,137
Income tax withheld to third parties	14,725,634	12,558,667
Value added tax	18,066,764	25,159,498
Other tax payments: Social security contributions	11,759,880	10,709,112
Other taxes	–	79,630
	44,552,278	68,544,044

11. Accruals

Accruals at December 31, 2020 and 2019, include the following:

In MXN

Particulars	Subcontracting and others	Other personnel benefits	Total
2020			
Balances at December 31, 2019	12,513,091	16,093,811	28,606,902
Increases recorded in earnings	421,637,777	1,400,071,247	1,821,709,024
Payments	(421,688,702)	(1,387,416,713)	(1,809,105,415)
Balances at December 31, 2020	12,462,166	28,748,345	41,210,511
2019			
Balances at December 31, 2018	11,123,447	13,539,994	24,663,441
Increases recorded in earnings	324,074,425	1,347,506,285	1,671,580,710
Payments	(322,684,781)	(1,344,952,468)	(1,667,637,249)
Balances at December 31, 2019	12,513,091	16,093,811	28,606,902

12. Income taxes (Income Tax (IT) and employee statutory profit sharing (ESPS))

IT Law effective as of January 1, 2014 imposes an IT rate of 30% for 2014 and thereafter.

a) Income taxes

The income tax expense is as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Income tax:		
Current	60,669,580	49,403,042
Deferred	(9,907,139)	(2,049,763)
	50,762,441	47,353,279

Income tax expense attributable to income from continuing operations before income taxes, differed from the amounts computed by applying the Mexican statutory rates of 30% IT to income before income taxes, as a result of the items shown below:

In MXN

Particulars	As at December 31,	
	2020	2019
Computed "expected" tax expense	49,345,835	41,265,819
Increase (reduction) resulting from		
Effects of inflation, net	(5,726,480)	(3,423,411)
Non-deductible expenses	7,869,434	4,424,298
Other, net	(726,348)	5,086,573
	50,762,441	47,353,279

b) Deferred income taxes

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities, at December 31, 2020 and 2019, are as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Deferred tax assets:		
Allowance for doubtful receivables	753,222	117,670
Provisions for accounts receivable	9,619,989	7,185,814
Furniture and equipment	2,755,037	4,322,563
Accruals	8,848,649	9,024,066
Employee benefits	–	428,935
Deferred revenues	7,710,158	3,976,838
Lease right of use asset	6,921,738	1,729,592
Deferred Profit Sharing	3,636,080	1,157,706
Provisions for vacations	4,514,244	2,982,174
Total gross deferred tax assets	44,759,117	30,925,358
Deferred tax liabilities		
Prepayments	2,082,489	2,059,924
Deferred ESPS	3,904,055	–
Total gross deferred tax liabilities	5,986,544	2,059,924
Net deferred tax asset	38,772,573	28,865,434

c) Deferred ESPS

The deferred ESPS expense (benefit) is as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Deferred ESPS	(3,777,606)	1,604,225

The effects of ESPS on temporary differences that give rise to significant portions of deferred ESPS assets and liabilities as of December 31, 2020 and 2019 are detailed as follows:

In MXN

Particulars	As at December 31,	
	2020	2019
Deferred tax assets:		
Allowance for doubtful receivables	251,074	39,223
Provisions for accounts receivable	3,206,663	2,395,271
Furniture and equipment	918,346	1,440,854
Accruals	2,949,550	3,008,022
Employee benefits	–	142,978
Deferred revenues	2,570,053	1,325,613
Lease right of use asset	2,307,245	576,534
Provisions for vacations	1,504,748	994,055
Total gross deferred tax assets	13,707,679	9,922,550
Deferred tax liabilities		
Prepayments	694,163	686,641
Total gross deferred tax liabilities	694,163	686,641
Net deferred tax asset	13,013,516	9,235,909

13. Stockholders' equity

The principal characteristics of stockholders' equity are described below:

a) Structure of capital stock

The Company's capital stock at December 31, 2020 and 2019, is composed of two social parties, fixed and variable. Social fixed portion has a value of 10,000,000 and variable portion of 165,000,000.

b) Comprehensive income

During the years ended at December 31, 2020 and 2019, there were no items that, in accordance with MFRS applicable, have to be taken directly to equity, so the comprehensive income equals net income for the year, as presented in statements of income.

c) Restrictions on stockholders' equity

According to the General Corporations Law, net income for the year is subject to a 5% separation, to constitute the legal reserve, until it reaches a fifth of the capital stock. As of December 31, 2020, the legal reserve amounts to MXN 21,944,525 which is not yet the required amount

Stockholder contributions restated as provided for by the tax law, may be refunded to stockholders tax-free, to the extent that such contributions equal or exceed stockholders' equity.

Retained earnings on which no IT have been paid, are subject to income taxes in the events of distribution, at the rate of 30% payable by the Company, consequently, the stockholders may only receive 70% of such amounts.

14. Commitments and contingent liabilities

a) In accordance with Mexican tax law, the tax authorities are empowered to examine transactions carried out during the five years prior to the most recent income tax return filed.

b) In accordance with the income tax law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions.

   Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes.

c) The Company entered into a contract to provide services to its parent company, in which it undertakes to provide services necessary for their operation. These contracts are for an indefinite period. Total payments for this concept was MXN 248,518,168 for 2020 and MXN 76,271,858 in 2019 and included in operating expenses in the statement of income.

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

15. Effect of the COVID-19 pandemic

As a result of the coronavirus (COVID-19) outbreak and its recent global expansion to a large number of countries, the World Health Organization classified the viral outbreak as a pandemic since March 11, 2020. In this sense, the authorities have taken global health measures to limit the spread of this virus, including, but not limited to, social distancing and the closure of educational centers (schools and universities), commercial establishments and non-essential businesses.

The following describes how the Company assessed and determined the impacts of the pandemic on its operations:

– Financial performance. Infosys operations have not been interrupted as a result of the COVID-19 pandemic, as its advisory services and operational support with personnel trained in the area of design, development, implementation and adaptation of business solutions related to information technology qualify as an essential activity.
– Liquidity. It is foreseeable that the decrease in liquidity in the economy, as well as the contraction of the credit market could have an impact on the payment of debt service and payment of capital. In this sense, the Entity had no impact since it had greater liquidity in its current liabilities, new lines of credit were not opened and the existing lines continued to be paid.
– Financial position. The advisory and operational support services with trained personnel in the area of design, development, implementation and adaptation of business solutions related to information technology were not impacted by the measures of social distancing, since these operations were considered essential activities, which allowed them to continue operating on a regular basis.
– Continuity as a going concern. Taking into account all the aforementioned factors, in addition to the actions to manage the operational and financial risks that are carried out, the administration considers that the conclusion on the application of the going concern principle as of December 31, 2019, continues to be valid as of December 31, 2020, therefore the financial statements are presented on that basis.

As of the date of approval of the financial statements, the Company's Management continues to implement measures to face the economic conditions of the market, as part of its risk management strategy.

16. New accounting principles

As of December 31, 2020, the CINIF has issued the following NIFs and Improvements to NIFs, which may affect the financial statements of the Entity:

Improvements to the 2021 NIFs that generate accounting changes:

NIF C-19, Payable financial instruments, and NIF C-20, Financial instruments for the collection of principal and interest – a) An entity must separately present the profits or losses derived from the elimination of liabilities and the effects of renegotiating a financial instrument for the collection of principal and interest as part of the results associated with operating activities; b) It is clarified that interest, commissions and other prepaid expenses do not form part of transition costs, and eliminates this item from the standard.

NIF C-5, Leases – a) Specifies the differences between disclosures of the expense related to short-term and low-cost leases and for which a right-of-use asset has not been recognized; b) Given that NIF C-17, Investment properties, establishes that a right-of-use asset does not fulfill the definition of an investment property, NIF C-5 eliminates the disclosure in this regard; c) clarifies that the lease liability derived from a sales transaction with a leaseback agreement must include the fixed payments and any estimated variable payments; d) mentions that lease payments must be included in the initial recognition of the net lease investment.

At the date of issuance of these financial statements, the Entity is in the process of determining the effects derived from its adoption of these new standards on its financial statements.

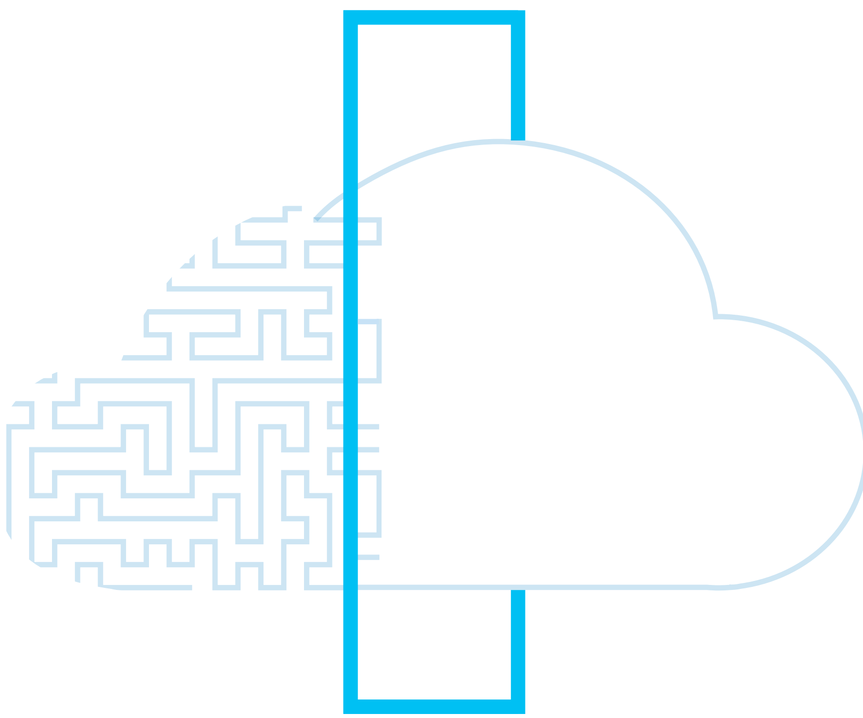
17. Subsequent events

In preparing the financial statements, the Entity has evaluated the events and transactions for their subsequent recognition or disclosure as of December 31, 2020 and until May 21, 2021 (date on which the financial statements were authorized for issuance), and has concluded that there are no subsequent events.

18. Authorization to issue the financial statements

On May 20, 2021, Ravi Arcot, Expedition and Operations Leader, and Lorena Delgado Cantu, Finance Officer, authorized the issuance of the accompanying financial statements and related notes thereto.

In accordance with the General Corporations Law and the bylaws of the Company, the stockholders are empowered to modify the financial statements after issuance. The accompanying financial statements will be submitted at the next Stockholders' Meeting for approval.



Infosys Technologies (Sweden) AB

Auditor’s Report

To the general meeting of the Shareholders of Infosys Technologies (Sweden) AB

Corporate Identity Number: 556779-1040

Report on the Annual Accounts

Opinions

We have audited the annual accounts of Infosys Technologies (Sweden) AB for the financial year, January 1, 2020 to December 31, 2020.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Infosys Technologies (Sweden) AB as of December 31, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We, therefore, recommend that the general meeting of shareholders adopts the Income Statement and Balance Sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of Infosys Technologies (Sweden) AB (“the Company”) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors are responsible for the assessment of the Company’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so. The going concern basis of accounting is however not applied if the Board of Directors intends to liquidate the Company, to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors of Infosys Technologies (Sweden) AB for the financial year, January 1, 2020 to December 31, 2020, and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Infosys Technologies (Sweden) AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the Company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's type of operations, size and risks place on the size of the Company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organization and the administration of the Company's affairs. This includes among other things continuous assessment of the Company's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the Company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB

Signature on Swedish original

Anders Linné

Authorized Public Accountant

Date : May 27, 2021

Board of Directors report

The Board of Infosys Technologies (Sweden) AB submits the following annual report for the financial year 2020.

The annual report is prepared in Swedish Kronas, SEK. Unless otherwise stated, all amounts are reported in full SEK.

Data in parentheses refer to the previous year.

General information about the business

The Company provides end-to-end business solutions that leverage technology, thereby enabling its clients to enhance business performance. The Company's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, system integration, package evaluation and implementation, testing and infrastructure management services.

The registered office of the Company is situated in Stockholm.

Ownership structure

Infosys Limited, (L85110KA1981PLC013115), Hosur Road Bangalore 560 100, India, is the parent company that prepares the consolidated accounts of the largest Group that Infosys Technologies (Sweden) AB is part of as a subsidiary.

Significant events during the financial year

COVID-19 has not had any measurable effects on the Company's operations in 2020.

Expected future developments and significant risks and uncertainties

The Company has taken into account the possible effects the COVID -19 pandemic may have on the reported values of receivables.

In developing the assumptions about any future uncertainties in the global economic conditions due to this pandemic, the Company has used, at the date of presentation of the Annual Report, internal and external sources of information and related information as well as financial forecasts.

The Company has also performed a sensitivity analysis on the assumptions on which estimates and assessments are based, which confirms their reasonableness.

In K SEK

Multi-year comparison (K SEK)	2020	2019	2018	2017	2016
Net turnover	143,030	74,056	82,170	130,363	145,818
Profit / (loss) after financial items	19,041	6,596	2,817	4,138	(13,543)
Total assets	145,895	55,530	49,557	55,250	72,594
Equity-asset ratio (%)	41.58	74.98	70.70	58.32	5.63
Average number of employees	31	44	52	72	102

Appropriation of profit/(loss)

In SEK

At the disposal of the general meeting:	
Profit/(loss) brought forward	41,534,909
Profit/(loss) for the year	19,040,578
	60,575,487
The board of directors proposes the following:	
to be carried forward	60,575,487
	60,575,487

For information about the Company's earnings and financial position in other respects,

please refer to the Income Statements, Balance Sheets, and accompanying Notes set out below.

Change in Equity

In SEK

Particulars	Share capital	Non-restricted equity	Profit/(loss) for the year	Total Equity
Opening amount January 1, 2020	100,000	34,939,015	6,595,894	41,634,909
Appropriation of profits, last year	–	6,595,894	(6,595,894)	–
Profit/(loss) for the year	–	–	19,040,578	19,040,578
Closing amount December 31, 2020	100,000	41,534,909	19,040,578	60,675,487

Income Statement

In SEK

Particulars	Note	Year ended December 31,	
		2020	2019
Net turnover	2	143,029,954	74,056,221
Total operating income		143,029,954	74,056,221
Operating expenses			
Other external expenses	3,4	(72,472,886)	(11,902,742)
Personnel costs	5	(51,895,018)	(55,389,582)
Depreciation and write-down of tangible and intangible assets	10	(33,671)	(5,861)
Total operating expenses		(124,401,575)	(67,298,185)
Operating profit/(loss)		18,628,379	6,758,036
Financial items			
Other interest income and similar profit/(loss) items	7	412,199	–
Interest expense and similar profit/(loss) items	8	–	(162,142)
Profit/(loss) after financial items		19,040,578	6,595,894
Profit/(loss) before tax			
Tax on profit for the year	9	–	–
Net profit/(loss) for the year		19,040,578	6,595,894

Balance Sheet

In SEK

Particulars	Note	As at December 31, 2020	As at December 31, 2019
ASSETS			
Fixed assets			
Tangible assets			
Equipment, tools fixtures and fittings	10	128,447	162,118
		128,447	162,118
Financial assets			
Other long-term receivables	11	400,000	400,000
		400,000	400,000
Total fixed assets		528,447	562,118
Current assets			
Current receivables			
Trade receivables		62,114,734	4,680,779
Receivables from group companies		38,864,897	12,547,948
Prepaid expenses and accrued income	12	1,043,152	–
		102,022,783	17,228,727
Cash and bank		43,344,036	37,739,510
Total current assets		145,366,819	54,968,237
TOTAL ASSETS		145,895,266	55,530,355

In SEK

Particulars	Note	As at December 31, 2020	As at December 31, 2019
EQUITY AND LIABILITIES			
Equity	13, 19		
Restricted equity			
Share capital		100,000	100,000
Total restricted equity		100,000	100,000
Non-restricted equity			
Profit/(loss) brought forward		41,534,909	34,939,015
Profit/(loss) for the year		19,040,578	6,595,894
Total non-restricted equity		60,575,487	41,534,909
Total equity		60,675,487	41,634,909
Current liabilities			
Liabilities to group companies		9,282,946	1,742,050
Current tax liability		1,673,645	1,401,808
Other liabilities		18,175,558	94,312
Accrued expenses and deferred income	14	56,087,630	10,657,276
Total current liabilities		85,219,779	13,895,446
TOTAL EQUITY AND LIABILITIES		145,895,266	55,530,355

Cash Flow Analysis

In SEK

Particulars	Note	Year ended December 31,	
		2020	2019
Operating activities			
Profit/(loss) after financial items		19,040,578	6,595,894
Adjustments for non-cash items, etc.	15	33,671	8,690
Taxes paid		(17,583,675)	881,212
Cash flow from operating activities before changes in working capital		1,490,574	7,485,796
Cash flow from changes in working capital			
Change in accounts receivable		(62,114,734)	–
Increase(-)/Decrease(+) in current receivables		(22,679,323)	(3,457,667)
Increase(+)/Decrease(-) in current liabilities		88,908,009	(622,564)
Cash flow from operating activities		5,604,526	3,405,565
Investing activities			
Acquisition of equipment, tools, fixtures and fittings		–	(167,980)
Acquisition of financial assets		–	(400,000)
Repayment of financial receivables		–	(2,829)
Cash flow from investing activities		–	(570,809)
Change in cash and cash equivalents		5,604,526	2,834,756
Cash and cash equivalents at beginning of year		37,739,510	34,904,754
Cash and cash equivalents at year end	16	43,344,036	37,739,510

Notes to the financial statement

Note 1 Notes with accounting concept

The annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts ("K3").

Monetary assets and liabilities in foreign currency are valued at the currency rate of the closing day.

Transactions in foreign currency are converted according to the transaction days current rate.

The accounting principles are unchanged compared with the previous year.

Revenue recognition

Sales revenue are recorded when the significant risks and benefits are associated with transferred ownership to the purchaser and when revenue amount can be accounted for in a reliable manner.

Fixed assets

Tangible fixed assets are recorded at cost of acquisition less accumulated depreciation and any write-downs.

Depreciation takes place on a straight-line basis over the expected useful life, taking into account significant residual value.

The following depreciation percentage is applied:

Tangible fixed assets

Equipment, tools fixtures and fittings	20%

Other receivables

Receivables are reported as current assets, except items with expiry date more than 12 months after Balance Sheet date, which are classified as fixed assets.

Receivables are reported to the amount that are expected to be received after deductions for individually assessed bad debts.

Leasing agreements

Leasing agreements are classified as financial or operational leasing. Financial leasing exists when the financial risks and benefits associated with the ownership are transferred to the lessee. In all other cases operational leasing exists.

Leasing fees for operational leasing agreements are expensed linear over the leasing period, unless another systematical procedure is reflecting the lesses' financial benefit over time.

Income taxes

Current tax is calculated on the taxable result for the period. Taxable result is divided from the accountable result in the income statement since it is adjusted for non-taxable revenue, non-taxable costs and the revenue and costs that is taxable or deductible in other periods.

Current tax debt is calculated by the tax rates on the closing day.

Current tax is reported as a cost or revenue in the income statement, except when the tax regards transactions against equity.

In such cases tax is reported against equity.

Remuneration to employees

Remuneration to employees in form of salary, bonus, paid vacation, paid sick leave, etc. are accounted for in line with the vesting.

Cash flow analysis

Cash flow analysis expose change of the business liquid funds during the fiscal year. The cash flow analysis has been prepared according to the indirect method. The reported cash flow only includes transactions that have involved in- and outflow of payments.

Definitions of business and financial ratios

Net turnover

The main income of the business, invoiced expenses, side income and income corrections.

Profit/(loss) after financial items

Profit after financial income and expenses but before appropriations and tax.

Balance Sheet total

The sum of assets or the sum of debts and equity in the Balance Sheet.

Solidity (%)

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of the Balance Sheet total.

Number of employees

Average number of employees during the financial year.

Note 2: Distribution of net sales

In SEK

Particulars	Year ended December 31,	
	2020	2019
Operating income per region		
Sweden	142,230,914	75,465,579
Denmark	–	297,359
Norway	–	(1,706,717)
United Kingdom	2,564,800	–
USA	(1,765,760)	–
	143,029,954	74,056,221

Note 3: Leasing

Operational leasing agreements - lessee

The year's total expensed leasing charges for operating expenses amount to SEK 3,415,576 (3,220,474).

Future minimum lease payments for non-cancellable leases, falling due for payment as follows:

In SEK

Particulars	Year ended December 31,	
	2020	2019
Maturity dates		
Within one year	3,224,165	3,495,502
Between two and five years	4,957,465	284,200
	8,181,630	3,779,702

Note 4: Auditor's remuneration

Audit assignments refer to the audit of the annual report and accounting as well as the Board's administration, other tasks that it is the Company's auditor to perform and advice or other assistance that is caused by observations in such auditing or the execution of such other tasks.

In SEK

Particulars	Year ended December 31,	
	2020	2019
Deloitte AB		
Audit assignment	166,463	137,000
	166,463	137,000

Note 5: Personnel

In SEK

Particulars	Year ended December 31,	
	2020	2019
Average number of employees		
Average number of employees, men	23	30
Average number of employees, women	8	14
Total	31	44
Gender distribution of board and Management		
Women:		
Board members	–	–
other persons in the Company Management including CEO	–	–
Men:		
Board members	100%	100%
Other persons in the Company Management including CEO	100%	100%
Wages/Salaries and remunerations		
Wages/Salaries and remunerations amounts to		
Wages, salaries and remunerations	35,014,868	37,339,612
Pensions costs	6,404,480	6,764,002
Social security costs	10,475,670	11,285,968
	51,895,018	55,389,582

Note 6: Intra-groups purchases and sales

In SEK

Particulars	Year ended December 31,	
	2020	2019
Percentage of sales relating to group companies	38.7%	83.5%
Percentage of purchases relating to group companies	53.5%	15.4%

Note 7: Interest income and similar profit/(loss) items

In SEK

Particulars	Year ended December 31,	
	2020	2019
Interest income, other	364	–
Exchange rate differences	411,835	–
	412,199	–

Note 8: Interest expense and similar profit/(loss) items

In SEK

Particulars	Year ended December 31,	
	2020	2019
Interest expense, bank	–	(2,829)
Exchange rate differences	–	(159,313)
	–	(162,142)

Note 9: Tax on profit for the year

In SEK

Particulars	Year ended December 31,	
	2020	2019
Current tax expense (-)/tax income (+)		
Tax expense for the period	–	–
Adjustments, tax previous years	–	–
	–	–

Reconciliation current tax

In SEK

Particulars	Percent	Amount	Percent	Amount
Profit/(loss) before tax		19,040,578		6,595,894
Tax according to current tax rate	21.4%	(4,074,684)	(21.4%)	(1,411,521)
Non-deductible costs	(0.1%)	(10,735)	(0.3%)	(17,266)
Non-taxable income	0.0%	–	0.0%	–
Effect of temporary differences	(0.4%)	(77,081)	(11.1%)	(732,201)
Taxes, previous year	0.0%	–	0.0%	–
Effect of changed tax rates /and taxation rules	0.0%	–	0.0%	–
Loss carry forwards, excluding deferred tax	21.9%	4,162,500	32.8%	2,160,988
Declared effective tax	0.0%	–	0.0%	–

Note 10: Equipment, tools fixtures and fittings

In SEK

Particulars	As at December 31,	
	2020	2019
Opening cost of acquisition	167,980	–
Purchases	–	167,980
Closing accumulated cost of acquisition	167,980	167,980
Opening depreciation	(5,862)	–
Depreciation for the year	(33,671)	(5,862)
Closing accumulated depreciation	(39,533)	(5,862)
Closing carrying amount	128,447	162,118

Note 11: Other long-term receivables

In SEK

Particulars	As at December 31,	
	2020	2019
Opening cost of acquisition	400,000	–
Paid deposits	–	400,000
Closing carrying amount	400,000	400,000

Note 12: Prepaid expenses and accrued income

In SEK

Particulars	As at December 31,	
	2020	2019
Prepaid insurance	53	–
Accrued income	1,043,099	–
	1,043,152	–

Note 13: Equity

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

Note 14: Accrued expenses and deferred income

In SEK

Particulars	Year ended December 31,	
	2020	2019
Accrued salary	2,072,770	5,837,724
Accrued vacation pay	2,886,312	2,532,236
Other accrued expenses	30,795,066	2,287,316
Prepaid income	20,333,482	–
	56,087,630	10,657,276

Note 15: Adjustments for items not included in cash flow

In SEK

Particulars	Year ended December 31,	
	2020	2019
Interest- and dividend income	–	2,828
Depreciation	33,671	5,862
	33,671	8,690

Note 16: Cash in cash flow

In SEK

Particulars	Year ended December 31,	
	2020	2019
Bank balance	43,344,036	37,739,510
	43,344,036	37,739,510

Note 17: Group information

Infosys Ltd, (L85110KA1981PLC013115), Hosur Road Bangalore 560 100, India, is the parent company that prepares the consolidated accounts of the largest Group that Infosys Technologies (Sweden) is part of as a subsidiary.

Note 18: Important events after the end of the financial year

No significant events have occurred after the end of the financial year.

Note 19: Appropriation of profit/(loss)

At the disposal of the general meeting:

In SEK

	Year ended December 31, 2020
Profit/(loss) brought forward	41,534,909
Shareholders' contributions	19,040,578
Profit/(loss) for the year	–
	60,575,487
The board of directors proposes the following:	
to be carried forward	60,575,487
	60,575,487

Mohit Joshi
Chairman of the board

Eric Stephen Paternoster
Member of the board

Deloitte AB
Signature on Swedish original

Anders Linné
Authorized Public Accountant

Place : Stockholm

Date : May 27, 2021

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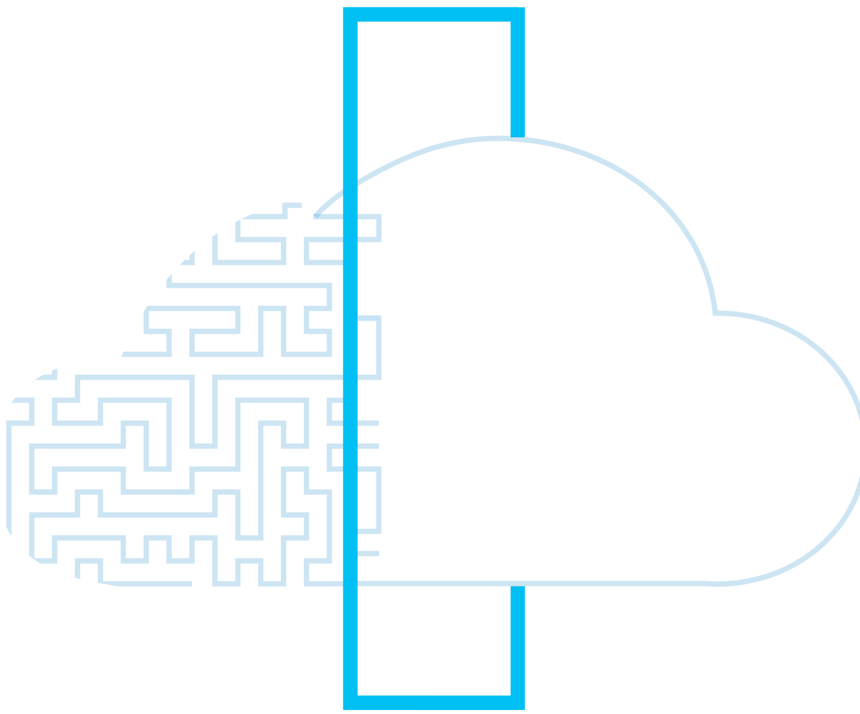


Infosys Technologies (Shanghai) Co. Limited

Auditor's Report

The Board of Directors of Infosys Technologies (Shanghai) Co. Limited:

1. Opinion

We have audited the accompanying financial statements of Infosys Technologies (Shanghai) Co. Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2020, the Statement of Income, the Statement of Cash Flow, and the Statement of Changes in Owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of the Company are prepared and present fairly, in all material respects, the Company's financial position as of December 31, 2020, and the Company's results of operation and cash flow for the year ended in accordance with Accounting Standards for Business Enterprises.

2. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the code of ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

3. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

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

4. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP

Gao, Sunchao
Chinese Certified Public Accountant

Zheng, Zhipeng
Chinese Certified Public Accountant

Shanghai, China

May 17, 2021

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

Balance Sheet

in RMB

Particulars	NOTE VIII	As at December 31,	
		2020	2019
ASSETS			
Current assets			
Cash and bank balances	1	48,449,796.57	6,882,292.22
Accounts receivable	2	91,918,341.38	64,422,060.83
Prepayments		655,932.30	–
Other receivables	3	3,676,725.55	3,404,078.40
Total current assets		144,700,795.80	74,708,431.45
Non-current assets			
Fixed assets	4	725,485,509.52	771,080,699.04
Construction in progress	5	–	409,233.55
Intangible assets	6	57,469,500.57	58,883,244.74
Long-term deferred expenses	7	7,757,874.01	15,467,273.79
Total non-current assets		790,712,884.10	845,840,451.12
TOTAL ASSETS		935,413,679.90	920,548,882.57
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans	8	147,873,500.00	84,881,000.00
Accounts payable		59,839,530.23	56,431,060.71
Employee benefits payable	9	29,868,248.06	34,460,430.73
Taxes payable	10	5,852,508.83	4,731,092.57
Other payables		40,126,290.17	72,232,463.24
Non-current liabilities due within one year	11	1,284,120.00	1,284,120.00
Other current liabilities		43,440,100.48	7,653,732.04
Total current liabilities		328,284,297.77	261,673,899.29
Non-current liabilities			
Long-term loans	12	41,200,000.00	–
Other non-current liabilities	11	39,138,776.00	40,422,896.00
Total Non-current liabilities		80,338,776.00	40,422,896.00
Total liabilities		408,623,073.77	302,096,795.29
Owners' equity			
Paid-in capital	13	956,355,558.48	956,355,558.48
Accumulated losses		(429,564,952.35)	(337,903,471.20)
Total owners' equity		526,790,606.13	618,452,087.28
TOTAL LIABILITIES AND OWNERS' EQUITY		935,413,679.90	920,548,882.57

The accompanying notes form part of the financial statements.

The financial statements on pages 54 to 72 were signed by the following:

Stone Zhu
Legal Representative

Subrata Das
Head of Accounting Department

Statement of Income

in RMB

	Particulars	NOTE VIII	Year ended December 31,	
			2020	2019
I.	Operating income	14	399,586,159.66	395,089,657.76
	Less: Operating costs		436,097,260.64	441,569,081.28
	Taxes and surcharges		11,019,223.39	7,391,182.37
	Administrative expenses		41,504,907.79	42,640,209.92
	Selling expenses		4,209,362.15	3,968,406.83
	Financial expenses	15	3,393,245.84	4,594,847.95
	Add: Other Income	16	4,993,721.29	5,181,731.94
	Impairment losses of assets	17	(17,362.29)	(173,420.89)
	Losses on disposal of assets		–	(7,148.16)
II.	Operating Loss		(91,661,481.15)	(100,072,907.70)
III.	Total Loss		(91,661,481.15)	(100,072,907.70)
	Less: Income tax expenses	18	–	–
IV.	Net loss for the year		(91,661,481.15)	(100,072,907.70)
V.	Other comprehensive income, net of tax		–	–
VI.	Total comprehensive loss for the year		(91,661,481.15)	(100,072,907.70)

The accompanying notes form part of the financial statements.

Statement of Cash Flows

in RMB

	Particulars	NOTE VIII	Year ended December 31,	
			2020	2019
I.	Cash Flows from Operating Activities			
	Cash receipts from the sale of goods and the rendering of services		415,450,011.20	408,046,012.94
	Receipts of tax refunds		–	4,052,541.96
	Other cash receipts relating to operating activities		52,803,592.79	4,609,602.50
	Sub-total of cash inflows from operating activities		468,253,603.99	416,708,157.40
	Payments for goods purchased and services received		27,062,484.18	33,210,718.74
	Payments to and on behalf of employees		410,295,645.95	362,595,946.84
	Payments of various types of taxes		23,199,077.28	12,849,666.07
	Other cash payments relating to operating activities		17,343,611.13	26,243,423.10
	Sub-total of cash outflows from operating activities		477,900,818.54	434,899,754.75
	Net Cash Flow Used in Operating Activities	20	(9,647,214.54)	(18,191,597.35)
II.	Cash Flows from Investing Activities			
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		84,900.92	–
	Subtotal of cash inflows from investment activities		84,900.92	–
	Payments for acquisition of fixed assets, intangible assets and other long-term deferred expenses		51,601,448.11	9,679,548.08
	Sub-total of cash outflows from investing activities		51,601,448.11	9,679,548.08
	Net Cash Flow Used in Investing Activities		(51,516,547.19)	(9,679,548.08)
III.	Cash flow from financing activities			
	Cash received from borrowings		104,192,500.00	–
	Subtotal of cash inflows from financing activities		104,192,500.00	–
	Subtotal of cash outflows from investment activities		–	–
	Net Cash Flow Used in Financing Activities		104,192,500.00	–
IV.	Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(1,461,233.92)	68,983.60
V.	Net Increase (Decrease) in Cash and Cash Equivalents	20	41,567,504.35	(27,802,161.83)
	Add: Opening Balance of Cash and Cash Equivalents		6,882,292.22	34,684,454.05
VI	Closing Balance of Cash and Cash Equivalents	20	48,449,796.57	6,882,292.22

The accompanying notes form part of the financial statements.

Statement of Changes in Owners' Equity

in RMB

	Particulars	Paid-in capital	Accumulated losses	Total owners' equity
I.	Balance at January 1, 2020	956,355,558.48	(337,903,471.20)	618,452,087.28
II.	Changes in equity during the year			
	Total comprehensive loss	–	(91,661,481.15)	(91,661,481.15)
III.	Balance at December 31, 2020	956,355,558.48	(429,564,952.35)	526,790,606.13
I.	Balance at January 1, 2019	956,355,558.48	(237,830,563.50)	718,524,994.98
II.	Changes in equity during the year			
	Total comprehensive loss	–	(100,072,907.70)	(100,072,907.70)
III.	Balance at December 31, 2019	956,355,558.48	(337,903,471.20)	618,452,087.28

The accompanying notes form part of the financial statements.

I. Basic information

Infosys Technologies (Shanghai) Co., Ltd. "the Company", is a Limited Liability Company established in Shanghai in the People's Republic of China (PRC). The Company obtained an approval certificate Shang Wai Zi Hu Ming Du Zi Zi [2011] 0512 from the Shanghai Municipal Government on 16 February 2011, and a business license 310000400643765 (Minhang) on February 21, 2011 issued by Shanghai Administration of Industry and Commerce of the PRC. The parent and ultimate holding Company is Infosys Limited (formerly Infosys Technologies Limited).

In 2012, The Company's Board of Directors resolved to increase the Company's registered capital from US $20,000,000 to US $150,000,000. The Company obtained a revised approval certificate Shang Wai Zi Hu Du Zi Zi [2011] 0512 from the Shanghai Municipal Government for the change on August 9, 2012 and a revised business license 310000400643765 (Shiju) on October 19, 2012 issued by Shanghai Administration of Industry and Commerce of the PRC.

On October 24, 2016, the Company updated its scope of principal activities and obtained a renewed business license with the unified social credit code of 91310000569580636B.

The Company's year of operation is 50 years and its principal activities are to carry out research, develop, design, produce software; sale of self-produced products; provide related technology consulting services and after sale services; develop computer and network technology; provide testing and maintenance of software solutions; provide business process management.

II. Basis for the preparation of financial statements

Going concern

The Management has assessed the Company's ability to continue as a going concern for the 12 months commencing from December 31, 2020, and noticed no items will raise substantial doubt about its ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

III. Statements of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises ("ASBE"), and present truly and completely, the Company's financial position as of December 31, 2020, and the Company's results of operations and cash flows for the year ended.

IV. Significant accounting policies and accounting estimates

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

1. Accounting year

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

2. Functional currency

Renminbi ('RMB') is the currency of the primary economic environment in which the Company operates. Therefore, the Company chooses RMB as its functional currency and adopts RMB to prepare its financial statements.

3. Basis of accounting and principle of measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

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

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

4. Cash and cash equivalents

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

5. Financial instruments

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

5.1 Effective interest method

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

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

5.2 Classification, recognition and measurement of financial assets

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

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

Loans and receivables

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

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

5.3 Impairment of financial assets

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

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

(1) Significant financial difficulty of the issuer or obligor;

(2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(3) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;

(4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:

- Adverse changes in the payment status of borrowers in the group;

- Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;

(7) Other objective evidences indicating the impairment of financial assets.

Impairment of financial assets measured at amortized cost

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

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

5.4 Classification, recognition and measurement of financial liabilities

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

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

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

Other financial liabilities

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

5.5 Derecognition of financial liabilities

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

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

5.6 Offsetting financial assets and financial liabilities

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

6. Fixed assets

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

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

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

Particulars	Useful life	Estimated net residual value rate	Annual depreciation rate
Buildings	25 years	0%	4%
Electronic equipment	2-5 years	0%	20%-50%
Office equipment	2-5 years	0%	20%-50%

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

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

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

7. Construction in progress

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

8. Intangible assets

Intangible assets include land use right

An intangible asset is initially measured at cost. An intangible asset with a finite useful life is amortized using the straight-line method over its useful life when the asset is available for use.

The Company reviews the useful life and amortization method at least at each financial year-end. A change in the useful life or the amortization method used is accounted for as a change in an accounting estimate.

For an intangible asset with a finite useful life, the Company reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

The useful life for such intangible asset is as follows:

Particulars	Useful life
Land use right	50 years

9. Long-term deferred expenses

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

10. Impairment of non-financial assets

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

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

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

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

11. Employee benefits

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

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

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

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

12. Revenue recognition

12.1 Income from rendering of services

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

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

13. Government grants

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

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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

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

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

14. Income taxes

Tax expense comprises current income tax and deferred income tax.

14.1 Current income taxes

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

14.2 Deferred tax assets and deferred tax liabilities

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

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

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

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

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

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

14.3 Income tax offsetting

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

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

15. Transactions denominated in foreign currencies

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

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

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

16. Leases

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

16.1 The Company as lessee under operating leases

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

V. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates

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

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

Key assumptions and uncertainties in accounting estimates

At the Balance Sheet date, the key assumptions and uncertainties in the accounting estimates that are likely to result in material adjustments to the carrying amounts of assets and liabilities in the future are:

Deferred tax assets

The Management of the Company considers that it is uncertain for the Company to obtain enough income tax payable in the future, so the Company did not recognize RMB 332,103,757.30 of deductible losses as deferred tax assets at the end of this year according to Note VIII. 18.

Impairment of receivables

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

VI. Changes in accounting policy

During the year, the Company implemented the following relevant provisions and amendments to the Accounting Standards for Business Enterprises issued by the Ministry of Finance:

Interpretation of Accounting Standards for Business Enterprises No. 13 (Cai Kuai (2019) No. 21) ("Interpretation of Standards No. 13")

Implementation of Interpretation of Standards No. 13 has no significant impact on the financial statements of the Company.

VII. Taxation

Value-added tax

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

Based on the zero VAT rate policy, the oversea revenue of the Company is exempted from VAT.

Income tax

The statutory income tax rate of the Company is 25% (2019: 25%). The Company has accumulated losses as at December 31, 2020. Therefore, no income tax is provided.

Other taxes

Urban maintenance and construction tax is levied at 5% of the VAT actually paid.

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

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

VIII. Notes to the financial statements

1. Cash and bank balances

in RMB

Particulars	As at December 31,	
	2020	2019
Deposits with banks	48,449,796.57	6,882,292.22

2. Accounts receivable

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

in RMB

Particulars	As at December 31,	
	2020	2019
Amounts due from related parties	82,396,324.54	44,497,484.18
Amounts due from other customers	9,855,127.67	20,245,701.06
Less: Provision for bad debt	(333,110.83)	(321,124.41)
Total	91,918,341.38	64,422,060.83

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

in RMB

Particulars	As at December 31,	
	2020	2019
Opening balance	321,124.41	147,573.43
Provision during the year	305,945.15	321,158.32
Reversal	(288,582.86)	(147,737.43)
Write off	(5,375.87)	–
Exchange difference	–	130.09
Closing balance	333,110.83	321,124.41

3. Other receivables

3.1 Summary of other receivables

The ageing analysis of other receivables is as follows:

in RMB

Aging	As st December 31,							
	2020				2019			
	Amount	Ratio	Bad debt provision	Book value	Amount	Ratio	Bad debt provision	Book value
Within 1 year	2,885,629.87	78.5	1,013.32	2,884,616.55	868,305.40	25.5	–	868,305.40
1 to 2 years	256,336.00	6.97	–	256,336.00	2,000,000.00	58.8	–	2,000,000.00
2 - 3 years	–	–	–	–	57,610.00	1.69	–	57,610.00
More than 3 years	535,773.00	14.6	–	535,773.00	478,163.00	14.1	–	478,163.00
Total	3,677,738.87	100	1,013.32	3,676,725.55	3,404,078.40	100	–	3,404,078.40

4. Fixed assets

in RMB

Particulars	Electronic equipment	Office equipment	Buildings	Total
Cost				
January 1, 2020	23,844,099.67	92,923,029.15	771,855,392.10	888,622,520.92
Additions during the year	4,770,966.31	436,502.23	3,242,507.12	8,449,975.66
Balance at December 31, 2020	28,615,065.98	93,359,531.38	775,097,899.22	897,072,496.58
Accumulated depreciation				
January 1, 2020	(14,879,598.21)	(19,864,248.54)	(82,797,975.13)	(117,541,821.88)
Charge for the year	(4,839,814.42)	(18,242,602.46)	(30,962,748.30)	(54,045,165.18)
Balance at December 31, 2020	(19,719,412.63)	(38,106,851.00)	(113,760,723.43)	(171,586,987.06)
Carrying amounts				
December 31, 2019	8,964,501.46	73,058,780.61	689,057,416.97	771,080,699.04
December 31, 2020	8,895,653.35	55,252,680.38	661,337,175.79	725,485,509.52

5. Construction in progress

in RMB

Particulars	As at December 31, 2020
Balance at January 1, 2019	155,683,429.27
Additions during the year	1,715,591.40
Transfer to fixed assets	(156,986,866.77)
Other transfer-out	(2,920.35)
Balance at December 31, 2019	409,233.55
Additions during the year	8,579,954.67
Transfer to fixed assets	(8,449,975.66)
Transfer to long-term deferred expenses	(454,311.64)
Other transfer-out	(84,900.92)
Balance at December 31, 2020	–

6. Intangible assets

In RMB

Particulars	Land use right
Balance at January 1, 2019, December 31, 2019 and December 31, 2020	70,540,000.00
Accumulated amortization	
January 1, 2019	(10,248,819.61)
Charge for the year	(1,407,935.65)
December 31, 2019	(11,656,755.26)
Charge for the year	(1,413,744.17)
Balance at December 31, 2020	(13,070,499.43)
Carrying amounts	
December 31, 2020	57,469,500.57
December 31, 2019	58,883,244.74

7. Long-term deferred expenses

in RMB

Particulars	As at December 31,	
	2020	2019
Leasehold improvement	1,321.40	496,699.73
Office decoration	7,756,552.61	14,970,574.06
Total	7,757,874.01	15,467,273.79

8. Short-term loans

in RMB

Particulars	As at December 31,	
	2020	2019
Unsecured loans	147,873,500.00	84,881,000.00

Short-term loans include a loan from Infosys Poland Sp. z o.o. for the purposes of business operation. The principal of the loan is US$ 5,000,000.00 (December 31, 2020: equivalent to RMB 32,624,500.00), bearing interest per annum at 6.00%. Since January 1, 2018, it has been adjusted to 3.50%. The term of loan was 1 year. It was due on May 17, 2018, and was extended to May 17, 2019 and then to May 17, 2021.

Short-term loans include loans of RMB 50,000,000.00 from Infosys Technologies (China) Co. Limited for the purpose of business operation, bearing an interest rate of 6.00% per annum. The loans were originally due in 2018 and then was extended until the lender requires repayment.

Short-term loans also include loans of US$ 10,000,000.00 (December 31, 2020: equivalent to RMB65,249,000.00) from Infosys Limited in 2020 for the purpose of business operation, bearing an interest rate of 6.00% per annum. According to the agreement, the date of repayment is June 4, 2021.

9. Employee benefits payable

in RMB

Particulars	As at January 1, 2020	Provision for the year	Payment for the year	As at December 31, 2020
Wages or salaries, bonus, allowances, subsidies	34,460,430.73	360,419,729.60	(365,011,912.27)	29,868,248.06
Social security contributions	–	15,804,148.06	(15,804,148.06)	–
Including: Medical insurance	–	14,419,843.28	(14,419,843.28)	–
Maternity and work injury insurance	–	1,000,173.81	(1,000,173.81)	–
Defined contribution plans (Note)	–	15,173,707.98	(15,173,707.98)	–
Housing funds	–	14,690,008.61	(14,690,008.61)	–
Total	34,460,430.73	405,703,463.28	(410,295,645.95)	29,868,248.06

Note: Defined contribution plans

in RMB

Particulars	January 1, 2020	Provision for the year	Payment for the year	December 31, 2020
Basic pension insurance	–	14,789,577.01	(14,789,577.01)	–
Unemployment insurance	–	384,130.97	(384,130.97)	–
Total	–	15,173,707.98	(15,173,707.98)	–

The Company participates in basic pension insurance plan established by government in accordance with the relevant requirements. According to the plan, the Company makes a monthly contribution equivalent to the ratio of 16%, 16% and 14%, in Shanghai, Nanjing and Shenzhen respectively, of the employee's monthly basic wage based on last year's salary. The Company no longer undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occur.

10. Taxes payable

in RMB

Particulars	As at December 31,	
	2020	2019
Individual income tax	330,925.32	488,754.89
Housing tax	4,009,409.42	3,566,929.92
Withholding income tax and VAT	1,299,117.58	559,790.91
VAT	213,056.51	115,616.85
Total	5,852,508.83	4,731,092.57

11. Non-current liabilities due within one year and other non-current liabilities

in RMB

Cost	Subsidy payments
Balance of January 1, 2020 and December 31, 2020	48,966,000.00
Accumulated amortization	
Opening balance	(7,258,984.00)
Charge for the year	(1,284,120.00)
Closing balance	(8,543,104.00)
Carrying amount	
Closing balance	40,422,896.00
Opening balance	41,707,016.00

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

In December 2013, the Company received a technical reformation subsidy from Finance Bureau of Shanghai Minhang District amounting to RMB 15,070,000.00. The subsidy is intended to provide support for the project of software development center of the Company, which is a government grant related to assets. As at December 31, 2020 and December 31, 2019, the unamortized subsidies were included in the non-current liabilities due within one year and the other non-current liabilities.

12. Long-term loans

in RMB

Particulars	As at December 31,	
	2020	2019
Unsecured loans	41,200,000.00	–

The long-term loans of RMB 41,200,000.00 from Infosys Consulting Singapore in 2020 are for the purpose of business operation, bearing an interest rate of 4.00% per annum. The term of loan is 1 year. It was originally due within December 3, 2020 and subsequently extended to January 19, 2022.

13. Paid-in capital

The registered capital of the Company is US$ 150,000,000.00. As at December 31, 2020, the contribution by the investor according to the Articles of Association is as follows:

Particulars	As at December 31,					
	2020			2019		
	USD	Ratio %	Equivalent to RMB	USD	Ratio %	Equivalent to RMB
Infosys Limited	149,600,000.00	100	956,355,558.48	149,600,000.00	100	956,355,558.48

14. Operating income

in RMB

Particulars	Year ended December 31,	
	2020	2019
Income from principal activities		
Rendering of services	394,265,323.33	394,657,459.00
Other operating income		
Rental income	5,320,836.33	432,198.76
Total	399,586,159.66	395,089,657.76

15. Financial expenses

in RMB

Particulars	Year ended December 31,	
	2020	2019
Interest income	(292,023.98)	(279,791.80)
Interest expenses	7,892,305.98	4,251,005.71
Exchange losses	(4,207,036.16)	623,634.04
Total	3,393,245.84	4,594,847.95

16. Other income

in RMB

Government Grants	Related to assets/ income	Year ended December 31,	
		2020	2019
Development zone supporting fund	Related to income	2,350,000.00	2,600,000.00
Technological support subsidy	Related to assets	1,284,120.00	1,284,120.00
Talent subsidy	Related to income	478,240.00	–
10% additional deduction of VAT input of Service Industry	Related to income	405,785.76	181,548.63
Refund of service charge for withholding and remit individual income tax	Related to income	297,386.29	193,035.38
Subsidy for job stabilization	Related to income	178,189.24	–
Training subsidy	Related to income	–	469,700.00
Export subsidy	Related to income	–	420,000.00
Subsidy for disabled employment	Related to income	–	33,327.93
Total		4,993,721.29	5,181,731.94

17. Impairment losses of assets

in RMB

Particulars	Year ended December 31,	
	2020	2019
Bad debt losses	17,362.29	173,420.89

18. Income tax expenses

in RMB

Particulars	Year ended December 31,	
	2020	2019
Current income tax expenses	–	–
Deferred tax expenses	–	–
Total	–	–

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

As described in Note V, the Company's management is uncertain that there will be sufficient taxable income in future periods. Therefore, the deferred tax assets related to the accumulated deductible losses as at December 31, 2020 amounting to RMB 332,103,757.30 is not recognized. Among the accumulated deductible losses, RMB 8,436,534.33, RMB 40,620,742.52, RMB 96,778,379.30, RMB 100,339,378.86 and RMB 85,928,722.29 will expire in 2021, 2022, 2023, 2024 and 2025 respectively.

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

in RMB

Particulars	As at December 31,	
	2020	2019
Accounting losses	(91,661,481.15)	(100,072,907.70)
Expected income tax expense at tax rate of 25%	(22,915,370.29)	(25,018,226.93)
Tax effect of non-deductible expenses	79,519.64	96,480.98
Unused deductible loss	21,482,180.57	22,299,666.72
Temporary differences for deferred tax assets not recognized	1,353,670.07	2,622,079.23
Income tax expenses	–	–

This part reflected on the annual audit financial report is not a reference data for EIT filing and is only a part of the financial audit report disclosure.

19. Supplementary information to the income statement

Costs and expenses in the income statement are analyzed by nature:

in RMB

Particulars	As at December 31,	
	2020	2019
Employee benefits expenses	365,759,218.41	382,473,047.66
Depreciation and amortization expenses	63,622,620.77	50,756,943.71
Rental payments	4,843,164.54	3,176,425.99
Financial expenses	3,393,245.84	4,594,847.95
Other expenses	47,586,526.86	51,771,280.67
Total expenses	485,204,776.42	492,772,545.98

20. Supplementary information to the cash flow statement

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

in RMB

Particulars	As at December 31,	
	2020	2019
Net loss	(91,661,481.15)	(100,072,907.70)
Add: Provisions for impairment losses on credit	17,362.29	173,420.89
Depreciation of fixed assets	54,045,165.18	41,208,072.18
Financial expenses	8,805,220.93	4,679,408.92
Amortization of intangible assets	1,413,744.17	1,407,935.65
Amortization of non-current liabilities due within one year	–	(1,284,120.00)
Amortization of long-term deferred expenses	8,163,711.42	8,140,935.88
Losses on disposal of fixed assets, intangible assets and other long-term assets	–	7,148.16
Increase in operating receivables	(28,442,222.29)	(6,015,647.77)
Increase in operating payables	38,011,284.90	25,597,279.41
Net cash flow from operating activities	(9,647,214.54)	(26,158,474.38)

(2) Net changes in cash and cash equivalents:

in RMB

Particulars	As at December 31,	
	2020	2019
Cash and cash equivalents at the end of the year	48,449,796.57	6,882,292.22
Less: Cash and cash equivalents at the beginning of the year	6,882,292.22	34,684,454.05
Net increase / (decrease) in cash and cash equivalents	41,567,504.35	(27,802,161.83)

IX. Related party relationships and transactions

(1) Information about the parent company of the Company is as follows:

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

(2) The following are other related parties which have transactions with the Company while no control relationship exists:

Name	Relationship with the Company
Infosys Poland Sp. z o.o.	Controlled by the same parent company
Infosys Consulting Pte. Ltd.	Controlled by the same parent company
Infosys Technologies (China) Co. Limited	Controlled by the same parent company
Infosys Technologies S.De.R.L	Controlled by the same parent company

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

(a) Sales and purchases

The details of sales and purchases between the Company and its related parties are as follows:

in RMB

Particulars	As at December 31,	
	2020	2019
Sales		
Infosys Technologies (China) Co. Limited	277,684,762.47	294,232,291.79
Infosys Limited	75,306,054.28	73,437,345.71
Infosys Technologies S. de R. L. de C. V.	10,664,690.33	2,905,589.33
Total	363,655,507.08	370,575,226.83
Purchases		
Infosys Technologies (China) Co. Limited	5,970,721.49	13,011,438.85
Infosys Limited	1,225,987.30	6,752,579.76
Total	7,196,708.79	19,764,018.61

(b) Loans and borrowings

The details of loans and borrowings between the Company and related parties are as follows:

in RMB

Particulars	Incurred amount in 2020	As at December 31, 2020	Incurred amount in 2019	As at December 31, 2019	Annual interest rate
Borrowings from					
Infosys Poland Sp. z o.o.	(2,256,500.00)	32,624,500.00	–	34,881,000.00	3.50%
Infosys Technologies (China) Co. Limited	–	50,000,000.00	–	50,000,000.00	6.00%
Infosys Limited	65,249,000.00	65,249,000.00	–	–	6.00%
Infosys Consulting Pte. Ltd.	41,200,000.00	41,200,000.00	–	–	4.00%
Total	104,192,500.00	189,073,500.00	–	84,881,000.00	

Note: In 2017, the Company borrowed US$ 5,000,000.00 from Infosys Poland Sp. z o.o., bearing an interest rate of 6% per annum. Since January 1, 2018, it has been adjusted to 3.50%. It was originally due on May 17, 2018, and was then extended to May 17, 2021. The incurred amount in 2018 is the difference arising from exchange rate changes.

In 2017, the Company borrowed RMB 15,000,000.00 from Infosys Technologies (China) Co. Limited, bearing an interest rate of 6% per annum. It was originally due on May 11, 2018 and then was extended until the lender requires repayment. In 2017, the Company also borrowed RMB 35,000,000.00 from Infosys Technologies (China) Co. Limited, bearing an interest rate of 6% per annum. It was originally due on July 27, 2018 and then was extended until the lender requires repayment.

A loan of US$ 10,000,000.00 (December 31, 2020: equivalent to RMB 65,249,000.00) was obtained from Indian Infosys Limited in 2020 for the purpose of business operation, bearing an interest rate of 6.00% per annum. According to the agreement, the date of repayment is June 4, 2021.

A loan of RMB 41,200,000.00 was obtained from Infosys Consulting Singapore in 2020 for the purpose of business operation, bearing an interest rate of 4.00% per annum. The term of loan was 1 year. It was due on January 19, 2021, and was then extended to January 19, 2022.

in RMB

Particulars	As at December 31, 2020	As at December 31, 2019
Interest expenses		
Infosys Technologies (China) Co. Limited	3,008,219.17	3,000,000.00
Infosys Poland Sp. z o.o.	973,050.99	1,251,005.71
Infosys Limited	2,326,246.78	–
Infosys Consulting Pte. Ltd.	1,584,789.04	–
Total	7,892,305.98	4,251,005.71

(c) Amounts due to/from related companies

in RMB

Accounts	Name of the related parties	As at December 31, 2020	As at December 31, 2019
Accounts receivable	Infosys Technologies (China) Co. Limited	73,903,122.63	34,610,991.87
	Infosys Limited	7,070,735.93	7,017,448.09
	Infosys Technologies S. de R. L. de C. V.	1,422,465.98	2,869,044.22
	Total	82,396,324.54	44,497,484.18
Accounts payable	Infosys Technologies (China) Co. Limited	57,683,514.79	51,354,550.05
	Infosys Limited	2,156,015.44	5,076,510.66
	Total	59,839,530.23	56,431,060.71
Other payables	Infosys Technologies (China) Co. Limited	10,499,178.08	7,490,958.91
	Infosys Poland Sp. z o.o.	4,694,352.68	3,794,861.65
	Infosys Limited	2,327,512.28	–
	Infosys Consulting Pte. Ltd.	1,584,789.04	–
	Total	19,105,832.08	11,285,820.56

X. Financial instruments and risk management

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

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

1.Risk management objectives and policies

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

1.1 Market risk

1.1.1 Foreign currency risk

Foreign currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Company's exposure to the foreign currency risk is primarily associated with US$ and INR. The Company's principal activities are settled in RMB. As at December 31, 2020, the balance of the Company's assets and liabilities are both denominated in RMB except that the assets and liabilities set out below are denominated in foreign currencies. Foreign currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Company's performance.

in RMB

Particulars	As at December 31,	
	2020	2019
Cash and bank balances	24,022,264.52	2,539,913.31
Accounts receivable	7,768,970.35	9,822,371.44
Short-term loans	(97,873,500.00)	(34,881,000.00)
Interest payable	(7,021,864.96)	(3,794,861.65)
Accounts payable	(2,156,015.44)	(4,489,137.82)
Total	(75,260,145.53)	(30,802,714.72)

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and owners' equity:

in RMB

Particulars	Changes in exchange rate	As at December 31,			
		2020		2019	
		Effect on profit	Effect on Owners' equity	Effect on profit	Effect on Owners' equity
Foreign currencies	10% increase against RMB	(7,526,014.55)	(7,526,014.55)	(3,080,271.47)	(3,080,271.47)
Foreign currencies	10% decrease against RMB	7,526,014.55	7,526,014.55	3,080,271.47	3,080,271.47

1.2 Credit risk

As at December 31, 2020, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties.

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

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

1.3 Liquidity risk

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

XI. Capital management

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

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

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

The Company is not subject to externally imposed capital requirements.

XII. Commitments

(1) Capital commitments

in RMB

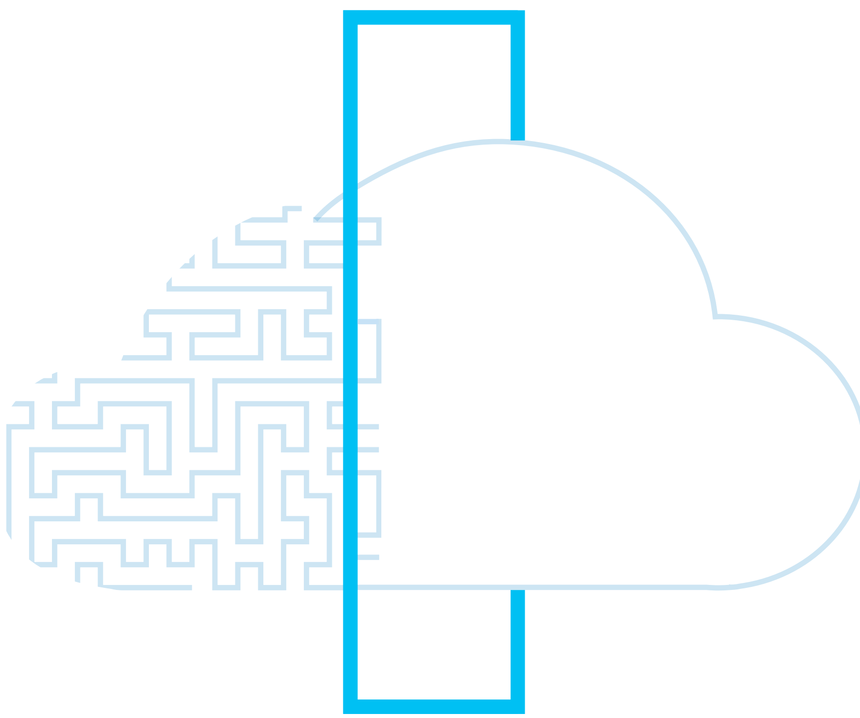
Particulars	As at December 31,	
	2020	2019
Capital commitments that have been entered into but have not been performed:	6,171,058.67	389,073.21

(2) Operating lease commitments

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

in RMB

Particulars	As at December 31,	
	2020	2019
Within 1 year	5,377,489.48	3,752,087.23
1 to 2 years	3,818,651.46	1,079,844.48
Over 2 years	9,349,835.27	738,840.96
Total	18,545,976.21	5,570,772.67



Infosys Nova Holdings LLC.

Independent Auditor's Report

To the Members of Infosys Nova Holdings LLC

Report on the Ind AS Financial Statements

Opinion:

We have audited the Ind AS financial statements of Infosys Nova Holdings LLC ('the company'), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion:

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

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

Responsibilities of Management's and those charged with Governance for the Financial Statements:

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

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

Report on other Legal and Regulatory Requirements:

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

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

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

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number. 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841
UDIN : 21202841AAACSJ5130

Place: Bengaluru
Date: April 14, 2021

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Financial assets			
Investments	2.1	352,177,686	–
Loans	2.2	5,035,911	–
Total non-current assets		357,213,596	–
Current assets			
Financial assets			
Cash and cash equivalents	2.3	4,267,152	–
Other current assets	2.4	1,865,279	–
Total current assets		6,132,431	–
TOTAL ASSETS		363,346,028	–
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	356,000,010	15,000,000
Other equity		(3,986,054)	(15,000,000)
Total equity		352,013,956	–
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	2.6	1,516,063	–
Other financial liabilities	2.7	5,309,833	–
Total non-current liabilities		6,825,896	–
Current liabilities			
Financial liabilities		–	–
Other financial liabilities	2.8	4,506,176	–
Total current liabilities		4,506,176	–
TOTAL EQUITY AND LIABILITIES		363,346,028	–

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

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

Inderpreet Sawhney
Director

Statement of Profit and Loss

in US$

Particulars	Note no.	Years ended December 31,	
		2020	2019
Revenue from operations		–	–
Other income, net	2.8	505,476	–
Total income		505,476	–
Expenses			
Finance cost	2.10	912,413	–
Insurance expenses		269,720	–
Consultancy and professional charges		75,000	–
Fair value changes to contingent consideration	2.11	(11,781,665)	–
Other expenses	2.12	16,063	–
Total expenses		(10,508,470)	–
Profit / (loss) before tax		11,013,946	–
Tax expense		–	–
Profit / (loss) for the year		11,013,946	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the period		11,013,946	–

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

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

Inderpreet Sawhney
Director

Statements of Cash Flows

in US$

Particulars	Years ended December 31, 2020	2019
Cash flow from operating activities :		
Profit / (loss) for the year	11,013,946	–
Adjustments to reconcile net profit to net cash provided by operating activities :		
Changes in FV of contingent consideration	(11,781,665)	–
Interest on contingent consideration	912,413	–
Prepaid expense	(1,865,280)	–
Net cash used in operating activities	(1,720,587)	–
Cash flow from investing activities :		
Investment in equity instruments of subsidiaries		
Outbox Systems Inc. dba Simplus	(179,351,205)	–
Kaleidocope Animations INC	(30,829,525)	–
Beringer Commerce Inc	(72,834,668)	–
Beringer Capital Digital Group Inc	(48,477,025)	–
Net cash used in investing activities	(331,492,423)	–
Cash flow from financing activities :		
Equity infusion	341,000,010	–
Loan given to Outbox Systems LLC	(5,035,911)	–
Loan taken from IPS	1,516,063	–
Net cash from financing activities	337,480,162	–
Net decrease in cash and cash equivalents	4,267,152	–
Cash and cash equivalents at the beginning of the year	–	–
Cash and cash equivalents at the end of the year	4,267,152	–
Supplementary information :		
Restricted cash balance	–	–

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

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

Inderpreet Sawhney
Director

Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2019	15,000,000	(15,000,000)	–
Changes in equity for the year ended December 31, 2019			
Profit for the year	–	–	–
Balance as of December 31, 2019	15,000,000	(15,000,000)	–
Changes in equity for the year ended December 31, 2020			
Increase in share capital	341,000,010	–	341,000,010
Profit for the year	–	11,013,946	11,013,946
Balance as of December 31, 2020	356,000,010	(3,986,054)	352,013,956

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

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

Inderpreet Sawhney
Director

Significant accounting policies

Company overview

Infosys Nova Holdings LLC (Infosys Nova or the Company) is a wholly-owned subsidiary of Infosys Limited. The purpose of the Company is to engage in any lawful act or activity for which corporation may be organized under the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

1.3 Reporting currency

The Company's reporting currency is US$.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets(if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company . The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Foreign currency

1.5.1 Functional currency

The functional currency of the Company is the US$. These financial statements are presented in US$.

1.5.2 Transactions and translations

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

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

1.6 Cash Flow statement

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

1.7 Investments

Associates are entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Company's investment in associates includes goodwill identified on acquisition.

2.1 Investments

in US$

Particulars	As at December 31,	
	2020	2019
Non-current investments		
Unquoted		
Long-term investments – at cost		
Investments in equity instruments of subsidiaries		
Outbox Systems Inc. dba Simplus (100 shares of common stock at a par value of $0.01 per share)	190,509,943	–
Kaleidocope Animations, Inc. (429,150 shares of voting common capital stock)	40,356,049	–
Beringer Commerce Inc (100 equity shares fully paid-up, par value $ 1 each)	72,834,668	–
Beringer Capital Digital Group Inc (100 equity shares fully paid-up, par value $ 1 each)	48,477,025	–
Total non-current investments	352,177,686	–

2.2 Loans

in US$

Particulars	As at December 31,	
	2020	2019
Loan to Outbox Systems	5,035,911	–
	5,035,911	–

2.3 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	4,267,152	–
Cash on hand	–	–
Others		
Deposits with financial institution	–	–
	4,267,152	–
Deposit with more than 12 months maturity	–	–
Balances with banks held as margin money deposits against guarantees	–	–

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

2.4 Other assets

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Prepaid expenses	1,865,280	–
	1,865,279	–
Total other assets	1,865,279	–

2.5 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2020	2019
Equity shares		
Authorized share capital	356,000,010	15,000,000
Issued, subscribed and paid-up	356,000,010	15,000,000

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

Name of the shareholder	As at December 31,	
	2020	2019
Infosys Limited	100%	100%

2.6 Borrowings

in US$

Particulars	As at December 31,	
	2020	2019
Loan from IPS	1,516,063	–
	1,516,063	–

2.7 Other financial liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Contingent consideration	5,309,833	–
Total non-current other financial liabilities	5,309,833	–
Current		
Contingent consideration	4,506,176	–
Total current other financial liabilities	4,506,176	–
Contingent consideration – Current portion	4,506,176	–
	4,506,176	–

2.8 Other income

in US$

Particulars	Years ended December 31, 2020	2019
Interest on loan to Simplus	35,911	–
Escrow refund	469,565	–
Total other income	505,476	–

2.9 Finance cost

in US$

Particulars	Years ended December 31, 2020	2019
Interest on contingent consideration	912,413	–
Total finance cost	912,413	–

2.10 Fair value changes in contingent consideration

in US$

Particulars	Years ended December 31, 2020	2019
Fair value changes in contingent consideration	(11,781,665)	–
Total	(11,781,665)	–

2.11 Expenses

in US$

Particulars	Years ended December 31, 2020	2019
Other expenses		
Interest expense on loan	16,063	–
Total expenses	16,063	–

2.12Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2020 were as follows:

In US$

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.3)	4,267,152	–	–	–	–	4,267,152	4,267,152
Loans (Refer to Note 2.2)	5,035,911	–	–	–	–	5,035,911	5,035,911
Total	9,303,063	–	–	–	–	9,303,063	9,303,063
Liabilities:							
Borrowings (Refer to Note 2.6)	1,516,063	–	–	–	–	1,516,063	1,516,063
Other financial liabilities (Refer to Note 2.7)	–	–	9,816,010	–	–	9,816,010	9,816,010
Total	1,516,063	–	9,816,010	–	–	11,332,072	11,332,072

2.13 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31,	
		2020	2019
Infosys Limited	India	100%	100%

Name of Subsidiary companies	Country	Holding as at December 31,	
		2020	2019
Outbox systems Inc. dba Simplus (US)[19]	USA	100%	–
Kaleidoscope Animations, Inc.[29]	USA	100%	–
Beringer Commerce Inc[32]	USA	100%	–
Beringer Capital Digital Group Inc[32]	USA	100%	–

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus)	U.S.
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc [44]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	U.S.
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][43]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][43]	China
Infy Consulting Company Ltd[5]	U.K.
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[23][31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][36]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	U.K.
Brilliant Basics Limited[8]	U.K.
Brilliant Basics (MENA) DMCC[8][24]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore

Name of subsidiaries	Country
Infosys Middle East FZ LLC[9]	Dubai
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	U.S.
WDW Communications, Inc[11]	U.S.
WongDoody, Inc[11]	U.S.
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Simplus North America Inc.[20]	Canada
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	U.K.
Infosys Fluido UK, Ltd. (formerly Simplus U.K., Ltd)[12][25]	U.K.
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[12][25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Prototyping LLC[30]	U.S.
GuideVision s.r.o.[27]	U.K.
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	U.K.
Mediotype LLC[33]	U.S.
Beringer Commerce Holdings LLC[33]	U.S.
SureSource LLC[34]	U.S.
Blue Acorn LLC[34]	U.S.
Simply Commerce LLC[34]	U.S.
iCiDIGITAL LLC[35]	U.S.
Infosys BPM UK Limited[4][37]	U.K.
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey

[1] Wholly-owned subsidiary of Infosys Limited
[2] Majority owned and controlled subsidiary of Infosys Limited
[3] Liquidated effective November 17, 2019
[4] Wholly-owned subsidiary of Infosys BPM Limited
[5] Wholly-owned subsidiary of Infosys Consulting Holding AG
[6] Majority owned and controlled subsidiary of Infosys Consulting Holding AG
[7] Wholly-owned subsidiary of Panaya Inc.
[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy

(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority owned and controlled subsidiary of Stater N.V
(16) Majority owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020
(37) Incorporated, effective December 9, 2020
(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(39) Merged into Stater Duitsland B.V., effective December 18, 2020
(40) Merged with Stater N.V., effective December 23, 2020
(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(42) Incorporated on December 30, 2020.
(43) Under liquidation
(44) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows:

In US$

Particulars	As at December 31	
	2020	2019
Loan taken		
Infosys Public Services, Inc (Refer to Note 2.6)	1,516,063	–
	1,516,063	–
Loan given		
Outbox Systems Inc. dba Simplus (Refer to Note 2.2)	5,035,911	–
	5,035,911	–

The details of the related party transactions entered into by the company for the year ended December 31, 2020 and December 31, 2019 are as follows:

In US$

Particulars	As at December 31	
	2020	2019
Capital Transactions		
Financing Transaction		
Equity (1)		
Outbox Systems Inc. dba Simplus	190,509,943	–
Kaleidocope Animations, Inc.	40,356,049	–
Beringer Commerce Inc	72,834,668	–
Beringer Capital Digital Group Inc	48,477,025	–
	352,177,686	–

(1) Refer to Note 2.1 on Investments for details

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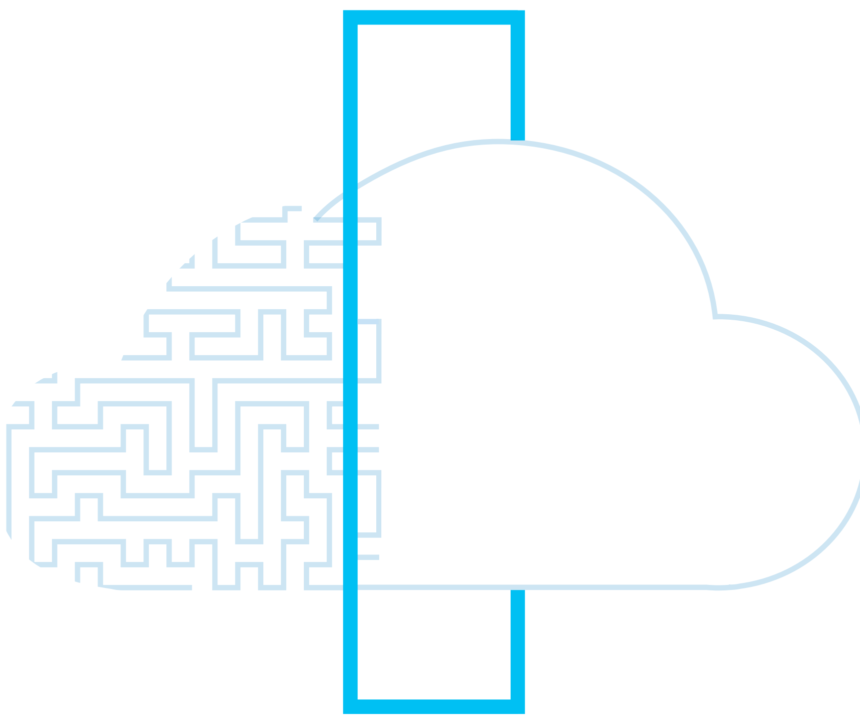

EdgeVerve Systems Limited

Independent Auditor's Report

To The Members Of EdgeVerve Systems Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of EdgeVerve Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
   e) On the basis of the written representations received from the directors as on
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

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

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

Gurvinder Singh
Partner
Membership Number 110128
UDIN:21110128AAAABN4694

Place: Bengaluru
Date: April 12, 2021

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of EdgeVerve Systems Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Gurvinder Singh
Partner
Membership Number 110128
UDIN:21110128AAAABN4694

Place: Bengaluru
Date: April 12, 2021

Annexure 'B' to the Independent Auditor's Report

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

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

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

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

(c) The Company does not have any immovable properties hence, clause 3 (i) (c) of the Order is not applicable.

ii. The Company is in the business of sale of software licenses and providing related software services. The Company does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

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

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

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, Goods and Services Tax which have not been deposited as at March 31, 2021 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ Lakhs
The Income Tax Act, 1961	Income Tax	Appellate Tribunal	A.Y. 2016-17	8
Central Excise Act, 1944	Excise Duty	Appellate Tribunal	AY 2017-18 and AY 2018-19	4,054

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

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

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

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

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

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

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

Gurvinder Singh
Partner
Membership Number 110128
UDIN:21110128AAAABN4694

Place: Bengaluru
Date: April 12, 2021

Balance Sheet

in ₹ lakh

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,807	4,357
Right-of-use assets	2.15	–	2,036
Capital work-in-progress		–	3
Financial assets			
Loans	2.3	3	6
Other financial assets	2.4	694	2,590
Deferred tax assets (net)	2.14	749	1,035
Other non-current assets	2.7	801	981
Cost of fulfillment		1,279	–
Income tax assets	2.14	18,676	31,636
Total non-current assets		27,009	42,644
Current assets			
Financial assets			
Investments	2.2	2,506	1,101
Trade receivables	2.5	13,620	14,624
Cash and cash equivalents	2.6	36,148	2,072
Loans	2.3	252	356
Other financial assets	2.4	31,874	26,457
Other current assets	2.7	10,123	13,099
Cost of fulfillment		200	–
Total current assets		94,723	57,709
Total assets		1,21,732	1,00,353
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(1,26,129)	(1,91,925)
Total equity		5,055	(60,741)
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	54,293	1,18,469
Lease liabilities	2.15	–	1,328
Total non-current liabilities		54,293	1,19,797
Current liabilities			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,901	3,627
Lease liability	2.15	–	1,028
Other financial liabilities	2.10	28,459	23,060
Other current liabilities	2.12	16,187	13,343
Income tax liabilities	2.14	15,656	–
Provisions	2.13	181	239
Total current liabilities		62,384	41,297
Total equity and liabilities		1,21,732	1,00,353

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number :
117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

Bengaluru
April 12, 2021

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

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Profit and Loss

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

Particulars	Note no.	Years ended March 31, 2021	Years ended March 31, 2020
Revenue from operations	2.16	2,77,750	2,49,683
Other income, net	2.17	804	1,113
Total Income		2,78,554	2,50,796
Expenses			
Employee benefit expenses	2.18	75,042	71,604
Cost of technical sub-contractors		70,564	59,722
Travel expenses	2.18	1,663	10,792
Cost of software packages and others	2.18	16,138	16,382
Consultancy and professional charges		9,362	9,817
Depreciation expense	2.1 and 2.15	2,339	2,644
Finance cost		6,120	10,855
Other expenses	2.18	13,893	16,225
Total expenses		1,95,121	1,98,041
Profit before tax		83,433	52,755
Tax expense :			
Current tax	2.14	17,536	14,725
Deferred tax	2.14	286	111
Profit for the year		65,611	37,919
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/net asset		185	124
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		185	124
Total comprehensive income for the year		65,796	38,043
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		5.00	2.89
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		1,31,18,40,000	1,31,18,40,000

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number :
117366W/ W-100018

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

Gurvinder Singh
Partner
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Mohit Joshi
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Whole-time Director

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Whole-time Director

Bengaluru
April 12, 2021

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption reserve [1]	Capital reserve		
				Business transfer adjustment reserve [2]		
Balance as of April 1, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)
Impact on account of adoption of Ind AS 116 (Refer to Note 2.15)		76				76
Restated Balances as on April 1, 2019	1,31,184	66,432	48,750	(3,44,760)	(390)	(98,784)
Changes in equity for the period ended March 31, 2020						–
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	124	124
Profit for the period	–	37,919	–	–	–	37,919
Total comprehensive income	1,31,184	1,04,351	48,750	(3,44,760)	(266)	(60,741)
Transfer from debenture redemption reserve to retained earnings	–	37,000	(37,000)	–	–	–
Balance as of March 31, 2020	1,31,184	1,41,351	11,750	(3,44,760)	(266)	(60,741)
Balance as of April 1, 2020	1,31,184	1,41,351	11,750	(3,44,760)	(266)	(60,741)
Changes in equity for the period ended March 31, 2021						–
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	185	185
Profit for the period	–	65,611	–	–	–	65,611
Total comprehensive income	1,31,184	2,06,962	11,750	(3,44,760)	(81)	5,055
Transfer from debenture redemption reserve to retained earnings	–	6,122	(6,122)	–	–	–
Balance as of March 31, 2021	1,31,184	2,13,084	5,628	(3,44,760)	(81)	5,055

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number :
117366W/ W-100018

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

Gurvinder Singh
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Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 12, 2021

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

Accounting Policy

Cash flows are reported using the indirect method, where by profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amount of cash to be cash equivalents.

in ₹ lakh

Particulars	Note no.	Years ended March 31,	
		2021	2020
Cash flow from operating activities:			
Profit for the year		65,611	37,919
Adjustments to reconcile net profit to net cash generated by operating activities:			
Depreciation	2.1 and 2.15	2,339	2,644
Income tax expense	2.14	17,822	14,836
Impairment loss recognized on financial assets	2.18	197	362
Provision / (reversal) for post-sales client support and others	2.18	(18)	(54)
Profit / loss on sale of fixed assets	2.17	–	(1)
Interest expenses		6,120	10,855
Interest income	2.17	(344)	(420)
(Gain) / loss on investments	2.17	(155)	(277)
Gain on termination of lease		(154)	
Exchange difference on translation of assets and liabilities		(790)	123
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(1,245)	(114)
Other financial assets and other assets		204	1,158
Trade payables	2.11	(1,726)	1,303
Other financial liabilities, other liabilities and provisions		7,188	(8,978)
Cash generated from operations		95,049	59,356
Income taxes paid (net of refund)		11,080	(23,665)
Net cash generated by operating activities		1,06,129	35,691
Cash flow from investing activities :			
Expenditure on property, plant and equipment		(3,349)	(1,928)
Loans to employees	2.3	107	89
Payments to acquire investments			
Liquid mutual fund units		(95,996)	(1,32,246)
Proceeds on sale of investments			
Liquid mutual fund units		94,749	1,32,422
Interest and dividend received on investments		347	93
Net cash used in investing activities		(4,142)	(1,570)
Cash flow from financing activities :			
Payment of lease liability	2.15	(284)	(666)
Debentures repaid to holding company		(62,300)	(28,600)
Payment of interest on debentures		(6,116)	(10,730)
Net cash from financing activities		(68,700)	(39,996)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		790	(123)
Net increase / (decrease) in cash and cash equivalents		34,076	(5,998)
Cash and cash equivalents at the beginning of the year	2.6	2,072	8,070
Cash and cash equivalents at the end of the year	2.6	36,148	2,072
Supplementary information :			
Restricted cash balance	2.6	–	19

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP Chartered Accountants Firm Registration Number : 117366W/ W-100018	for and on behalf of the Board of Directors of EdgeVerve Systems Limited		
Gurvinder Singh *Partner* Membership Number : 110128	Mohit Joshi *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Bengaluru April 12, 2021	Rajesh Kini *Chief Financial Officer*		Sudhir Gaonkar *Company Secretary*

Notes to the Financial Statements

1. Company overview and significant accounting policies

1.1 Company overview

EdgeVerve Systems Limited ("the Company") is a limited company incorporated in India. It is a wholly-owned subsidiary of Infosys Limited. The address of its registered office is Plot No. 44, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products or Finacle® product which can be deployed either on premises or on cloud environments depending on its products. The Company provides implementation, integration and support services to help its customers realize benefits from software solutions.

With effect from August 01, 2015, 'Finacle' and 'Edge services' business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures.

The financial statements are approved by the Company's Board of Directors on April 12, 2021.

1.2 Basis of preparation of financial statements

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

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

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

1.3 Use of estimates and judgments

The preparation of the standalone financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.4 Critical accounting estimates and judgments

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

Provisions for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date. Also, refer to Note 2.16.

The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognized is amortized on a systematic basis consistent with the transfer of goods or services to the customer.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Certain eligible, non-recurring costs (e.g. set-up or transition or transformation costs) that do not represent a separate performance obligation are recognized as an asset when such costs (a) relate directly to the contract; (b) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered. Such capitalized contract costs are amortized over the respective contract life on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

b. Income tax

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.14.

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

c. Property, plant and equipment

Property, plant and equipment represents a significant proportion of asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Also, refer to Note 2.1.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no material changes are required to lease period relating to the existing lease contracts. Also, refer to Note 2.15.

e. Allowance for credit losses on receivables and unbilled revenue

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

1.5 Earnings per equity share

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

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

2.1 Property, plant and equipment

Accounting policy

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

Plant and machinery [(1)]	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Office equipment [(1)]	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

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

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2021 are as follows :

in ₹ lakh

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2020	26	20	194	12,797	193	13,230
Additions	–	–	47	2,623	5	2,675
Deletions	–	–	(1)	(22)	–	(23)
Gross carrying value as of March 31, 2021	26	20	240	15,398	198	15,882
Accumulated depreciation as of April 1, 2020	(8)	(12)	(147)	(8,583)	(123)	(8,873)
Depreciation	(5)	(3)	(34)	(2,158)	(25)	(2,225)
Accumulated depreciation on deletions	–	–	1	22	–	23
Accumulated depreciation as of March 31, 2021	(13)	(15)	(180)	(10,719)	(148)	(11,075)
Carrying value as of March 31, 2021	13	5	60	4,679	50	4,807

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

in ₹ lakh

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2019	26	18	181	11,076	159	11,461
Additions	–	2	13	1,768	33	1,815
Deletions	–	–	–	(47)	–	(47)
Gross carrying value as of March 31, 2020	26	20	194	12,797	192	13,229
Accumulated depreciation as of April 1, 2019	(3)	(8)	(112)	(6,655)	(83)	(6,861)
Depreciation	(5)	(4)	(35)	(1,974)	(40)	(2,057)
Accumulated depreciation on deletions	–	–	–	46	–	46

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Accumulated depreciation as of March 31, 2020	(8)	(12)	(147)	(8,582)	(123)	(8,872)
Carrying value as of March 31, 2020	18	8	47	4,215	69	4,357

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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Unquoted current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,506	1,101
Total investments	2,506	1,101

The fair value of liquid mutual fund units as on March 31, 2021 and March 31, 2020 is ₹ 2,506 lakh and ₹1,101 lakh respectively.

Method of fair valuation

in ₹ lakh

Class of investment	Method	As at March 31,	
		2021	2020
Mutual fund – Liquid mutual fund units	Quoted price	2,506	1,101

Details of investments in liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid Fund – Growth – Direct Plan	90,290	1,005	1,56,530	500
HDFC Overnight Fund Direct Plan – Growth Option	49,104	1,502	2,04,349	601
Total investments in liquid mutual fund units	1,39,394	2,506	3,60,879	1,101

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Non-current		
Other loans		
Loans to employees	3	6
Total non-current loans	3	6
Current		
Unsecured, considered doubtful		
Loans to employees	10	9
Less : Allowances for doubtful loans to employees	10	9
	–	–
Other loans		
Loans to employees	252	356
Total current loans	252	356
Total loans	255	362

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Non-current		
Other customer receivables	693	2,589
Security deposits	1	1
Total non-current other financial assets	694	2,590
Current		
Restricted deposits*	5,250	4,436
Unbilled revenues (1) #	25,858	21,395
Interest accrued but not due	334	337
Others (2)	432	289
Total current other financial assets	31,874	26,457
Total other financial assets	32,568	29,047
Financial assets carried at amortized cost	32,568	29,047
(1) Includes dues from fellow subsidiaries (Refer to Note 2.21)	190	1,668
(2) Includes dues from fellow subsidiaries (Refer to Note 2.21)	5	2

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

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

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Unsecured		
Considered good (1)	13,620	14,624
Considered doubtful	540	597
	14,160	15,221

Particulars	As at March 31,	
	2021	2020
Less : Allowances for credit losses	540	597
Total trade receivables	13,620	14,624
(1) Includes dues from fellow subsidiaries (Refer to Note 2.21)	3,393	285

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Balances with banks		
In current and deposit accounts	36,148	2,072
Total cash and cash equivalents	36,148	2,072
Deposit accounts with more than 12 months maturity	–	19
Balances with banks held as margin money deposits against guarantees	–	19

Cash and cash equivalents as of March 31, 2021 and March 31, 2020 include restricted cash and bank balances of nil and ₹ 19 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

2.7 Other assets

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Non-current		
Prepaid expenses	203	54
	203	54
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	598	927
Total non-current other assets	801	981
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	221	249
Balance with government authorities	–	5
Others		
Unbilled revenues (1)	3,490	5,901
Prepaid expenses	2,718	2,712
Withholding taxes and others (2)	3,694	4,232
Total current other assets	10,123	13,099
Total other assets	10,924	14,080

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

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

2.8 Financial instruments

2.8.1 Accounting policy

Financial statements

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

2.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

(i) Financial assets or financial liabilities, at fair value through profit or loss

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

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

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

2.8.3 Derecognition of financial instruments

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

2.8.4 Fair value of financial instruments

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

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

2.8.5 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2021 are as follows :

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets :								
Cash and cash equivalents	2.6	36,148	–	–	–	–	36,148	36,148
Investments – Liquid mutual funds units	2.2	–	–	2,506	–	–	2,506	2,506
Trade receivables	2.5	13,620	–	–	–	–	13,620	13,620
Loans	2.3	255	–	–	–	–	255	255
Other financial assets [(1)]	2.4	32,568	–	–	–	–	32,568	32,568
Total		82,591	–	2,506	–	–	85,097	85,097
Liabilities :								
Trade payables	2.11	1,901	–	–	–	–	1,901	1,901
Non-convertible debentures [(2)]	2.10	53,600	–	–	–	–	53,600	53,600

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Other financial liabilities	2.10	29,152	–	–	–	–	29,152	29,152
Total		84,653	–	–	–	–	84,653	84,653

(1) Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

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

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

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets :								
Cash and cash equivalents	2.6	2,072	–	–	–	–	2,072	2,072
Investments – Liquid mutual funds units	2.2	–	–	1,101	–	–	1,101	1,101
Trade receivables	2.5	14,624	–	–	–	–	14,624	14,624
Loans	2.3	362	–	–	–	–	362	362
Other financial assets	2.4	29,047	–	–	–	–	29,047	29,047
Total		46,105	–	1,101	–	–	47,206	47,206
Liabilities :								
Trade payables	2.11	3,627	–	–	–	–	3,627	3,627
Non-convertible debentures (1)	2.10	1,15,900	–	–	–	–	1,15,900	1,15,900
Other financial liabilities	2.10	25,629	–	–	–	–	25,629	25,629
Total		1,45,156	–	–	–	–	1,45,156	1,45,156

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2021 is as follows:

in ₹ lakh

Particulars	As on March 31, 2021	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	2,506	2,506	–	–
Liabilities				
Derivative financial instruments – loss on outstanding foreign currency forward contracts (Refer to Note 2.10)	17	–	17	–

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2020 was as follows :

in ₹ lakh

Particulars	As on March 31, 2020	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	1,101	1,101	–	–
Liabilities				
Derivative financial instruments – loss on outstanding foreign currency forward contracts (Refer to Note 2.10)	510	–	510	–

The following table analyzes foreign currency risk from financial instruments as of March 31, 2021 :

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	Other currencies	Total
Net financials assets (including loans)	11,932	1,067	672	1,071	2,029	16,771
Net financial liabilities	(8,401)	(243)	(41)	(12)	(307)	(9,003)
Net assets / (liabilities)	3,531	824	631	1,059	1,723	7,768

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

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	Other currencies	Total
Net financials assets (including loans)	10,151	531	470	(480)	3,943	14,615
Net financial liabilities	(5,559)	(22)	(10)	(10)	(283)	(5,884)
Net assets / (liabilities)	4,592	509	460	(490)	3,660	8,731

Derivative financial instruments

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	in million	in ₹ lakh	in million	in ₹ lakh
Forward contracts				
In US dollar	10	7,345	13	9,837

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Not later than one month	–	6,053
Later than one month and not later than three months	7,345	3,784
Total	7,345	9,837

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 13,620 lakh and ₹ 14,624 lakh as of March 31, 2021 and March 31, 2020 respectively and unbilled revenue amounting to ₹ 29,348 lakh and ₹ 27,296 lakh as of

March 31, 2021 and March 31, 2020, respectively. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses a provision matrix to compute the expected credit losses on the customer balances based on internal and external factors.

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	697	319
Provisions recognized	196	357
Write-offs	(276)	(34)
Translation differences	(21)	55
Balance at the end	597	697

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

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time. The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2021, the Company had a working capital of ₹ 32,335 lakh including cash and cash equivalents of ₹ 36,148 lakh and current investments of ₹ 2,506 lakh. As of March 31, 2020, the Company had a working capital of ₹ 16,412 lakh including cash and cash equivalents of ₹ 2,072 lakh and current investments of ₹ 1,101 lakh.

As of March 31, 2021 and March 31, 2020, the outstanding compensated absences were ₹ 2,053 lakh and ₹ 3,027 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 are as follows :

in ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	1,901	–	–	–	1,901
Other liabilities excluding non-convertible debentures *	26,406	693	–	–	27,099
	28,307	693	–	–	29,000

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

in ₹ lakh

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

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

2.9 Equity

Share capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares, net of any tax effects.

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Group.

Debenture redemption reserve

Other components of equity

Other components of equity include remeasurement of net defined benefit liability / asset, net of taxes.

in ₹ lakh, except as otherwise stated

Particulars	As at March 31, 2021	2020
Authorized		
Equity shares, ₹10/- par value		
4,10,00,00,000 (4,10,00,00,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,31,18,40,000 (1,31,18,40,000) equity shares		
	1,31,184	1,31,184

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

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

The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 are as follows :

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2021 and March 31, 2020 is as follows :

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning and end of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000

2.10 Other financial liabilities

in ₹ lakh

Particulars	As at March 31, 2021	2020
Non-current		
Non-convertible debentures * (1)	53,600	1,15,900
Other payables	693	2,569
Total non-current other financial liabilities	54,293	1,18,469
Current		
Accrued compensation to employees	6,225	3,617
Capital creditors	87	764
Foreign currency forward contracts	17	510
Compensated absences	2,053	3,027
Accrued expenses (2)	19,693	14,420
Other payables (3)	385	722
Total current other financial liabilities	28,459	23,060
Total other financial liabilities	82,752	1,41,529
Financial liability carried at amortized cost	82,752	1,41,529

* The interest rate for the debentures as of March 31, 2021 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 7.138%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

(1) includes dues to holding company (Refer to Note 2.21)	53,600	1,15,900
(2) includes dues to holding company (Refer to Note 2.21)	7,737	4,450
(3) includes dues to fellow subsidiaries (Refer to Note 2.21)	26	4

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31, 2021	2020
Trade payables (1)	1,901	3,627
Total trade payables	1,901	3,627
(1) includes dues to holding company / fellow subsidiaries (Refer to Note 2.21)	419	1,805

As at March 31, 2021 and March 31, 2020, there are no outstanding dues to micro, small and medium enterprises. There is no interest due or outstanding on the same. During the year ended March 31, 2021, an amount of ₹ 83 lakh was paid beyond the appointed day as defined in the Micro, Small and Medium Enterprises Development Act 2006, which has been paid as of March 31, 2021.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Current		
Unearned revenue	9,979	8,815
Withholding taxes and other taxes	6,208	4,528
Total current other liabilities	16,187	13,343
Total other liabilities	16,187	13,343

2.13 Provisions

Accounting policy

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post-sales client support and others

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded in the Statement of Profit and Loss. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Provision for post-sales client support and others

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Post-sales client support and others	181	239
Total provisions	181	239

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	239	351
Provisions recognized / (reversal)	(58)	(112)
Provision utilized	–	–
Translation differences	–	–
Balance at the end	181	239

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

2.14 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized on net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Income tax for current and prior year is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Current taxes	17,536	14,725
Deferred taxes	286	111
Income tax expense	17,822	14,836

The applicable Indian corporate statutory tax rate for the years ended March 31, 2021 and March 31, 2020 is 25.168%

each. New income tax regime as per The Taxation Laws (Amendment) Act, 2019 is opted by the Company from financial year 2019-20 onwards.

Income tax expense for the years ended March 31, 2021 and March 31, 2020 includes reversals (net of provision) of ₹ 3,390 lakh and provision (net of reversals) of ₹ 463 lakh respectively pertaining to prior periods on adjudication of certain matters in favor of the Company and upon filing of returns.

Deferred income tax for the years ended March 31, 2021 and March 31, 2021, relates to origination and reversal of temporary differences. Deferred income taxes are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Profit before income taxes	83,433	52,755
Enacted tax rates in India	25.17%	25.17%
Computed expected tax expense	20,998	13,277
Overseas taxes, net of foreign tax credit	(5)	638
Prior year taxes	(3,391)	463
Effect of non-deductible expenses	252	134
Others	(33)	324
Income tax expense	17,821	14,836

The applicable Indian statutory tax rates for fiscal year 2021 is 25.168% and fiscal year 2020 is 25.168%.

The details of income tax assets and income tax liabilities as of March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Income tax assets	18,676	91,619
Current income tax liabilities	15,656	59,983
Net current income tax assets at the end	3,020	31,636

The gross movement in the current income tax asset for the years ended March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Net current income tax assets at the beginning	31,636	22,696
Income tax paid	(11,142)	23,707
Tax on other comprehensive income	62	(42)
Current income tax expense (Refer to Note 2.14)	(17,536)	(14,725)
Net current income tax assets at the end	3,020	31,636

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Deferred income tax assets		
Trade receivables	189	179
Compensated absences	517	763
Others	123	184
Total deferred income tax assets	829	1,126
Deferred income tax liabilities		
Property, plant and equipment	80	91
Total deferred income tax liabilities	80	91
Deferred income tax assets after set-off	749	1,035
Deferred income tax liabilities after set-off	–	–

The gross movement in the deferred income tax account for the years ended March 31, 2021 and March 31, 2020 is as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Net deferred income tax asset at the beginning	1,035	1,191
Credits relating to temporary differences (Refer to Note 2.14)	(286)	(156)
Temporary differences on other comprehensive income	–	–
Net deferred income tax asset at the end	749	1,035

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

2.15 Leases

Accounting policy

The Company as a lessee

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

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

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

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

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

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

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

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

The changes in the carrying value of ROU assets for the years ended March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	2,036	867
Additions	–	1,756
Deletions	(1,922)	–
Depreciation	(114)	(587)
Translation difference	–	–
Balance as of March 31, 2021	–	2,036

The aggregate depreciation expense on ROU assets is included under depreciation expense in the Statement of Profit and Loss. The break-up of current and non-current lease liability as of March 31, 2021 and March 31, 2020 is as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Non-current lease liability	–	1,328
Current lease liability	–	1,028
Total	–	2,356

The movement in lease liability during the years ended March 31, 2021 and March 31, 2020 is as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	2,356	1,141
Additions	–	1,756
Deletions	(2,076)	–
Interest accrued during the period	4	125
Lease payments	(284)	(666)
Translation difference	–	–
Balance as of March 31, 2021	–	2,356

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

Rental expense recorded for short-term leases was ₹ 3,002 lakh for the year ended March 31, 2021.

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Not later than 1 year	–	1,160
Later than 1 year and not later than 5 years	–	1,498
Later than 5 years	–	–
Balance as of March 31, 2021	–	2,658

2.16 Revenue from operations

Accounting policy

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

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

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as contract asset (unbilled revenue). Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenues in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liability (unearned revenues). Fixed time frame revenue is recognized ratably over the term of the underlying time frame arrangement.

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

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

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

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

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

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

Revenue from operations for the years ended March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Revenue from operations	2,77,750	2,49,683
Total revenue from operations	2,77,750	2,49,683

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

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

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Invoicing in excess of earnings are classified as unearned revenue.

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

During the years ended March 31, 2021 and March 31, 2020, the Company recognized revenue of ₹ 7,784 lakh and ₹ 9,407 lakh arising from opening unearned revenue as of April 1, 2020 and April 1, 2019, respectively.

During the years ended March 31, 2021 and March 31, 2020, the Company recognized revenue of ₹ 4,810 lakh and ₹ 6,395 lakh of unbilled revenue pertaining to fixed price development contracts as of April 1, 2020 and April 1, 2019, respectively has been classified to trade receivable upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as of March, 2021, other than those meeting the exclusion criteria mentioned above is ₹ 50,495 lakh. Out of this, the Group expects to recognize revenue of around 54.8% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote

The impact on account of applying the erstwhile Ind AS 18, Revenue instead of Ind AS 115, Revenue from Contract with Customers on the financial results of the Company for the year ended is insignificant. On account of adoption of Ind AS 115, unbilled revenue of ₹ 3,490 lakh as at March 31, 2021 has been considered as a non-financial asset.

2.17 Other income, net

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

Foreign currency - Accounting Policy

Functional currency

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

Transactions and translations

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

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

Other income for the years ended March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Interest received on financial assets – carried at amortized cost :		
Deposits with banks and others	344	420
Profit on sale of fixed assets	–	1
Exchange gain / (loss) on translation of assets and liabilities	(790)	858
Gain / (loss) on investment carried at fair value through profit or loss	155	277
Exchange gains / (losses) on foreign currency forward and options contracts	942	(503)
Miscellaneous income	153	60
Total other income	804	1,113

2.18 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Employee benefit expenses		
Salaries including bonus	70,733	67,688
Contribution to provident and other funds	3,682	3,133
Staff welfare	627	783
	75,042	71,604
Travel expenses		
Overseas travel expenses	1,526	9,697
Travelling and conveyance	137	1,095
	1,663	10,792
Cost of software packages and others		
For own use	5,714	4,506
Third-party items bought for service delivery to clients	10,424	11,876
	16,138	16,382
Other expenses		
Repairs and maintenance	1,884	2,217
Brand and marketing	3,437	4,292
Communication expenses	1,275	685
Operating lease payments	3,002	3,474
Rates and taxes	103	88
Commission charge	2,180	2,808
Fuel and power	390	642
Consumables	6	208
Provision / (reversal) for post-sales client support and others	(18)	(54)
Commission to non-whole-time directors	–	1
Impairment loss recognized on financial assets	197	362
Contributions towards corporate social responsibility	1,065	960
Auditor's remuneration		
Statutory audit fees	35	30
Others	337	512
	13,893	16,225

2.19 Employee benefits

Accounting policy

2.19.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust ("the Trust"). The trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law.

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

2.19.2 Superannuation

Certain employees of EdgeVerve are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

2.19.3 Provident fund

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

2.19.4 Compensated absences

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

a. Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as of March 31, 2021 and March 31, 2020 :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Change in benefit obligations		
Benefit obligations at the beginning	7,209	6,744
Service cost	772	608
Interest expense	438	461
Transfer of obligation	42	53
Remeasurements – Actuarial (gains) / losses	(186)	(111)
Benefits paid	(323)	(547)
Benefit obligations at the end	7,952	7,209
Change in plan assets		
Fair value of plan assets at the beginning	8,136	8,070
Interest income	497	554
Transfer of assets	28	4
Remeasurements – Return on plan assets excluding amounts included in interest income	62	55
Contributions	150	–
Benefits paid	(323)	(547)
Fair value of plan assets at the end	8,550	8,136
Funded status	598	927
Prepaid gratuity benefit	598	927

The amount for the years ended March 31, 2021 and March 31, 2020 recognized in the Statement of Profit and Loss under employee benefit expenses are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Service cost	772	608
Net interest on the net defined benefit liability / asset	(59)	(93)
Net gratuity cost	713	516

The amount for the years ended March 31, 2021 and March 31, 2020 recognized in statement of other comprehensive income are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(186)	(111)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(62)	(55)
	(248)	(165)

in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
(Gain) / loss from change in financial assumptions	50	389
(Gain) / loss from change in experience	(236)	(500)
(Gain) / loss from change in demographic assumptions	–	–
	(186)	(111)

The weighted-average assumptions used to determine benefit obligations as at March 31, 2021 and March 31, 2020 are as follows :

in %

Particulars	As at March 31,	
	2021	2020
Discount rate	6.1	6.2
Weighted average rate of increase in compensation levels	10.0	10.0

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2021 and March 31, 2020 are as follows :

Particulars	As at March 31,	
	2021	2020
Discount rate (%)	6.1	6.2
Weighted average rate of increase in compensation levels (%)	10.0	10.0
Weighted average duration of defined benefit obligation	5.9 years	5.9 years

Sensitivity of significant assumptions used for valuation of defined benefit obligations is as follows :

in ₹ lakh

Impact from percentage point increase / decrease in	As at March 31, 2021
Discount rate	505
Weighted average rate of increase in compensation level	441

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is not probable, and changes in some of the assumptions may be correlated.

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

The Company contributes all ascertained liabilities towards gratuity to the EdgeVerve Systems Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2021 and March 31, 2020, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the years ended March 31, 2021 and March 31, 2020 were ₹ 559 lakh and ₹ 608 lakh, respectively.

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

Maturity profile of defined benefit obligation

in ₹ lakh

Within 1 year	1,001
1-2 year	1,015
2-3 year	1,039
3-4 year	1,148
4-5 year	1,145
5-10 years	5,752

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

b. Provident Fund

The Company contributed ₹2,029 lakh during the year ended March 31, 2021 (₹1,846 lakh for the year ended March 31, 2020).

c. Superannuation

The Company contributed ₹740 lakh during the year ended March 31, 2021 (₹ 662 lakh for the year ended March 31, 2020).

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Contingent liabilities :		
Claims against the Company, not acknowledged as debts [(1)]	7,343	4,653
Commitments :		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	717	626

[(1)] As at March 31, 2021, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹ 574 lakh and in respect of Central Excise matters amounted to ₹ 6,769 lakh. The claims against the Company in respect of income tax majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of expenditure towards software being held as capital in nature, disallowance of depreciation claimed on intangible assets amongst others. The claims against the Company in respect of Central Excise matters represent demands arising on account of treating Finacle Software as excisable goods under Central Excise Act, 1944.

These matters are pending before various Appellate Authorities and the Management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims amounted to ₹ 21,664 lakh.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

2.21 Related party transactions

List of related parties :

Name of the holding company	Country	Holding as at March 31,	
		2021	2020
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems) (44)	India
Kallidus Inc. (Kallidus) (45)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1) (19)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (48)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o(4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (44)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5)(44)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (24) (32)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5)(37)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (23)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (25)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia

Name of fellow subsidiaries	Country
Fluido Newco AB [12] [39]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [41]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [40]	Germany
Stater Deutschland GmbH & Co. KG [16] [40]	Germany
Stater Belgium N.V./S.A. [17] [42]	Belgium
Outbox systems Inc. dba Simplus (US) [20]	US
Simplus North America Inc. [21]	Canada
Simplus ANZ Pty Ltd. [21]	Australia
Simplus Australia Pty Ltd [22]	Australia
Sqware Peg Digital Pty Ltd [22]	Australia
Simplus Philippines, Inc. [21]	Philippines
Simplus Europe, Ltd. [21]	UK
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [12][26]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12][26]	Ireland
Infosys Limited Bulgaria EOOD	Bulgaria
Kaleidoscope Prototyping LLC	US
Kaleidoscope Animations, Inc.	US
GuideVision s.r.o. [28]	UK
GuideVision Deutschland GmbH [29]	Germany
GuideVision Suomi Oy [29]	Finland
GuideVision Magyarország Kft [29]	Hungary
GuideVision Polska SP.Z.O.O [29]	Poland
GuideVision UK Ltd [29]	UK
Beringer Commerce Inc [33]	US
Beringer Capital Digital Group Inc [33]	US
Mediotype LLC [34]	US
Beringer Commerce Holdings LLC [34]	US
SureSource LLC [35]	US
Blue Acorn LLC [35]	US
Simply Commerce LLC [35]	US
iCiDIGITAL LLC [36]	US
Infosys BPM UK Limited [4] [38]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [43]	Turkey
Infosys Germany Holding Gmbh [1] [46] [47]	Germany

[1] Wholly-owned subsidiary of Infosys Limited
[2] Majority-owned and controlled subsidiary of Infosys Limited
[3] Liquidated effective November 17, 2019
[4] Wholly-owned subsidiary of Infosys BPM Limited
[5] Wholly-owned subsidiary of Infosys Consulting Holding AG
[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
[7] Wholly-owned subsidiary of Panaya Inc.
[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy
[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)

[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
[15] Wholly-owned subsidiary of Stater N.V
[16] Wholly-owned subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited.
[19] Liquidated effective January 28, 2021
[20] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
[21] Wholly-owned subsidiary of Outbox Systems Inc.
[22] Wholly-owned subsidiary of Simplus ANZ Pty Ltd
[23] Liquidated effective October 31, 2019
[24] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
[25] Liquidated effective July 17, 2020
[26] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
[27] Incorporated effective September 11, 2020.
[28] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
[29] Wholly-owned subsidiary of GuideVision s.r.o.
[30] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
[31] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
[32] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
[33] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
[34] Wholly-owned subsidiary of Beringer Commerce Inc
[35] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[37] Liquidated effective November 19,2020
[38] Incorporated, effective December 9, 2020
[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[40] Merged into Stater Duitsland B.V., effective December 18, 2020
[41] Merged with Stater N.V., effective December 23, 2020
[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[43] Incorporated on December 30, 2020.
[44] Under liquidation
[45] Liquidated effective March 9,2021
[46] Incorporated on March 23, 2021
[47] On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.
[48] Wholly owned subsidiary of Infosys Public Services, Inc

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

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

Directors

- Mohit Joshi, Chairman of the Board
- Sanat Rao, Whole-time Director
- Atul Soneja, Whole-time Director
- Deepak Raghunath Padaki, Director
- Inderpreet Sawhney, Director

Executive officers

- Rajesh Kini, Chief Financial Officer
- Sudhir Shridhar Gaonkar, Company Secretary

The details of amounts due to or due from related parties as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Trade receivables		
Infosys Public Services	1	–
Infosys BPM Limited	53	3
Infosys Mexico	153	–
Infosys Limited	132	–
Infosys Sweden	3,054	–
Infosys China	–	282
	3,393	285
Other financial assets		
Infosys BPM Limited	5	2
	5	2
Non-convertible debentures		
Infosys Limited	53,600	1,15,900
	53,600	1,15,900
Trade payables		
Infosys Limited	299	1,605
Infosys Consulting	–	98
Infosys Mexico	13	34
Infosys BPM Limited	108	68
	419	1,805
Other current financial liabilities		
WDW Communications	3	–
Brilliant Basics Limited	–	4
Infosys BPM Limited	23	2
	26	6
Unbilled revenue		
Infosys Limited		
Infosys Public Services	–	7
Infosys Mexico	–	1,562
Infosys BPM Limited	190	99
	190	1,668
Accrued expenses		
Infosys Public Services	16	–
Infosys BPM Limited	–	–
Infosys Limited	7,721	4,450
	7,737	4,450

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Capital transactions :		
Financing transactions		
Debentures		
Infosys Limited	(62,300)	(28,600)
Revenue transactions :		
Sale of services		
Infosys Public Services	73	213
Infosys Sweden	3,180	–
Infosys China	1	1
Infosys Mexico	2,055	1,562
Infosys BPM Limited	504	320
	5,812	2,096
Purchase of shared services including facilities and personnel		
Infosys Limited	70,739	62,979
Infosys Mexico	122	173
Brilliant Basics	137	15
Infosys WDW	16	–
Infosys Lodestone	645	–
Infosys Consulting	–	308
Infosys BPM Limited	444	488
Panaya Ltd.	–	33
	72,104	63,996
Finance cost		
Infosys Limited	6,116	10,730

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

Transaction with key managerial personnel

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

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers	1,185	862
Commission and other benefits to non-executive / independent directors	–	1
Total	1,185	863

2.22 Corporate social responsibility

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

a) Gross amount required to be spent by the Company during the year is ₹ 1,061 lakh.

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

in ₹ lakh

Sl. No	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	1,065	–	1,065

2.23 Research and development (R&D) expenditure

in ₹ lakh

Particulars	As at March 31,	
	2021	2020
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [(1)]		
Capital expenditure	–	–
Revenue expenditure	–	12,048
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	37,397	19,362
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	37,397	31,410

(1) With effect from April 1, 2020, deduction under Section 35(2AB) of the Income Tax Act 1961 has been withdrawn vide Finance Act 2016. New Income tax regime of 22% corporate tax (plus applicable surcharge and cess) as per The Taxation Laws (Amendment) Act, 2019 is opted by the Company from financial year 2019-20 onwards wherein weighted deduction under Section 35(2AB) are not allowable. Thus, weighted income tax deduction on eligible research and development expenditure under Section 35(2AB) was not claimed during the relevant period.

2.24 Segment reporting

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

2.25 Function-wise classification of Statement of Profit and Loss

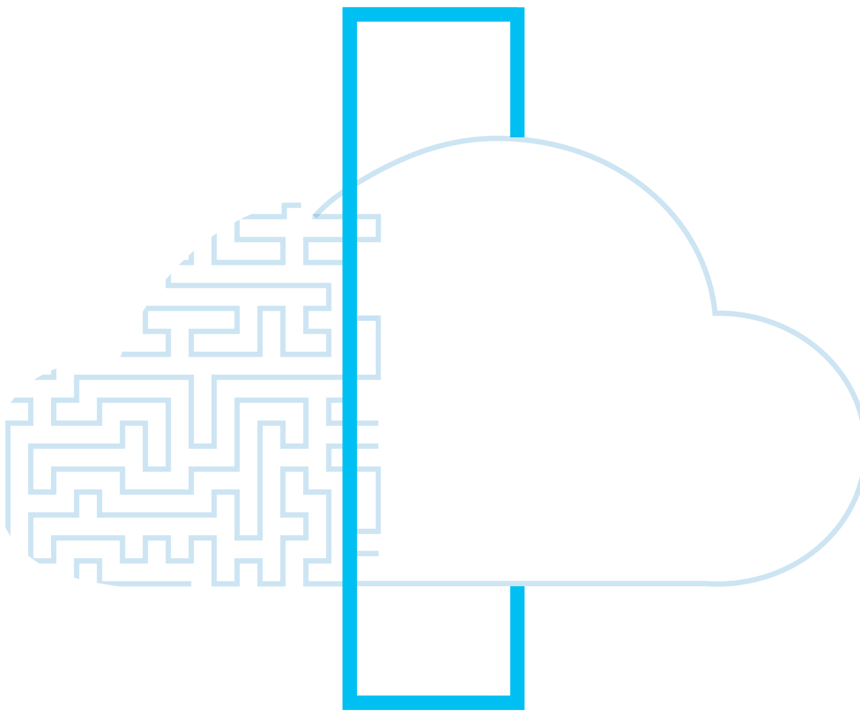
in ₹ lakh

Particulars	Years ended March 31,	
	2021	2020
Revenue from operations	2,77,750	2,49,683
Cost of sales	1,53,758	1,47,341
Gross profit	1,23,992	1,02,342
Operating expenses		
Selling and marketing expenses	15,391	19,609
General and administration expenses	19,853	20,236
Total operating expenses	35,244	39,845
Operating profit	88,748	62,497
Other income, net	804	1,113
Profit before interest and tax	89,552	63,610
Finance cost	6,120	10,855
Profit before tax	83,432	52,755
Tax expense :		
Current tax	17,536	14,725
Deferred tax	286	111
Profit for the year	65,610	37,919
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	185	124
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	185	124
Total comprehensive income for the year	65,795	38,043

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP Chartered Accountants Firm Registration Number : 117366W/ W-100018	for and on behalf of the Board of Directors of EdgeVerve Systems Limited		
Gurvinder Singh *Partner* Membership Number : 110128	Mohit Joshi *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Bengaluru April 12, 2021	Rajesh Kini *Chief Financial Officer*		Sudhir Gaonkar *Company Secretary*



Infosys Austria GmbH

Independent Auditor's Report

To the Members of Infosys Austria GmbH

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Austria GmbH., ('the company'), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

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

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

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

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and
iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number. 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841
UDIN : 21202841AAACYC1781

Place: Bengaluru.
Date: April 23, 2021

Balance Sheet

in EUR

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	–
RoU asset	2.2	9,316	–
Income tax assets (net)	2.12	8,750	7,000
Total non-current assets		18,066	7,000
Current assets			
Financial assets			
Trade receivables	2.5	4,634	52,454
Cash and cash equivalents	2.3	704,660	1,092,236
Other current assets	2.4	96,266	104,850
Total current assets		805,560	1,249,540
Total assets		823,626	1,256,540
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	80,000	80,000
Other equity		202,281	385,894
Total equity		282,281	465,894
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	414,259	442,174
Lease liabilities	2.2	7,180	–
Total non-current liabilities		421,439	442,174
Current liabilities			
Financial liabilities			
Trade payables	2.10	12,148	780
Lease liabilities	2.2	2,868	–
Other financial liabilities	2.9	25,916	9,565
Other current liabilities	2.11	61,896	271,461
Income tax liabilities (net)	2.12	17,078	66,666
Total current liabilities		119,906	348,472
Total equity and liabilities		823,626	1,256,540

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 23, 2021

for and on behalf of the Board of Directors of Infosys Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Statement of Profit and Loss

in EUR

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations	2.13	453,458	652,704
Other income, net	2.14	41,205	(7,118)
Total income		494,663	645,586
Expenses			
Employee benefit expenses	2.15	110,039	83,357
Cost of technical sub-contractors	2.15	557,792	–
Finance costs	2.16	6,938	14,996
Travel expenses	2.15	12,760	–
Consultancy and professional charges	2.15	34,960	5,790
Depreciation and amortization expense	2.2	3,118	–
Other expenses	2.15	2,014	3,453
Total expenses		727,621	107,596
Profit / (loss) before tax		(232,958)	537,990
Tax expense			
Current tax	2.12	(49,588)	60,661
Profit / (loss) for the year		(183,370)	477,329
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income / (loss), net of tax		–	–
Total comprehensive income / (loss) for the year		(183,370)	477,329

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 Registration Number : 006673S

for and on behalf of the Board of Directors of Infosys Austria GmbH

M. Rathnakar Kamath
Partner
Membership Number : 202841

Lilly Vasanthini
Director

Roberto Busin
Director

Bengaluru
April 23, 2021

Statement of Changes in Equity

in EUR

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Other items of other comprehensive income	
Balance as of January 1, 2019	80,000	(91,435)	–	(11,435)
Changes in equity for the year ended December 31, 2019				
Profit / (Loss) for the year	–	477,329	–	477,329
Balance as of December 31, 2019	80,000	385,894	–	465,894
Changes in equity for the year ended December 31, 2020				
Impact on adoption of Ind AS 116	–	(243)	–	(243)
Profit / (Loss) for the year	–	(183,370)	–	(183,370)
Balance as of December 31, 2020	80,000	202,281	–	282,281

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 23, 2021

for and on behalf of the Board of Directors of Infosys Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Statements of Cash Flows

in EUR

Particulars	Year ended December 31,	
	2020	2019
Cash flow from operating activities :		
Profit / (loss) for the year	(183,370)	477,329
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation	3,118	–
Income tax expense	(49,588)	60,661
Finance cost	6,938	14,996
Changes in assets and liabilities		
Other assets	56,404	(157,304)
Other liabilities	(209,761)	270,068
Cash generated from operations	(376,259)	665,750
Income tax paid	1,750	1,750
Net cash generated / (used) in financing activities	(378,009)	664,000
Net cash generated / (used) in financing activities	–	–
Cash flow from financing activities :		
Lease payments	(2,629)	–
Loan from fellow subsidiary, net of repayments	–	3,111
Finance cost	(6,938)	(14,996)
Net cash used in financing activities	(9,567)	(11,885)
Net increase / (decrease) in cash and cash equivalents	(387,576)	652,115
Cash and cash equivalents at the beginning of the year	1,092,236	440,121
Cash and cash equivalents at the end of the year	704,660	1,092,236

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 23, 2021

for and on behalf of the Board of Directors of Infosys Austria GmbH

Lilly Vasanthini
Director

Roberto Busin
Director

Company overview and significant accounting policies

Company overview

Infosys Austria GmbH ("Infosys Austria" or "the Company") is a wholly-owned subsidiary of Infosys Limited. The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

1.3 Presentation currency

The Company's presentation currency is Euro.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets(if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company . The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

1.5 Property, plant and equipment

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

Computer equipment [(1)]	3-5 years

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

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

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

1.6 Financial instruments

1.6.1 Initial recognition

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

1.6.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.7 Fair value of financial instruments

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

1.8 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant and equipment

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

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

1.9 Foreign currency

Functional currency

The functional currency of the Company is the EUR.

Transactions and translations

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

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

1.10 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

1.11 Statement of Cash Flows

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

1.12 Other Income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities. Interest Income is recognized using effective interest method.

1.13 Borrowing cost

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

1.14 Recent accounting pronouncements

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

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

2.1 Property, plant and equipment

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

in EUR

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2020	892	892
Additions	–	–
Deletions	–	–
Gross carrying value as of December 31, 2020	892	892
Accumulated depreciation as of January 1, 2020	892	892
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Accumulated depreciation as of December 31, 2020	892	892
Carrying value as of December 31, 2020	–	–
Carrying value as of January 1, 2020	–	–

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

in EUR

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2019	892	892
Additions	–	–
Deletions	–	–
Gross carrying value as of December 31, 2019	892	892
Accumulated depreciation as of January 1, 2019	892	892
Depreciation	–	–
Accumulated depreciation on deletions	–	–
Accumulated depreciation as of December 31, 2019	892	892
Carrying value as of December 31, 2019	–	–
Carrying value as of January 1, 2019	–	–

2.2 Leases

Accounting policy

The Company as a lessee

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

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

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

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

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

Transition

Effective January 1, 2020, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of ROU asset of EUR 12,434 and a lease liability of EUR 12,677. The cumulative effect of applying the standard, amounting to EUR 243 was debited to retained earnings, net of taxes.

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

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

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The changes in the carrying value of ROU assets for the year ended December 31, 2020 were as follows :

in EUR

Particulars	Category of ROU asset Buildings	Total
Balance as of January 1, 2020	12,434	12,434
Depreciation	(3,118)	(3,118)
Balance as of December 31, 2020	9,316	9,316

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

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

in EUR

Particulars	As at December 31, 2020
Current lease liabilities	2,868
Non-current lease liabilities	7,180
Total	10,048

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

in EUR

Particulars	For the year ended December 31, 2020
Balance at the beginning	12,677
Payment of lease liabilities	(2,629)
Balance at the end	10,048

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

in EUR

Particulars	As at December 31, 2020
Less than one year	2,868
One to five years	7,180
Total	10,048

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

2.3 Cash and cash equivalents

in EUR

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current accounts	704,660	1,092,236
Total cash and cash equivalents	704,660	1,092,236

2.4 Other assets

in EUR

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Unbilled revenue	28,458	–
Employee loans	838	838
Withholding taxes and others	66,970	104,012
Total other assets	96,266	104,850

2.5 Trade receivables

in EUR

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured		
Considered good	4,634	52,454
Total trade receivables	4,634	52,454

2.6 Financial instruments

Financial instruments by category

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

in EUR

Particulars	As at December 31,	
	2020	2019
Assets :		
Cash and cash equivalents (Refer to Note 2.3)	704,660	1,092,236
Trade receivables (Refer to Note 2.5)	4,634	52,454
Total	709,294	1,144,690
Liabilities :		
Trade payables	12,148	780
Other financial liabilities (Refer to Note 2.9)	25,916	9,565
Total	38,064	10,345

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

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to EUR 4,634 as at December 31, 2020 and EUR 52,454 as at December 31, 2019. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

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

Liquidity risk

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

As at December 31, 2020 and December 31, 2019, the Company had cash and cash equivalents of EUR 704,660 and EUR 1,092,236 respectively.

2.7 Equity

Equity share capital

in EUR

Particulars	As at December 31,	
	2020	2019
Authorized		
Equity share capital	80,000	80,000
Issued, subscribed and paid-up	–	–
Equity share capital	80,000	80,000
	80,000	80,000

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

Name of the shareholder	As at December 31,	
	2020	2019
Infosys Limited	100%	100%

2.8 Borrowings

in EUR

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured loan from fellow subsidiary (1) (Refer to Note 2.16)	414,259	442,174
Total borrowings	414,259	442,174

(1) The loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 3.5% per annum and is repayable at the discretion of the lender.

2.9 Other financial liabilities

in EUR

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Other payables (1)	25,916	9,565
	25,916	9,565
Total financial liabilities	25,916	9,565
Financial liability carried at amortized cost	25,916	9,565
(1) Includes dues to related parties (Refer to Note 2.17)	528	939

2.10 Trade payables

in EUR

Particulars	As at December 31,	
	2020	2019
Trade payables	12,148	780
	12,148	780

2.11 Other liabilities

in EUR

Particulars	As at December 31,	
	2020	2019
Current		
Unearned revenue	–	113,644
Others		
Withholding taxes and others	61,896	157,817
	61,896	271,461

2.12 Income taxes

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

in EUR

Particulars	Years ended December 31,	
	2020	2019
Current taxes	(49,588)	60,661
Income tax expense	(49,588)	60,661

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

in EUR

Particulars	Years ended December 31,	
	2020	2019
Profit before income taxes	(232,958)	537,990
Enacted tax rates in Austria	25.00%	25.00%
Computed expected tax expense	(58,240)	134,498
Tax provision / reversals	(49,588)	60,661
Effect of unrecognized deferred tax assets	58,240	(134,498)
Income tax expense	(49,588)	60,661

The applicable Austria statutory tax rate for years ended December 31, 2020 and December 31, 2019 is 25% each.

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

In EUR

Particulars	As at December 31,	
	2020	2019
Income tax assets	8,750	7,000
Current income tax liabilities	17,078	66,666
Net current income tax assets / (liability) at the end	(8,328)	(59,666)

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

in EUR

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	(59,666)	(755)
Income tax paid	1,750	1,750
Current income tax expense	49,588	(60,661)
Net current income tax asset / (liability) at the end	(8,328)	(59,666)

2.13 Revenue from operations

in EUR

Particulars	Year ended December 31,	
	2020	2019
Income from software services	453,458	652,704
Total revenue from operation	453,458	652,704

2.14 Other income

in EUR

Particulars	Year ended December 31,	
	2020	2019
Exchange gains / (losses) on translation of other assets and liabilities	41,205	(7,118)
Total other income	41,205	(7,118)

2.15 Expenses

in EUR

Particulars	Year ended December 31, 2020	2019
Employee benefit expenses		
Salaries including bonus	109,709	83,357
Staff welfare	330	–
	110,039	83,357

in EUR

Particulars	Year ended December 31, 2020	2019
Other expenses		
Cost of technical subcontractors	557,792	–
Legal and professional charges	34,960	5,790
Rates and taxes	1,867	–
Travel expenses	12,760	–
Rent	–	2,345
Others	147	1,108
	607,526	9,243

2.16 Finance costs

in EUR

Particulars	Year ended December 31, 2020	2019
Interest expense on loan from fellow subsidiary	6,938	14,996
Total finance costs	6,938	14,996

2.17 Related party transactions

List of related parties :

Name of the holding company	Country	Holding as at December 31, 2020	2019
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (43)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands

Name of fellow subsidiaries	Country
Infosys Consulting Sp. z.o.o [23] [31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5] [36]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [7] [22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9]	Finland
Fluido Sweden AB (Extero) [12]	Sweden
Fluido Norway A/S [12]	Norway
Fluido Denmark A/S [12]	Denmark
Fluido Slovakia s.r.o [12]	Slovakia
Fluido Newco AB [12] [38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [40]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [39]	Germany
Stater Deutschland GmbH & Co. KG [16] [39]	Germany
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus North America Inc. [20]	Canada
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations Inc. [29]	US
Kaleidoscope Prototyping LLC [30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US
SureSource LLC [34]	US
Blue Acorn LLC [34]	US

Name of fellow subsidiaries	Country
Simply Commerce LLC [34]	US
iCiDIGITAL LLC [35]	US
Infosys BPM UK Limited [4] [37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020
(37) Incorporated, effective December 9, 2020
(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(39) Merged into Stater Duitsland B.V., effective December 18, 2020
(40) Merged with Stater N.V., effective December 23, 2020
(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(42) Incorporated on December 30, 2020.
(43) Under liquidation
(44) Wholly-owned subsidiary of Infosys Public Services, Inc

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

in EUR

Particulars	As at December 31,	
	2020	2019
Borrowings [1]		
Infosys Consulting Pte Ltd.	414,259	442,174
	414,259	442,174
Other payables		
Infosys Limited	528	939
	528	939

(1) The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 2.6% per annum.

in EUR

Particulars	As at December 31,	
	2020	2019
Capital transactions		
Financing transactions		
Borrowings net of repayment [1]		
Infosys Consulting Pte Ltd.	–	442,174
	–	442,174
Revenue transactions		
Interest expense		
Infosys Consulting Pte Ltd.	6,938	14,996
	6,938	14,996

(1) Includes interest.

2.18 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'Management approach', as defined in Ind AS 108, Segment reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108.

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Kallidus, Inc.

Independent Auditors’ Report

To the Board of Directors of Infosys Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kallidus Inc. (“the Company”), subsidiary company of Infosys Limited (“the Holding Company”), which comprise the Balance Sheet as at December 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying Ind AS financial statements give a true and fair view of the financial position of the entity as at December 31, 2020, and of its financial performance including other comprehensive income, it’s cash flows and the changes in equity for the year then ended in accordance with the Indian Accounting Standards as specified under section 133 of the Companies Act 2013 (‘the Act’) read with relevant rules issued thereunder.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 1.2 of the financial statements, which describes that the going concern assumption is not appropriate for preparation of the financial statements as Management has decided to wind up the Company by discontinuing the business activities and voluntarily liquidating the Company. Accordingly, the financial statements of the Company have been prepared on a liquidation basis i.e. assets are measured at lower of carrying amount and estimated net realisable values and liabilities are stated at their estimated settlement amounts in the financial statements.

Our opinion is not modified in respect of this matter.

Management’s and Board of Directors’ Responsibility for the Financial Statements

The Company’s Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with the aforesaid Indian Accounting Standards, and for such internal control as the Management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. In the present case the Board of Directors intends to liquidate and wind up the Company.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. In the present case, liquidation basis of accounting has been used since the Management and
- Board of Directors have concluded that the use of going concern basis is not appropriate in the facts and circumstances as stated in Note 1.2
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

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

Amrit Bhansali
Partner
Membership Number 065155

UDIN: 21065155AAAACT8424

Place: Bengaluru
Date: May 11, 2021

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	671,733
Intangible assets	2.1	–	–
Deferred tax assets, net	2.12	–	10,063,260
Income tax assets, net	2.12		–
Total non-current assets		–	10,734,993
Current assets			
Financial assets			
Trade receivables	2.3	–	4,002,104
Cash and cash equivalents	2.4	913,237	2,029,054
Other financial assets	2.2	22,918,373	3,118,467
Other current assets	2.5	–	560,186
Total current assets		23,831,611	9,709,811
Total assets		23,831,611	20,444,804
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	2,479,691	2,479,691
Other equity		19,385,653	(9,534,484)
Total equity		21,865,344	(7,054,793)
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2.12	–	–
Income tax liability, net	2.12	–	7,385
Total non-current liabilities		–	7,385
Current liabilities			
Financial liabilities			
Borrowings	2.11	–	17,000,000
Trade payables	2.9	–	5,516,007
Other financial liabilities	2.8	7,780	4,080,289
Income tax liability, net	2.12	1,958,488	–
Other current liabilities	2.10	–	895,915
Total current liabilities		1,966,267	27,492,211
Total equity and liabilities		23,831,611	20,444,804

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

As per our report of even date attached

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

Amrit Bhansali
Partner
Membership Number : 065155

Bengaluru
Date: May 21, 2021

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

Amit Kalley
Director

USA
Date: May 20, 2021

Sourav Banerjee
Director

USA
Date: May 20, 2021

Statement of Profit and Loss

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

Particulars	Note no.	Year ended December 31,	
		2020	2019
Revenue from operations	2.13	10,052,514	14,930,227
Other income, net	2.14	264,635	5,222
Total income		10,317,149	14,935,449
Expenses			
Employee benefit expenses	2.15	5,135,249	11,262,456
Finance cost		237,634	346,094
Cost of technical sub-contractors		4,605,664	7,536,248
Travel expenses		134,226	665,755
Cost of software packages and others	2.15	495,872	529,237
Communication expenses		1,632,491	3,429,874
Consultancy and professional charges		91,896	425,993
Depreciation and amortization expense	2.1	242,338	432,069
Other expenses	2.15	356,923	1,545,769
Total expenses		12,932,295	26,173,495
Loss before tax		(2,615,146)	(11,238,046)
Tax expense :			
Current tax (reversal) / expenses	2.12	1,952,745	(1,160,937)
Deferred tax credit	2.12	9,773,441	(3,060,692)
Loss for the year		(14,341,332)	(7,016,418)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income / (loss) for the year		(14,341,332)	(7,016,418)
Earnings per equity share			
Equity shares			
Basic and diluted (US$)		(0.14)	(0.07)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		102,135,416	102,135,416

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

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

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

Amrit Bhansali
Partner
Membership Number : 065155

Amit Kalley
Director

Sourav Banerjee
Director

Bengaluru
Date: May 21, 2021

USA
Date: May 20, 2021

USA
Date: May 20, 2021

Statements of Cash Flows

in US$

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operating activities :			
Loss for the year		(14,341,332)	(7,016,418)
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income taxes expense		11,726,186	(4,221,629)
Depreciation and amortization expense		242,338	432,069
Interest and other income		(397)	(4,558)
Finance cost		237,634	346,094
(Profit) / loss on sale of assets		–	–
Impairment loss recognized / (reversed) under expected credit loss model		–	63,900
Changes in operating assets and liabilities			
Trade receivables and unbilled revenue		3,247,626	(3,780,788)
Prepayments and other assets		(2,716,160)	94,315
Trade payables		(506,425)	1,119,589
Unearned revenues and other liabilities		(2,696,261)	(810,671)
Other liabilities and provisions		–	
Cash generated by operating activities		(4,806,792)	(13,778,097)
Income tax refund		(1,643)	1,178,999
Net cash (used in) / generated by operating activities		(4,808,435)	(12,599,098)
Cash flow from investing activities :			
Purchase of property, plant and equipment		–	(3,401)
Disposal of business though BTA		–	
Sale of property, plant and equipment and intangible assets		–	61
Purchase of intangible assets		–	–
Interest and other income		397	4,558
Net cash generated by investing activities		397	1,218
Cash flow from financing activities :			
Proceeds from short term borrowings (Refer to Note 2.8)		3,000,000	11,000,000
Loan repaid to parent company		692,222	
Interest on Loan from parent company		–	–
Gain from BTA		–	
Net cash generated by financing activities		3,692,222	11,000,000
Net (decrease) / increase in cash and cash equivalents		(1,115,817)	(1,597,880)
Cash and cash equivalents at the beginning of the year		2,029,054	3,626,934
Cash and cash equivalents at the end of the year	2.4	913,237	2,029,054

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

As per our report of even date attached

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

Amrit Bhansali
Partner
Membership Number : 065155

Bengaluru
Date: May 21, 2021

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

Amit Kalley
Director

USA
Date: May 20, 2021

Sourav Banerjee
Director

USA
Date: May 20, 2021

Statement of Changes in Equity

in US$

Particulars	Share capital	Business Transfer Adjustment Reserve	Retained earnings	Total equity of the Company
Balance as of January 1, 2019	2,479,691	–	(2,518,066)	(38,375)
Net loss for the year	–	–	(7,016,418)	(7,016,418)
Balance as of December 31, 2019	2,479,691	–	(9,534,484)	(7,054,793)
Balance as of January 1, 2020	2,479,691	–	(9,534,484)	(7,054,793)
Net loss for the year	–	–	(14,341,332)	(14,341,332)
Profit on transfer of business under common control taken to reserve	–	43,261,469	–	43,261,469
Balance as of December 31, 2020	2,479,691	43,261,469	(23,875,816)	21,865,344

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

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

Amrit Bhansali
Partner
Membership Number : 065155

Bengaluru
Date: May 21, 2021

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

Amit Kalley
Director

USA
Date: May 20, 2021

Sourav Banerjee
Director

USA
Date: May 20, 2021

Significant accounting policies

Company overview

Kallidus Inc. ("the Company") is a wholly-owned subsidiary of Infosys Limited. The Company is a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

On October 10, 2019, the Board of Directors of the Company have approved the business transfer of the Company to the Holding Company. The Company entered into a business transfer agreement to transfer the business of Kallidus, Inc. for a consideration of US$ 23 Mn on securing the requisite regulatory approvals.

The transaction was between a holding company and a wholly-owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the three months ended September 30, 2020. Subsequently, Kallidus, Inc. liquidated on March 9, 2021. Accordingly, these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include expected credit losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property plant and equipment. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue is primarily derived from software development and related services.

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as at January 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe (FP) or on a time-and-material basis (T&M).

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

T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

FP

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

Uncertainty

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Software development and related services

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

Licenses

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

Volume discounts

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract cost

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modification

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

Tax

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

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.6 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

1.7 Property, plant and equipment

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

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

Leasehold improvements are amortized over the term of lease or the estimated useful life of the asset, whichever is lower.

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

(1) For these class of assets, based on internal assessment, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

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

1.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

1.9 Financial instruments

1.9.1 Initial recognition

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

1.9.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.10 Fair value of financial instruments

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

1.11 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant and equipment

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

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

1.12 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each reporting date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the reporting date.

1.13 Other income

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

1.14 Borrowing cost

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

1.15 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in the US Dollar.

Transactions and translations

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

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

1.16 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

1.17 Cash flow statement

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

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets (if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

2. Notes to the financial statements for the year ended December 31, 2020

2.1 Property, plant and equipment and intangible assets

The carrying value of property, plant and equipment an intangible assets for the year ended December 31, 2020 are as follows :

in US$

Particulars	Property, plant and equipment				Tangible Total	Intangible Software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 2020	1,218,609	48,916	630,326	151,490	2,049,341	–	2,049,341
Additions during the year	–			–	–	–	–
Transfer due to BTA during the year	(1,218,609)	(48,916)	(630,326)	(151,490)	(2,049,341)	–	(2,049,341)
Gross carrying value as of December 31, 2020	–	–	–	–	–	–	–
Accumulated depreciation as of January 1, 2020	(788,417)	(26,601)	(480,787)	(81,803)	(1,377,608)	–	(1,377,608)
Depreciation and amortization charge for the year					–	–	–
Accumulated depreciation on transfer due to BTA	788,417	26,601	480,787	81,803	1,377,608	–	1,377,608
Accumulated depreciation as of December 31, 2020	–	–	–	–	–	–	–
Carrying value as of December 31, 2020	–	–	–	–	–	–	–

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

in US$

Particulars	Property, plant and equipment				Tangible Total	Intangible Software	Total
	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures			
Gross carrying value as of January 1, 2019	1,218,609	48,099	627,925	151,490	2,046,123	–	2,046,123
Additions during the year	–	1,000	2,401	–	3,401	–	3,401
Deletions during the year	–	(183)	–	–	(183)	–	(183)
Gross carrying value as of December 31, 2019	1,218,609	48,916	630,326	151,490	2,049,341	–	2,049,341
Accumulated depreciation as of January 1, 2019	(543,444)	(16,129)	(334,507)	(51,580)	(945,660)	–	945,660
Depreciation and amortization charge for the year	(244,973)	(10,593)	(146,280)	(30,223)	(432,069)	–	(432,069)
Accumulated depreciation on deletions	–	121	–	–	121	–	121
Accumulated depreciation as of December 31, 2019	(788,417)	(26,601)	(480,787)	(81,803)	(1,377,608)	–	(1,377,608)
Carrying value as of December 31, 2019	430,192	22,315	149,539	69,687	671,733	–	671,733

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

2.2 Other financial assets

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Rental deposits (1)	–	31,178
Unbilled revenues (1)(2)	–	2,927,554
Others (1)	22,918,373	159,735
Total	22,918,373	3,118,467
(1) Financial assets carried at amortized cost	22,918,373	3,118,467
(2) Includes dues from related party (Refer to Note 2.17)	–	157,395

2.3 Trade receivables

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured		
Considered good (1)	–	4,002,104
Credit impaired	–	263,317
	–	4,265,421
Less: Allowances for credit loss	–	263,317

Particulars	As at December 31,	
	2020	2019
	–	4,002,104
(1) Includes dues from related party (Refer to Note 2.17)	–	832,453

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2020	2019
Balances with bank		
In current accounts	913,237	2,029,054
Total cash and cash equivalents	913,237	2,029,054

2.5 Other current assets

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Prepaid expenses	–	560,186
	–	560,186
Total other current assets	–	560,186

2.6 Financial instruments

Financial instruments by category

The carrying value of financial instruments were as follows :

in US$

Particulars	As at December 31,	
	2020	2019
Assets :		
Cash and cash equivalents (Refer to Note 2.4)	913,237	2,029,054
Trade receivables (Refer to Note 2.3)	–	4,002,104
Other financial assets (Refer to Note 2.2)	22,918,373	3,118,467
Total	23,831,611	9,149,625
Liabilities :		
Trade payables (Refer to Note 2.9)	–	5,516,007
Borrowings	–	17,000,000
Other financial liabilities (Refer to Note 2.8)	7,780	3,542,759
Total	7,780	26,058,767

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

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to Nil and US$ 4,002,104 as of December 31, 2020 and December 31, 2019 respectively and unbilled revenue amounting to Nil and US$ 2,927,554 as of December 31, 2020 and December 31, 2019 respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The allowance / (reversal) for lifetime expected credit loss on customer balances for the year ended December 31, 2020 was Nil and US$ 63,900 for the year ended December 31, 2019.

in US$

Particulars	Year ended December 31,	
	2020	2019
Balance at the beginning	263,317	199,417
Impairment loss recognized / (reversed)	–	63,900
Balance at the end	263,317	263,317

Credit risk on cash and cash equivalents is limited as they are deposited with banks with high credit ratings assigned by credit rating agencies.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligation on time.

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

As of December 31, 2020, the Company had a working capital of US$ 21,858,625 including cash and cash equivalents of US$ 913,237. As of December 31, 2019, the Company had a negative working capital of US$ 17,782,401 including cash and cash equivalents of US$ 2,029,054.

The significant financial liability is borrowings from related party of Nil as on December 31, 2020 and US$ 17,000,000 as on December 31, 2019.The loan is repayable on demand. Also, refer to Note 2.17.

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2020	2019
Authorized capital		
Equity shares		
222,000,000 shares	–	–
Issued, subscribed and paid-up capital		
102,135,416 shares of USD 0.02 each	2,479,691	2,479,691
	2,479,691	2,479,691

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

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

Name of the shareholder	As at December 31,			
	2020		2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	102,135,416	100.00	102,135,416	100.00

2.8 Other financial liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Accrued compensation to employees [1]	–	1,031,366
Accrued expenses [1] [2]	–	1,813,728
Compensated absences	–	537,530
Accrued interest on loan from subsidiary [1][4]	–	454,587
Other payables [1] [3]	7,780	243,078
	7,780	4,080,289
Total financial liabilities	7,780	4,080,289
[1] Financial liability carried at amortized cost	7,780	3,542,759
[2] Includes dues to related party (Refer to Note 2.17)	–	1,142,617
[3] Includes dues to related party (Refer to Note 2.17)	–	231,129
[4] Includes dues to related party (Refer to Note 2.17)	–	454,587

2.9 Trade payables

in US$

Particulars	As at December 31,	
	2020	2019
Trade payables [1]	–	5,516,007
	–	5,516,007
[1] Includes dues to related parties (Refer to Note 2.17)	–	5,339,113

2.10 Other liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unearned revenue	–	555,434
Others		
Withholding taxes and others	–	160,626
Deferred rent	–	179,855
	–	895,915

2.11 Borrowings

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured loan from fellow subsidiaries	–	17,000,000
Total current borrowings	–	17,000,000

2.12 Income taxes

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Current taxes	1,952,745	(1,160,937)
Deferred taxes	9,773,441	(3,060,692)
Income tax expense	11,726,187	(4,221,629)

Current tax expense for the years ended December 31, 2020 and December 31, 2019 includes provision / (reversal) amounting to US$ 2,252 and US$ (1,344,119) respectively pertaining to prior periods

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

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Profit before income taxes	(2,615,146)	(11,238,046)
Enacted tax rates in US	27.00%	27.00%
Computed expected tax expense	(706,089)	(3,034,272)
State minimum taxes	2,500	5,000
Tax provision / (reversal) for earlier periods	2,252	(1,344,119)
Overseas withholdings	79,179	178,182
Effect of unrecognized deferred tax assets	749,729	(44,006)
Effect of non-deductible expenses	6,039	17,586
Others	11,594,391	–
Income tax expense	11,728,001	(4,221,629)

The applicable federal statutory tax rate for both years ending 2020 and 2019 is 27%.

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

in US$

Particulars	As at December 31,	
	2020	2019
Income tax liability	(1,958,488)	(7,385)
Net current income (liability) / tax assets at the end	(1,958,488)	(7,385)

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	(7,385)	10,677
Income tax paid / (refund)	1,643	(1,178,999)
Current income tax expense	(1,952,745)	1,160,937
Net current income (liability) / tax assets at the end	(1,958,488)	(7,385)

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

in US$

Particulars	As at December 31,	
	2020	2019
Deferred income tax assets		
Accrued compensation to employees	–	278,469
Compensated absences	–	145,133
Accumulated losses	–	8,046,532
Others	–	1,596,983
Total deferred income tax assets	–	10,067,117
Deferred income tax liabilities		
Fixed assets	–	3,857
Others	–	–
Total deferred income tax liabilities	–	3,857
Deferred income tax assets after set-off	–	10,063,260
Deferred income tax liabilities after set-off	–	–

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

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

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Net deferred income tax asset at the beginning	10,063,260	7,002,569
Others	(289,819)	
Credits / (charge) relating to temporary differences	(9,773,441)	3,060,691
Net deferred income tax asset at the end	0	10,063,260

2.13 Revenue from operations

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Revenue from software services	879,986	132,890
Revenue from products and platforms	9,172,529	14,797,337
Total revenue from operations	10,052,514	14,930,227

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in US$

Particulars	Year ended December 31, 2020
Revenue by offerings	
Core	703,986
Digital	9,348,529
Total	10,052,514

Digital services

Digital services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cybersecurity systems.

Core services

Core services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products and platforms

The Company also derives revenues from the sale of products and platforms including Infosys Nia – Artificial Intelligence (AI) platform which applies next-generation AI and machine learning.

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year ended December 31, 2020, the Company recognized revenue of US$ 5,55,434 arising from opening unearned revenue as of January 1, 2020.

During the year ended December 31, 2020, US$ 2,221,741 of unbilled revenue pertaining to fixed price development contracts as of January 1, 2020 has been reclassified to trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is NIL. Out of this, the Group expects to recognize revenue of around 46% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.14 Other income

in US$

Particulars	Year ended December 31,	
	2020	2019
Interest received on financial assets – Carried at amortized cost		
Deposit with bank and others	397	4,558
Profit / (loss) on sale of assets	–	–
Miscellaneous income, net	264,238	664
	264,635	5,222

2.15 Expenses

in US$

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	4,743,219	10,420,686
Contribution to provident and other funds	–	–
Share based payments to employees	–	–
Staff welfare	392,031	841,770
	5,135,249	11,262,456
Cost of software packages and others		
Own use / third-party hardware and applications	495,872	529,237
Third-party items bought for service delivery to clients	–	–
	495,872	529,237
Other expenses		
Brand and marketing	129,923	676,314
Operating lease payments	191,662	702,579
Rates and taxes	31,547	29,066
Repairs and maintenance	1,043	42,418
Consumables	84	1,232
Insurance	–	516
Allowances for credit losses on financial assets	–	63,900
Exchange gains / (losses)	7,955	8,334
Auditor's remuneration		
Audit fees	–	–
Reimbursement of expenses	–	–
Interest expense on loan from related party	–	–
Others	(5,289)	21,410
	356,923	1,545,769

2.16 Related party transactions

List of related parties :

Name of the holding company	As at December 31,	
	2020	2019
Infosys Limited	100%	100%

List of related parties :

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) [18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Infosys Chile SpA	Chile
Infosys Arabia Limited [2]	Saudi Arabia
Infosys Consulting Ltda. [1]	Brazil
Infosys CIS LLC [1]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [44]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. [4]	Czech Republic

Name of subsidiaries	Country
Infosys Poland, Sp z.o.o [4]	Poland
Infosys McCamish Systems LLC [4]	US
Portland Group Pty Ltd [4]	Australia
Infosys BPO Americas LLC. [4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited [5]	Australia
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) [5] [43]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. [5] [43]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. z.o.o [23] [31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5] [36]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [7] [22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9]	Finland
Fluido Sweden AB (Extero) [12]	Sweden
Fluido Norway A/S [12]	Norway
Fluido Denmark A/S [12]	Denmark
Fluido Slovakia s.r.o [12]	Slovakia
Fluido Newco AB [12] [38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [40]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [39]	Germany
Stater Deutschland GmbH & Co. KG [16] [39]	Germany
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus North America Inc. [20]	Canada
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria

Name of subsidiaries	Country
Kaleidoscope Animations, Inc. [(29)]	US
Kaleidoscope Prototyping LLC [(30)]	US
GuideVision s.r.o. [(27)]	UK
GuideVision Deutschland GmbH [(28)]	Germany
GuideVision Suomi Oy [(28)]	Finland
GuideVision Magyarország Kft [(28)]	Hungary
GuideVision Polska SP.Z.O.O [(28)]	Poland
GuideVision UK Ltd [(28)]	UK
Beringer Commerce Inc [(32)]	US
Beringer Capital Digital Group Inc [(32)]	US
Mediotype LLC [(33)]	US
Beringer Commerce Holdings LLC [(33)]	US
SureSource LLC [(34)]	US
Blue Acorn LLC [(34)]	US
Simply Commerce LLC [(34)]	US
iCiDIGITAL LLC [(35)]	US
Infosys BPM UK Limited [(4)] [(37)]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [(1)] [(42)]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020
(37) Incorporated, effective December 9, 2020
(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(39) Merged into Stater Duitsland B.V., effective December 18, 2020

(40) Merged with Stater N.V., effective December 23, 2020

(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

(42) Incorporated on December 30, 2020.

(43) Under liquidation

(44) Wholly-owned Subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

in US$

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Infosys Limited	–	832,453
Infosys Shanghai	–	–
	–	832,453
Unbilled revenue		
Infosys Limited	–	157,395
	–	157,395
Unbilled revenues		
Infosys Limited	–	–
Infosys Shanghai	–	–
	–	–
Trade payables		
Infosys Limited	–	–
Skava Systems Pvt Ltd	–	5,339,113
	–	5,339,113
Borrowings (including interest accrued)	–	–
Infosys Public Services, Inc.	–	13,430,042
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	–	4,024,545
	–	–
Other financial assets	–	17,454,587
Infosys Limited	22,918,373	–
Other financial liabilities		
Infosys Limited	–	231,129
	–	231,129
Accrued expenses		
Infosys Limited	–	1,142,617
Infosys Public Services, Inc.	–	–
	–	1,142,617

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

in US$

Particulars	Year ended December 31,	
	2020	2019
Revenue transactions :		
Purchase of services		
Infosys Limited	–	–
Skava Systems Pvt Ltd	3,758,291	7,297,289
	3,758,291	7,297,289
Sale of services		
Infosys Shanghai	–	–
Infosys Limited	4,217,103	3,165,323
	4,217,103	3,165,323
Finance cost		
Infosys Public services	171,802	321,550
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	65,832	24,544
	237,634	346,094

2.18 Segment reporting

The Company is engaged in providing software solutions in a single geography. Based on the "Management approach "as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as whole. Its operations are, therefore, considered to constitute a single segment in the context of Indian Accounting Standard 108, Segment Reporting.

On October 10, 2019, the Board of Directors of the Company have approved the business transfer of the Company to the Holding Company. On August 15, 2020, the Company entered into a business transfer agreement to transfer the business of Kallidus Inc. for a consideration of US$ 23 Mn on securing the requisite regulatory approvals.

The transaction was between a holding company and a wholly owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the three months ended September 30, 2020. Subsequently, Kallidus Inc liquidated on March 9, 2021.

The details of the assets and liabilities transferred upon business transfer are as follows :

US$

Particulars	
Net assets / (liabilities)	(20,343,096)
Less: Consideration receivable	(22,918,373)
Gain on BTA	(43,261,469)

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

As per our report of even date attached

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

Amrit Bhansali
Partner
Membership Number : 065155

Bengaluru
Date: May 21, 2021

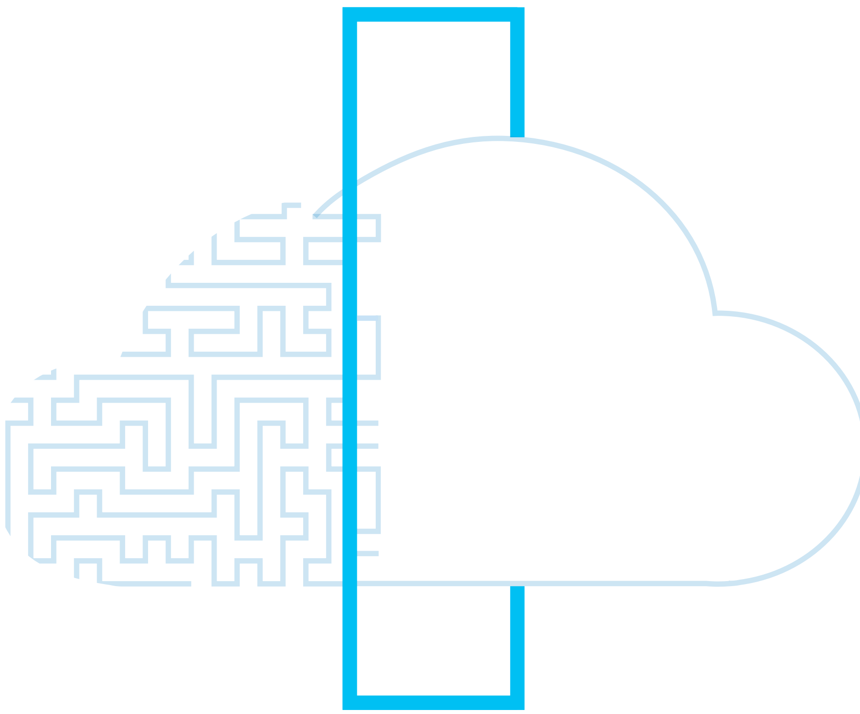
for and on behalf of the Board of Directors of Kallidus, Inc.

Amit Kalley
Director

USA
Date: May 20, 2021

Sourav Banerjee
Director

USA
Date: May 20, 2021



Infosys Chile SpA

Independent Auditors' Report

To the Shareholders and Board of Directors of Infosys Chile SpA.

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys Chile SpA., which comprise the Balance Sheet as of December 31, 2020 and December 31, 2019, and the related statements of income, changes in equity and cash flows for the years ended as well as the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. Such responsibility includes the design, implementation and maintenance of a relevant internal control to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud of error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Consequently, we do not express such an opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Infosys Chile SpA., as of December 31, 2020 and 2019, and the results of its operations, changes in equity and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Fernando Landa E.

March 26, 2021

Statement of Financial Position

in Th$

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	4	609.525	527.865
Trade and other receivables	5	256.382	–
Trade receivables of related parties	6	246.749	157.292
Other non-financial assets	7	6.185	11.668
Current tax assets	9	22.182	11.737
Total current assets		1.141.023	708.562
Non-current assets			
Deferred tax assets	11	41.035	–
Total non-current assets		41.035	–
Total assets		1.182.058	708.562

Attached notes from 172 to 175 are an integral part of these financial statements.

Statement of Financial Position

in Th$

Particulars	Note no.	As at December 31,	
		2020	2019
LIABILITIES			
Current liabilities			
Trade and other payables	8	116.631	43.889
Trade payables of related parties	6	1.334	11.292
Current tax liabilities	9	54.412	–
Employee benefit liabilities	10	137.191	164.961
Total current liabilities		309.568	220.142
Non-current liabilities			
Deferred tax liabilities	11	2.998	–
Total non-current liabilities		2.998	–
Total liabilities		312.566	220.142
Equity			
Share capital	12	604.310	604.310
Retained earnings		265.182	(115.890)
Total equity		869.492	488.420
Total equity and liabilities		1.182.058	708.562

Attached notes from 172 to 175 are an integral part of these financial statements.

Statement of Comprehensive Income

in Th$

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Continuing operations			
Revenues	13	2.722.834	1.411.028
Cost of sales	14	(1.805.487)	(1.101.172)
Gross profit		917.347	309.856
Administrative expenses	15	(457.142)	(324.650)
Other expenses		(6.822)	(4.761)
Financial expenses		(1.124)	(1.176)
Exchange difference		(54.814)	(10.296)
Profit (loss) before taxes		397.445	(31.027)
Deferred tax income (expense)		(16.373)	–
Profit (loss) for the year		381.072	(31.027)

Attached notes from 172 to 175 are an integral part of these financial statements.

Statement of Changes in Equity

Chart of equity movements

For the years ended December 31, 2020 and December 31, 2019

in Th$

Particulars	Share capital	Retained earnings	Total equity
Balance at January 1, 2020	604.31	(115.89)	488.42
Profit of period	–	381.072	381.072
Balance at December 31, 2020	604.31	265.182	869.492
Balance at January 1, 2019	604.310	(84.863)	519.447
Loss of period	–	(31.027)	(31.027)
Balance at December 31, 2019	604.310	(115.890)	488.420

Attached notes from 172 to 175 are an integral part of these financial statements.

Statement of cash flows

For the years ended December 31, 2020 and December 31, 2019

in Th$

	Year ended December 31,	
	2020	2019
Profit (Loss) of period	381.072	(31.027)
Charges (credits) to results that do not represent cash flow :		
Exchange difference	101.000	10.296
Income tax expense	16.375	–
Operating activities :		
Decreases (increases) in other non-financial assets	5.483	–
Decreases (increases) in trade and other receivables	(256.382)	–
Decreases (increases) in trade receivables of related parties	(89.558)	156.234
Increases (decreases) in trade and other payables	72.742	(11.340)
Increases (decreases) in trade payables of related parties	(9.958)	9.152
Increases (decreases) in provisions	(27.770)	115.077
Current tax assets and liabilities adjustments	(10.445)	(11.737)
Decreases (increases) in other assets	–	–
Net cash used in operating activities	81.660	236.655
Financing activities :		
Capital contributions	–	–
Net cash (used in) / from financing activities	–	–
Net increase in cash and cash equivalents	81.660	236.655
Cash and cash equivalents at beginning of year	527.865	291.210
Cash and cash equivalents at end of year	609.525	527.865

Note 1 – Corporate Information

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

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

Its main objective is the design, development and commercialization of software.

The shareholders and their respective participation is as follows :

Name shareholder	Rut	% Capital	% Utilities
Infosys Limited	59243420-2	100	100

Note 2 – basis of presentation of the financial statements and applied accounting criteria

2.1 Covered periods

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

Particulars	As at December 31,	
	2020	2019
Accumulated		
Statement of Financial Position	Yes	Yes
Statement of Comprehensive Income	Yes	Yes
Statement of Cash Flows	Yes	Yes
Statement of Changes in Equity	Yes	Yes

2.2 Basis of preparation

a) Financial statements

The information contained in the financial statements as of December 31, 2020 is under the responsibility of the Company's management, which expressly states that the principles and criteria included in the International Financial Reporting Standards have been applied in full IFRS.

b) Responsibility for Information and Financial Statements

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

c) Administration estimations

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

These estimates basically refers to :

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

d) Accounting policies

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

2.3 Presentation of financial statements

e) Statement of Financial Position

The Company has determined the current and non-current classification as presentation format for its Statement of Financial Position.

f) Statement of Cash Flow

The Company has chosen to present its statement of cash flow in accordance with the indirect method.

g) Functional currency and conversion of foreign currency

The functional currency of the Company is the Chilean peso.

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

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

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

h) Conversion basis

The closing exchange rates used as of December 31, 2020 and December 31,2019 are as follows :

in Th$

Particulars	As at December 31,	
	2020	2019
US Dollar	710,95	748,74
Euros	873,30	839,58
UF	29.070,33	28.309,94

i) Compensation of balances and transactions

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

j) Cash and cash equivalents

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

k) Accruals

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

l) Revenue recognition

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

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

m) Income and deferred tax

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

n) Cost of sales and administrative expenses

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

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

Note 3 – New standards, interpretations and amendments of IFRS

Standards, interpretations and amendments issued with mandatory application for periods beginning on or after January 1, 2021, for which the Company has not made early adoption:

Standards	Subject
IFRS 17, Insurance contracts	Issued in May 2017 by the IASB, IFRS 17, Insurance Contracts is a new comprehensive accounting standard for insurance contracts that covers recognition, measurement, presentation and disclosure. Once it enters into force, it will replace IFRS 4, Insurance Contracts, issued in 2005. The new standard applies to all types of insurance contracts, regardless of the type of Entity that issued them.
	IFRS 17 is required for periods beginning on or after January 1, 2023, with comparative figures required, early application is allowed, provided that the Entity also applies IFRS 9 and IFRS 15. Date of mandatory application: January 1, 2023.

Interpretations	Subject
There is not	

Amendments	Subject
Amendment IAS 1, Presentation of Financial Statements	Add new criteria regarding the classification of liabilities as current or non-current. Date of mandatory application is January 1, 2023.
Amendment to IFRS 3, Business combinations	It incorporates new concepts or definitions related to business combinations. Date of mandatory application is January 1, 2022.
Amendment to IAS16 “Property, Plant and Equipment”	It proposes new accounting criteria for the income generated from the sale of items while the Company prepares the Property, Plant and Equipment assets for their intended use. Date of mandatory application: January 01, 2022.
Amendment to IAS37, Provisions, Assets and Contingent Liabilities	It modifies some measurement criteria regarding incremental costs and other costs that are directly related to fulfilling a contract. Date of mandatory application is January 1, 2022.

The Company’s management will evaluate the impact of the new Standards, Interpretations and Amendments issued by the IASB, once these come into force and their application is mandatory.

Note 4 – Cash and cash equivalents

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

in Th$

Particulars	As at December 31,	
	2020	2019
Banks		
Santander Bank	609.525	527.865
Total	609.525	527.865

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

Note 5 – Trade and other receivables

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

in Th$

Particulars	As at December 31,	
	2020	2019
Trade receivables	216.638	–
Unbilled revenues	39.751	–
Debtor provisions	(7)	–
Total	256.382	–

Note 6 – Trade receivables and payables of related parties

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

a) Trade receivables, currents

in Th$

Tax ID	Related party	Nature	As at December 31,	
			2020	2019
O-E	Infosys Limited	Provision of services	234.185	111.651
O-E	Infosys Mexico	Provision of services	12.564	45.641
	Total		246.749	157.292

b) Trade payables, currents

in Th$

Tax ID	Related party	Nature	As at December 31,	
			2020	2019
O-E	Infosys Limited	Debts payments	1.334	11.292
	Total		1.334	11.292

Note 7 – Other non-financial assets

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

in Th$

Concept	As at December 31,	
	2020	2019
Guarantee of rental Wework	3.185	3.185
Guarantee of project tender	3.000	–
Guarantee of rental Regus	–	8.483
Total	6.185	11.668

Note 8 – Trade and other payables

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

in Th$

Concept	As at December 31,	
	2020	2019
Professional services and fees accrual	12.675	26.587
Social security, salaries and taxes payables	51.950	10.287
Subcontractor charges	44.781	–
Travel expenses	4.501	2.464
Rental expenses accrual	878	2.144
IT services accrual	1.231	2.000
Provision for post sales client support	615	–
Insurance expenses accrual	–	407
Total	116.631	43.889

Note 9 – Current tax assets and liabilities

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

a) Current tax assets

in Th$

Concept	As at December 31,	
	2020	2019
Income tax advances	22.182	11.737
Total	22.182	11.737

b) Current tax liabilities

in Th$

Concept	As at December 31,	
	2020	2019
Income tax advances	54.412	–
Total	54.412	–

Note 10 – Employee benefit liabilities

The composition of the item as of December 31, 2020 and December 31, 2019 is as follows :

in Th$

Concept	As at December 31,	
	2020	2019
Perfomance bonus accrual	56.008	101.655
CFG variable pay accrual	7.772	20.510
Unavailed leave accrual	73.411	42.796
Total	137.191	164.961

Note 11 – Income tax and deferred tax assets and liabilities

a) Income tax provision

The Company registered an income tax provision of Th$ 54.412 as of December 31, 2020. In 2019, the Company did not register income tax provision due to tax loss.

b) Deferred tax assets

The composition of the item as of December 31, 2020 and December 31, 2019 is as follows :

in Th$

Deferred tax item	As at December 31,	
	2020	2019
Provision of unavailed leave	19.821	–
Accrued bonus	17.220	–
Provision of expenses	3.992	–
Provision for debtors	2	–
Total	41.035	–

c) Deferred tax liabilities

in Th$

Deferred tax item	As at December 31,	
	2020	2019
Unbilled revenues	2.998	–
Total	2.998	–

Note 12 – Equity

As of December 31, 2020 the paid capital of the Company is Th$ 604.310.

Note 13 – Revenues

The composition of the item as of December 31, 2020 and December 31, 2019 are as follows :

in Th$

Concept	As at December 31,	
	2020	2019
Intercompany services to Infosys Limited	1.720.216	1.170.861
Services to local customers	919.883	–
Intercompany services to Infosys Mexico	82.735	240.167
Total	2.722.834	1.411.028

Note 14 – Cost of sales

The cost of sales generated during the period ended December 31, 2020 and December 31, 2019 are as follows :

in Th$

Concept	Year ended December 31,	
	2020	2019
Salaries	1.735.490	1.058.180
Others	69.997	42.992
Total	1.805.487	1.101.172

Note 15 – Administrative expenses

The administrative expenses generated during the period ended December 31, 2020 and December 31, 2019 are as follows :

in Th$

Concept	Year ended December 31,	
	2020	2019
Legal and accountant professional services	284.002	194.728
Medical insurance	53.664	447
Rental office and related expenses	48.666	88.032
Subcontract charges	44.401	–
Insurances	11.378	161
Travel and related expenses	7.772	33.050
Others	7.259	8.232
Total	457.142	324.650

Note 16 – Contingencies and commitments

On March 11, 2020, the World Health Organization classified the COVID-19 virus as a global pandemic, which has implied that to date various measures have been taken to safeguard the lives of people and the public health of the different countries.

Given the above, during 2020, the Chilean authorities decreed quarantines and a series of restrictions that forced tenants of services classified as non-essential to close their doors. The first closure of non-essential services occurred in Chile on March 19, leaving only items such as supermarkets, health centers, banks and pharmacies that are considered part of the commerce essential for people's lives, to be open to the public. As of June 2020, there has been a gradual reopening of other commercial activities, depending on the health status of each city and country.

Considering the initial quarantines and the subsequent measures that the authorities have been adopting, Infosys Chile SpA has gradually resumed its level of activity, complying with all the required sanitary measures. In this context, the Company has adopted a flexible commercial strategy to take the pertinent measures in the face of the various scenarios that the Infosys Chile SpA industry has faced.

Note 17 – Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

Note 18 – Events after the Reporting Period

Between January 1, 2021 and the date of issuance of these financial statements, no subsequent events have occurred that could have a significant effect on the figures presented therein or on the economic and financial situation of the Company.

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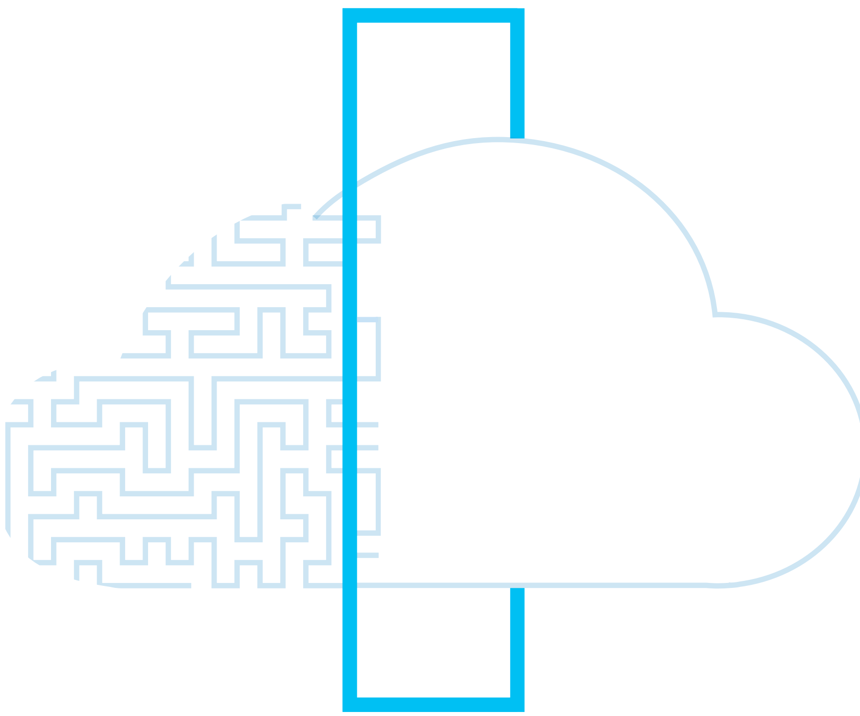


Infosys Arabia Limited

Independent Auditor's Report

To the Members of Infosys Arabia Limited

Report on the Ind AS Financial Statements

Opinion :

We have audited the Ind AS financial statements of Infosys Arabia Limited ("the Company"), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion :

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

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

Responsibilities of the Management's and those charged with Governance for the Financial Statements :

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements :

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

Report on other Legal and Regulatory Requirements

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

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

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

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

UDIN : 21202841AAACSL3710

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

(M. Rathnakar Kamath)
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

Balance Sheet

in SAR

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	1,678,751	1,678,751
Total current assets		1,678,751	1,678,751
Total assets		1,678,751	1,678,751
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	1,678,751	1,678,751
Other equity		–	–
Total equity		1,678,751	1,678,751
Total equity and liabilities		1,678,751	1,678,751

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
April 14, 2021

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

Balakrishna Doddaballapur
Director

Statement of Profit and Loss

in SAR

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Other income, net		–	–
Total income		–	–
Expenses		–	–
Total expenses		–	–
Profit / (loss) before tax		–	–
Tax expense		–	–
Profit / (loss) for the year		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income/(loss) for the year		–	–

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

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

Balakrishna Doddaballapur
Director

Bengaluru
April 14, 2021

Statement of Changes in Equity

in SAR

Particulars	Equity share capital	Other equity: Reserves and surplus: Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2019	–	–	–
Changes in equity for the year ended December 31, 2019			
Equity share capital	1,678,751	–	1,678,751
Balance as of December 31, 2019	1,678,751	–	1,678,751
Balance as of January 1, 2020	1,678,751	–	1,678,751
Changes in equity for the year ended December 31, 2020			
Equity share capital	–	–	–
Balance as of December 31, 2020	1,678,751	–	1,678,751

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Balakrishna Doddaballapur
Director

Bengaluru
April 14, 2021

Statements of Cash Flows

in SAR

Particulars	Year ended December 31,	
	2020	2019
Cash flow from operating activities :		
Profit / (loss) for the year	–	–
Adjustments to reconcile net profit to net cash provided by operating activities :	–	–
Net cash generated by operating activities	–	–
Cash flow from investing activities :		
Investment in associate	–	–
Net cash used in investing activities	–	–
Cash flow from financing activities :		
Increase in equity share capital	–	–
Net cash generated by financing activities	–	–
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at the beginning of the year	1,678,751	1,678,751
Cash and cash equivalents at the end of the year	1,678,751	1,678,751

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Balakrishna Doddaballapur
Director

Bengaluru
April 14, 2021

Company overview and significant accounting policies

Company overview

Infosys Arabia Limited is a subsidiary of Infosys Limited. The purpose of the Company is to engage in any lawful act or activity for which corporation may be organized under the Law of Kingdom of Saudi Arabia, as the same exists or as may hereafter be amended from time to time, incorporated on August 12, 2016.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1, 2020 to December 31, 2020.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

1.3 Reporting currency

The Company's reporting currency is Saudi Riyal.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets (if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Foreign currency

Functional currency

The functional currency of the Company is the Saudi Riyal. These financial statements are presented in Saudi Riyal.

1.6 Cash Flow Statement

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

2.1 Cash and cash equivalents

in SAR

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	1,678,751	1,678,751
Cash on hand	–	–
Others		
Deposits with financial institution	–	–
	1,678,751	1,678,751
Deposit with more than 12 months maturity	–	–
Balances with banks held as margin money deposits against guarantees	–	–

2.2 Equity

Equity share capital

in SAR

Particulars	As at December 31, 2020	As at December 31, 2019
Authorized share capital (SAR 16,787.51 par value, 100 equity shares)	1,678,751	1,678,751
Issued, subscribed and paid-up (SAR 16,787.51 par value, 100 equity shares)	1,678,751	1,678,751

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

Name of the shareholder	As at December 31, 2020	As at December 31, 2019
Infosys Limited	70%	70%
Saudi Prerogative Company	30%	30%

2.3 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2020 were as follows:

(In SAR)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	1,678,751	–	–	–	–	1,678,751	1,678,751
Total	1,678,751	–	–	–	–	1,678,751	1,678,751

2.4 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at December 31, 2020	Holding as at December 31, 2019
Infosys Limited	India	70%	70%

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)[44]	India
Kallidus Inc, (Kallidus)[45]	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC [1] [19]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US

Name of fellow subsidiaries	Country
Infosys Canada Public Services Inc [48]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][44]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][44]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[24][32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][37]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][23]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][25]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][39]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][41]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][40]	Germany
Stater Deutschland GmbH & Co. KG[16][40]	Germany
Stater Belgium N.V./S.A.[17][42]	Belgium
Outbox systems Inc. dba Simplus (US)[20]	US
Simplus North America Inc.[21]	Canada
Simplus ANZ Pty Ltd.[21]	Australia
Simplus Australia Pty Ltd[22]	Australia
Sqware Peg Digital Pty Ltd[22]	Australia
Simplus Philippines, Inc.[21]	Philippines
Simplus Europe, Ltd.[21]	UK

Name of fellow subsidiaries	Country
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd)[(12)(26)]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[(12)(26)]	Ireland
Infosys Limited Bulgaria EOOD[(1)(27)]	Bulgaria
Kaleidoscope Animations, Inc.[(30)]	US
Kaleidoscope Prototyping LLC[(31)]	US
GuideVision s.r.o.[(28)]	Czech Republic
GuideVision Deutschland GmbH[(29)]	Germany
GuideVision Suomi Oy[(29)]	Finland
GuideVision Magyarország Kft[(29)]	Hungary
GuideVision Polska SP.Z.O.O[(29)]	Poland
GuideVision UK Ltd[(29)]	UK
Beringer Commerce Inc[(33)]	US
Beringer Capital Digital Group Inc[(33)]	US
Mediotype LLC[(34)]	US
Beringer Commerce Holdings LLC[(34)]	US
SureSource LLC[(35)]	US
Blue Acorn LLC[(35)]	US
Simply Commerce LLC[(35)]	US
iCiDIGITAL LLC[(36)]	US
Infosys BPM UK Limited[(4)(38)]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[(1)(43)]	Turkey
Infosys Germany Holding Gmbh[(1)(46)(47)]	Germany

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Wholly-owned subsidiary of Stater N.V
(16) Wholly-owned subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) Liquidated effective January 28, 2021.
(20) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(21) Wholly-owned subsidiary of Outbox Systems Inc.
(22) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(23) Liquidated effective October 31, 2019
(24) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(25) Liquidated effective July 17, 2020
(26) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(27) Incorporated effective September 11, 2020.
(28) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(29) Wholly-owned subsidiary of GuideVision s.r.o.
(30) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(31) Wholly owned subsidiary of Kaleidoscope Animations, Inc.
(32) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(33) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(34) Wholly-owned subsidiary of Beringer Commerce Inc
(35) Wholly-owned subsidiary of Beringer Commerce Holdings LLC

[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

[37] Liquidated effective November 19,2020

[38] Incorporated, effective December 9, 2020

[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020

[40] Merged into Stater Duitsland B.V., effective December 18, 2020

[41] Merged with Stater N.V., effective December 23, 2020

[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

[43] Incorporated on December 30, 2020.

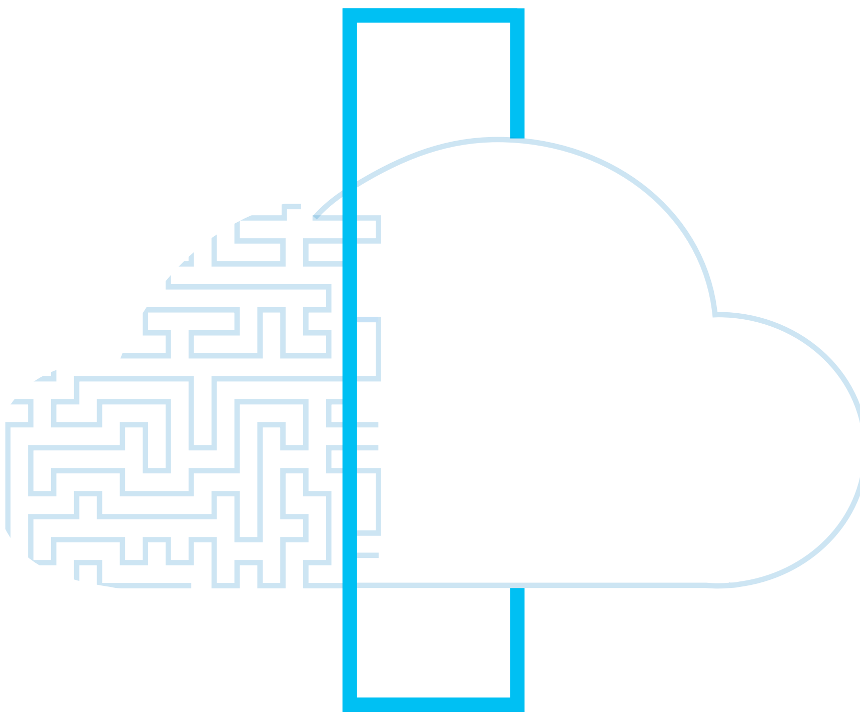
[44] Under liquidation

[45] Liquidated effective March 9,2021

[46] Incorporated on March 23, 2021

[47] On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.

[48] Wholly-owned subsidiary of Infosys Public Services, Inc.



Infosys Consulting Ltda.

Independent Auditor's Report

To the Members of Infosys Consulting Ltda.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting Ltda. ('the company'), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

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

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

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

Report on other Legal and Regulatory Requirements

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

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

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

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there unde.

UDIN : 21202841AAADAM1758

For Shenoy & Kamath

Chartered Accountants,

Firm Registration Number. 006673S

(M. Rathnakar Kamath)

Partner

Membership Number. 202841

Place: Bengaluru.

Date: April 29, 2021

Balance Sheet

in BRL

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,171,770	1,460,385
Right to use of asset	2.7	7,504,570	–
Capital work-in-progress		31,187	52,448
Financial assets			
Other financial assets	2.2	–	60,000
Income tax assets (net)	2.15	1,831,678	9,486,152
Total non-current assets		10,539,205	11,058,985
Current assets			
Financial assets			
Trade receivables	2.3	34,536,083	81,296,707
Cash and cash equivalents	2.4	33,917,348	10,547,614
Loans	2.5	973,333	852,825
Other financial assets	2.2	23,291,089	53,084,971
Other current assets	2.6	22,787,118	19,668,520
Total current assets		115,504,971	165,450,637
Total assets		126,044,176	176,509,622
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	275,071,070	164,915,570
Other equity	2.8	(222,789,617)	(193,482,396)
Total equity		52,281,453	(28,566,826)
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	2.7	7,382,671	–
Total non-current liabilities		7,382,671	–
Current liabilities			
Financial liabilities			
Trade payables	2.10	9,689,695	39,562,919
Borrowings	2.9	–	84,625,929
Other financial liabilities	2.11	35,715,439	59,643,928
Lease liability	2.7	1,587,914	–
Other current liabilities	2.12	18,347,642	19,767,400
Provisions	2.13	1,039,362	962,802
Income tax liabilities (net)	2.14	–	513,472
Total current liabilities		66,380,052	205,076,451
Total equity and liabilities		126,044,176	176,509,622

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
March 31, 2021

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Angelo Mazzocchi
Director

Statement of Profit and Loss

in BRL, except equity share and per equity share data

Particulars	Note no.	Years ended December 31,	
		2020	2019
Revenue from operations	2.15	174,263,603	79,945,193
Other income, net	2.16	(13,118,194)	740,077
Total income		161,145,409	80,685,270
Expenses			
Employee benefit expenses	2.17	129,667,075	70,611,698
Cost of technical sub-contractors		21,369,311	11,797,881
Travel expenses		1,762,050	7,966,414
Communication expenses		3,321,879	1,280,965
Consultancy and professional charges		3,225,213	4,354,080
Depreciation and amortization expenses	2.1	4,614,885	367,395
Finance cost		4,566,832	6,523,596
Other expenses	2.17	18,832,992	13,787,468
Total expenses		187,360,237	116,689,497
Loss before tax		(26,214,828)	(36,004,227)
Tax expense			
Current tax	2.14	(513,479)	6,787,690
Loss for the year		(25,701,349)	(42,791,917)
Total comprehensive income for the year		(25,701,349)	(42,791,917)
Earnings per equity share			
Equity shares of par value BRL 1/- each			
Basic and diluted (BRL)		(0.13)	(0.26)
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		196,517,558	164,915,570

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
March 31, 2021

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Angelo Mazzocchi
Director

Statement of Changes in Equity

in BRL

Particulars	Equity share capital	Other equity – Reserves and surplus – Retained earnings	Other equity – Reserves and surplus – Business transfer adjustment reserve	Total equity attributable to equity holders of the Company
Balance as of January 1, 2020	164,915,570	(183,368,921)	(10,113,476)	(28,566,827)
Changes in equity for the year ended December 31, 2020				
Business Transfer reserve	–	–	–	–
Transfer during the year	–	–	–	–
Impact on account of adoption of Ind AS 116	–	(3,605,871)	–	(3,605,871)
Equity instruments (Issue of 110,155,500 shares at BRL 1 each)	110,155,500	–	–	110,155,500
Exchange differences on translation	–	–	–	–
Loss for the year	–	(25,701,349)	–	(25,701,349)
Balance as of December 31, 2020	275,071,070	(212,676,141)	(10,113,476)	52,281,453
Balance as of January 1, 2019	82,656,615	(140,577,004)	–	(57,920,389)
Changes in equity for the year ended December 31, 2019				
Business transfer reserve	–	–	46,161,794	46,161,794
Transfer during the year	–	–	(56,275,270)	(56,275,270)
Equity instruments through other comprehensive income (Issue of 82,258,955 shares at BRL 1 each)	82,258,955	–	–	82,258,955
Exchange differences on translation	–	–	–	–
Loss for the year	–	(42,791,917)	–	(42,791,917)
Balance as of December 31, 2019	164,915,570	(183,368,921)	(10,113,476)	(28,566,827)

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
March 31, 2021

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Angelo Mazzocchi
Director

Statements of Cash Flows

in BRL

Particulars	Year ended December 31,	
	2020	2019
Cash flows from operating activities		
Loss for the year	(25,701,349)	(42,791,917)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation expense	4,614,885	367,395
Income tax expense	(513,479)	6,787,690
Impairment loss recognized / (reversed) under expected credit loss model	1,426,738	89,066
Finance cost	4,566,832	6,523,596
Other adjustments	(3,400,626)	(870,000)
Exchange differences on translation of assets and liabilities	12,856,005	–
Changes in assets and liabilities		
Trade receivables	45,333,887	(65,858,280)
Other financial assets and other assets	27,386,101	(62,091,709)
Trade payables	(33,991,884)	25,652,216
Other financial liabilities and other liabilities and provisions	(25,933,048)	62,307,963
Cash generated from operations	6,644,061	(69,883,980)
Income taxes paid	7,654,481	(617,632)
Net cash used in operating activities	14,298,542	(70,501,612)
Cash flow from investing activities		
Expenditure on property, plant and equipment	(558,662)	(1,797,960)
Loans to employees	(120,508)	(736,426)
Adjustment arising out of business transfer	–	72,145,479
Net cash flow from / used in investing activities	(679,171)	69,611,093
Cash flow from / used in financing activities		
Loan repaid	(93,557,973)	6,233,832
Finance cost	(3,560,160)	(6,523,596)
Payment of lease liability	(3,287,005)	–
Proceeds from issue of share capital	110,155,500	–
Net cash flow from financing activities	9,750,363	(289,764)
Net (decrease) / increase in cash and cash equivalents	23,369,735	(1,180,282)
Cash and cash equivalents at the beginning of the year	10,547,614	11,727,897
Cash and cash equivalents at the end of the year	33,917,348	10,547,614

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
March 31, 2021

for and on behalf of Board of Directors of Infosys Consulting Ltda.

Angelo Mazzocchi
Director

Significant accounting policies

Company overview

"Infosys Consulting Ltda. is a wholly-owned subsidiary of Infosys Limited w.e.f . August 14, 2018. The Company renders professional management consulting services, thereby enabling its clients to enhance business performance With effect from October 01, 2019 Infosys Technologia Do Brasil Ltda merged with Infosys Consulting Ltda.

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments and rules issued thereafter.

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

1.3 Presentation currency

The Company's presentation currency is Brazilian real (BRL).

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

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

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as at January 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

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

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

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

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

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

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

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

Rendering of services

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

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

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support and others

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

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

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

Leasehold improvements over lease term

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

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

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

1.10 Financial instruments

1.10.1 Initial recognition

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

1.10.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.11 Fair value of financial instruments

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

1.12 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Property, plant and equipment

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

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

1.13 Employee benefits

Compensated absences

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

1.14 Foreign currency

Functional currency

The functional currency of the Company is the BRL.

Transactions and translations

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

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

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

1.16 Cash Flow Statement

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

1.17 Other income

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

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.19 Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no changes are required to lease period relating to the existing lease contracts (Refer to Note 2.7).

The Company as a lessee

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

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

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

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

The ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

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

Transition

Effective January 1, 2020, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted.

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

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

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

1.20 Borrowing cost

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

2.1 Property, plant and equipment

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

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold improvement	Total
Gross carrying value as of January 1, 2020	1,525,976	505,393	9,044,498	5,438,368	1,193,096	17,707,331
Additions / adjustments	–	1,980	85,073	11,870	560,885	659,808
Deletions	(264,792)	(232,759)	(703,694)	(623,066)	–	(1,824,311)
Gross carrying value as of December 31, 2020	1,261,184	274,614	8,425,877	4,827,172	1,753,981	16,542,828
Accumulated depreciation as of January 1, 2020	1,486,171	424,384	8,794,332	5,090,242	451,816	16,246,945
Depreciation	28,360	18,596	204,775	219,903	396,905	868,539
Accumulated depreciation on deletions	(264,792)	(193,217)	(667,298)	(619,119)	–	(1,744,426)
Accumulated depreciation as of December 31, 2020	1,249,739	249,763	8,331,809	4,691,026	848,721	15,371,058
Carrying value as of December 31, 2020	11,445	24,851	94,068	136,146	2,602,702	1,171,770
Carrying value as of January 1, 2020	39,805.00	81,009	250,166	348,126	741,280	1,460,386

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

in BRL

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold improvement	Total
Gross carrying value as of January 1, 2019	6,103	6,816	1,648,738	216,581	–	1,878,238
Additions / adjustments	1,519,873	498,577	7,395,760	5,221,787	1,193,096	15,829,093
Deletions	–	–	–	–	–	–
Gross carrying value as of December 31, 2019	1,525,976	505,393	9,044,498	5,438,368	1,193,096	17,707,331
Accumulated depreciation as of January 1, 2019	6,103	6,214	1,567,072	216,581	–	1,795,970
Depreciation	16,558	15,003	155,154	101,902	78,778	367,395
Accumulated depreciation on deletions	1,463,510	403,168	7,072,105	4,771,759	373,039	14,083,581
Accumulated depreciation as of December 31, 2019	1,486,171	424,385	8,794,331	5,090,242	451,817	16,246,946
Carrying value as of December 31, 2019	39,805	81,008	250,167	348,126	741,279	1,460,385
Carrying value as of January 1, 2019	–	602	81,666	–	–	82,268

2.2 Other financial assets

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Non-current		
Rental deposits [(1)]	–	60,000
	–	60,000
Current		
Unbilled revenues	23,248,659	26,083,589
Others [(1)]	42,430	27,001,382
Total other current financial assets	23,291,089	53,084,971
Total other financial assets	23,291,089	53,144,971
Financial assets carried at amortized cost (Refer to Note 7)	23,291,089	53,144,971
[(1)] Includes dues from related parties (Refer to Note 2.19)	–	–

2.3 Trade receivables

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Unsecured		
Considered good [(1)]	34,536,083	81,296,707
Considered doubtful	4,728,507	3,507,272
	39,264,590	84,803,979
Less : Allowances for credit losses	(4,728,507)	(3,507,272)
Total trade receivables	34,536,083	81,296,707
[(1)] Includes dues from related parties (Refer to Note 2.19)	3,996,477	6,808,940

2.4 Cash and cash equivalents

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Balances with banks		
In current accounts	33,917,348	10,547,614
Total cash and cash equivalents	33,917,348	10,547,614

2.5 Loans

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Unsecured, considered good		
Loans to employees	973,333	852,825
	973,333	852,825
Total current loans	973,333	852,825

2.6 Other current assets

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	1,502	42,883
Others		
Prepaid expenses	12,493	212,082
Withholding taxes and others	22,773,123	19,413,555
Total current other assets	22,787,118	19,668,520

2.7 Financial instruments

Financial instruments by category

in BRL

Particulars	As at December 31, 2020	As at December 31, 2019
Assets		
Cash and cash equivalents (Refer to Note 2.4)	33,917,348	10,547,614
Trade receivables (Refer to Note 2.3)	34,536,083	81,296,707
Loans (Refer to Note 2.5)	973,333	852,825
Other financial assets (Refer to Note 2.2)	23,291,089	53,144,971
Total	92,717,855	145,842,117
Liabilities		
Trade payables (Refer to Note 2.10)	9,689,695	39,562,919
Borrowings (Refer to Note 2.9)	–	84,625,929
Other financial liabilities (Refer to Note 2.11)	26,011,419	49,437,013
Total	35,701,114	173,625,861

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

Financial risk management

Financial risk factors

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

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sales and services in other countries and purchases from overseas suppliers in various foreign currencies.

The following table analyses the foreign currency risk from monetary assets and liabilities as at December 31, 2020 :

Particulars	US Dollars	Euro	UK Pound Sterling	Swiss fracs	Other currencies
Trade receivables	9,731,950	5,676,269	485,012	(873,391)	–
Other financial assets, loans and other current assets	998,076	5,917,670	–	(118,698)	–
Trade payables	(1,070,621)	(63,826)	–	(6,082,808)	(400,196)
Other financial liabilities	(361,275)	2,244	–	(4,725,053)	(751,051)
Net assets / (liabilities)	9,298,130	11,532,357	485,012	(11,799,950)	(1,151,247)

The following table analyses the foreign currency risk from monetary assets and liabilities as at December 31, 2019 :

Particulars	US Dollars	Euro	UK Pound Sterling	Swiss fracs	Other currencies
Cash and cash equivalents	7,844,145	9,568	(9,836)	5,602,476	(2,898,739)
Trade receivables	7,569,880	4,136,337	–	4,099,299	30,636,768
Other financial assets, loans and other current assets	3,607,334	3,496,267	–	(795,510)	67,865,916
Trade payables	(400,513)	(47,145)	–	–	(1,167,591)
Other financial liabilities	210,557	3,315	–	–	(87,974,629)
Net assets / (liabilities)	18,831,403	7,598,342	(9,836)	8,906,265	6,461,725

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to BRL 34,536,083 and BRL 81,296,707 as of December 31, 2020 and December 31, 2019, respectively and unbilled revenue amounting to BRL 23,248,659 and BRL 26,083,589 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

Provision of BRL 1,426,738 for ECL on customer balances was done for the year ended December 31, 2020 and reversal of BRL 89,066 was done for the year ended December 31, 2019.

in BRL

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Balance at the beginning	150,283	61,217
Impairment loss recognized / reversed	1,426,738	89,066
Amounts written-off	–	–
Translation differences	–	–
Balance at the end	1,577,021	150,283

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

Liquidity risk

The Company's principal source of liquidity are cash and cash equivalents.

As at December 31, 2020 and December 31, 2019, the Company had cash and cash equivalents of BRL 33,917,348 and BRL 10,547,614 respectively.

As at December 31, 2020 and December 31, 2019, the outstanding compensated absences were BRL 9,708,526 and BRL 10,206,915 respectively.

2.8 Leases

On transition, the adoption of the new standard resulted in recognition of 'Right-of-use' (ROU) asset of BRL 14,565,422 and a lease liability of BRL 18,171,293. The cumulative effect of applying the standard, amounting to BRL1,085,185 was credited to retained earnings, net of taxes.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 8.36%

The changes in the carrying value of ROU assets for the year ended December 31, 2020 are as follows :

in BRL

Particulars	Category of ROU asset		Total
	Buildings	Vehicles	
Balance as of January 1, 2020	10,715,408	3,850,014	14,565,422
Additions	988,621	130,967	1,119,588
Deletion	(4,383,667)	(50,427)	(4,434,094)
Depreciation	(1,886,845)	(1,859,502)	(3,746,347)
Balance as of December 31, 2020	5,433,517	2,071,052	7,504,569

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

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

in BRL

Particulars	As at December 31, 2020
Current lease liabilities	1,587,914
Non-current lease liabilities	7,382,671
Total	8,970,585

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

in BRL

Particulars	For the year ended December 31, 2020
Balance at the beginning	18,171,293
Additions	1,119,589
Deletions	(8,039,964)
Finance cost accrued during the period	1,006,672
Payment of lease liabilities	(3,287,005)
Translation difference	–
Balance at the end	8,970,585

The details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis are as follows :

in BRL

Particulars	As at December 31, 2020
Less than one year	4,212,577
One to five years	5,798,055
More than five years	–
Total	10,010,632

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

Rental expense recorded for short-term leases was BRL 83,778 for the year ended December 31, 2020.

2.9 Equity

Equity share capital

in BRL, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Authorized		
275,071,070 (164,915,570) equity shares of BRL1/- par value, fully paid	275,071,070	164,915,570
Issued, subscribed and paid-up		
275,071,070 (164,915,570) equity shares of BRL1/- par value for 2019, fully paid	275,071,070	164,915,570
(Of the above, 275,071,070 equity shares are held by the holding company, Infosys Limited as at December 31, 2020)		
	275,071,070	164,915,570

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

in BRL, except as otherwise stated

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited	27,50,71,070	100	16,49,15,570	100

The Company was acquired by Infosys Limited on August 14, 2018.

The entity has acquired Infosys Technologia Do Brazil Ltda. as on October 1, 2019.

The shares were transferred by minority shareholder to Infosys Limited on December 20, 2019.

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and December 31, 2019 is as follows :

in BRL, except as stated otherwise

Particulars	As at December 31, 2020		As at December 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	164,915,570	164,915,570	82,656,615	82,656,615
Issue of shares during the year	110,155,500	110,155,500	82,258,955	82,258,955
Number of shares at the end of the period	275,071,070	275,071,070	164,915,570	164,915,570

With effect from October 01, 2019 Infosys Technologia Do Brasil Ltda. merged with Infosys Consulting Ltda. The additional shares has been received as a part of the merger.

2.10 Borrowings

in BRL

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured loan from fellow subsidiaries (Refer to Note 2.19) [1]	–	–
Current		
Unsecured loan from fellow subsidiaries (Refer to Note 2.19) [1]	–	84,625,929
Total borrowings	–	84,625,929

[1] The loans were given in accordance with the terms and conditions of the loan agreement and the details for these have been given in Note 2.19.

2.11 Trade payables

in BRL

Particulars	As at December 31,	
	2020	2019
Trade payables *	9,689,695	39,562,919
Total trade payables	9,689,695	39,562,919
* Includes dues to related parties (Refer to Note 2.19)	7,480,727	9,902,187

2.12 Other financial liabilities

in BRL

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Accrued compensation to employees *	10,859,038	7,633,991
Accrued expenses [1] *	9,090,531	9,323,383
Compensated absences	9,704,020	10,206,915
Other payables [2] *	6,061,850	32,479,639
Total current other financial liabilities	35,715,439	59,643,928
* Financial liability carried at amortized cost	26,011,419	49,437,013
[1] Includes dues to related parties (Refer to Note 2.19)	10,951	10,951
[2] Includes dues to related parties (Refer to Note 2.19)	6,372,032	5,565,627

2.13 Other current liabilities

in BRL

Particulars	As at December 31,	
	2020	2019
Non-current		
Current		
Unearned revenue	1,947,371	3,277,041
Others		
Client deposits	–	15,950
Withholding taxes and others	16,400,271	16,474,410
Total current other liabilities	18,347,642	19,767,400

2.14 Provisions

in BRL

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Post-sales client support	1,039,362	962,802
Total current Provisions	1,039,362	962,802

2.15 Income taxes

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

in BRL

Particulars	Year ended December 31,	
	2020	2019
Current taxes	(513,479)	6,787,690
Income tax expense	(513,479)	6,787,690

Current tax expense for the years ended December 31, 2020 and December 31, 2019 includes reversals amounting to BRL 513,479 and provisions (net of reversals) amounting to BRL 6,787,690 respectively, pertaining to prior periods.

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

in BRL

Particulars	Year ended December 31,	
	2020	2019
Profit / (loss) before income tax	(26,214,828)	(36,004,227)
Enacted tax rates in Brazil (%)	34.00%	34.00%

Particulars	Year ended December 31,	
	2020	2019
Computed expected tax expense	(8,913,042)	(12,241,437)
Overseas taxes	–	6,787,690
Tax reversals, overseas and domestic	(513,479)	–
Effect of unrecognized deferred tax assets	8,930,342	12,241,437
Effect of non-deductible expenses	1,208,696	–
Income tax expense	712,517	6,787,690

The applicable Brazil statutory tax rate for year ended December 31, 2020 and December 31, 2019 is 34%.

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

in BRL

Particulars	Year ended December 31,	
	2020	2019
Income tax assets	1,831,678	9,486,152
Current income tax liabilities	–	(513,472)
Net current income tax assets / (liability) at the end	1,831,678	8,972,680

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

in BRL

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	8,972,680	15,142,738
Income tax paid / (set-off)	(7,654,481)	617,632
Current income tax expense	513,479	(6,787,690)
Net current income tax asset / (liability) at the end	1,831,678	8,972,680

2.16 Revenue from operations

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

in BRL

Particulars	Year ended December 31,	
	2020	2019
Revenue from software services	169,789,467	79,893,280
Revenue from products and platforms	4,474,136	51,913
Total revenue from operations	174,263,603	79,945,193

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in BRL

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	168,888,290	76,802,041
Digital	5,375,314	3,143,152
Total	174,263,604	79,945,193

Digital services

Digital services comprise of service and solution offerings of the company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core services

Core services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year ended December 31, 2020, the Company recognized revenue of BRL 2.7mn arising from opening unearned revenue as of January 1, 2020.

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is BRL 102.9mn. Out of this, the Group expects to recognize revenue of around 61.7% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.17 Other income

in BRL

Particulars	Year ended December 31,	
	2020	2019
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	197,537	107,187
Interest received on financial assets fair valued through other comprehensive income		
Exchange gains / (losses) on translation of other assets and liabilities	(15,988,830)	632,890
Miscellaneous income, net	2,673,099	–
Total other income	(13,118,194)	740,077

2.18 Expenses

in BRL

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	128,945,742	70,356,112
Share-based payments to employees	456,117	(6,687)
Staff welfare	265,216	262,273
Total employee benefit expenses	129,667,075	70,611,698

in BRL

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Power and fuel	30,615	11,101
Brand and marketing	279,147	81,430
Operating lease payments	57,603	1,725,384
Rates and taxes	12,354,443	10,670,538
Repairs and maintenance	3,384,327	1,232,822
Consumables	67,425	430
Insurance	286,459	95,444
Provision / (reversal) for post-sales client support	205,245	(870,000)
Cost of software packages and others	494,551	279,255
Allowances / (reversals) for credit losses on financial assets	1,426,738	89,066
Others	246,439	471,998
Total other expenses	18,832,992	13,787,468

2.19 Related party transactions

List of related parties :

Name of the holding companies	Country	Holding as at December 31,	
		2020	2019
Infosys Limited (w.e.f. August 14, 2018)	India	100%	100%

With effect from October 01, 2019 Infosys Technologia Do Brasil Ltda merged with Infosys Consulting Ltda.

Name of the ultimate holding company	Country
Infosys Limited	India

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil) [18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US

Name of subsidiaries	Country
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (43)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (23) (31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (36)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (22)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (24)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia
Fluido Newco AB (12) (38)	Sweden
Infosys Compaz Pte. Ltd (10)	Singapore
Infosys South Africa (Pty) Ltd (9)	South Africa
WongDoody Holding Company Inc. (WongDoody) (1)	US
WDW Communications, Inc (11)	US
WongDoody, Inc (11)	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) (10) (13)	Japan
Stater N.V. (10) (14)	The Netherlands
Stater Nederland B.V. (15)	The Netherlands
Stater Duitsland B.V. (15) (40)	The Netherlands
Stater XXL B.V. (15)	The Netherlands
HypoCasso B.V. (15)	The Netherlands

Name of subsidiaries	Country
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [39]	Germany
Stater Deutschland GmbH & Co. KG [16] [39]	Germany
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus North America Inc. [20]	Canada
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations, Inc. [29]	US
Kaleidoscope Prototyping LLC [30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US
SureSource LLC [34]	US
Blue Acorn LLC [34]	US
Simply Commerce LLC [34]	US
iCiDIGITAL LLC [35]	US
Infosys BPM UK Limited [4] [37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

(26) Incorporated effective September 11, 2020.

(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

(28) Wholly-owned subsidiary of GuideVision s.r.o.

(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

(30) Wholly owned subsidiary of Kaleidoscope Animations, Inc.

(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

(33) Wholly-owned subsidiary of Beringer Commerce Inc

(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC

(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

(36) Liquidated effective November 19,2020

(37) Incorporated, effective December 9, 2020

(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020

(39) Merged into Stater Duitsland B.V., effective December 18, 2020

(40) Merged with Stater N.V., effective December 23, 2020

(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

(42) Incorporated on December 30, 2020.

(43) Under liquidation

(44) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

In BRL

Particulars	As at December 31	
	2020	2019
Trade receivables		
Infosys Consulting S.R.L.	150	150
Infosys Consulting AG	1,196,673	1,663,362
Infosys Limited	2,799,654	5,288,576
Infy Consulting Company Ltd.	–	(143,148)
	3,996,477	6,808,940
Borrowings		
Infosys Consulting Holding AG [1]	–	50,231,473
Infosys Consulting AG [1]	–	6,127,399
Infosys Poland Sp. Z o.o	–	19,866,029
Infosys Technologies S. de R. L. de C. V.	–	8,401,028
	–	84,625,929
Trade payables		
Infosys Technologia DO Brasil LTDA		–
Infy Consulting Company Limited	–	4,958
Infosys Consulting S.R.L.	401,247	832,424
Infosys Consulting AG	6,082,808	5,389,507
Infy Consulting B.V.	–	24,578
Infosys Limited	996,671	1,557,378
Infosys Consulting GmbH	–	2,093,343
	7,480,727	9,902,187
Other Financial Liabilities		
Infosys Consulting AG	5,814,481	4,573,072
Infosys Technologies S. de R. L. de C. V.	–	11,081
Infosys Limited	557,551	981,473
	6,372,032	5,565,627
Accrued expenses		
Panaya Limited	10,951	10,951
	10,951	10,951

In BRL

Particulars	For the year ended December 31	
	2020	2019
Capital transactions		
Financing transactions		
Equity		
Infosys Limited	110,155,500	–
	110,155,500	–
Revenue transactions		
Purchase of shared services, facilities and personnel		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	–	6,148,672
Infy Consulting B.V.	–	67,476
Infosys Consulting S.R.L.	1,497,794.79	501,229
Infy Consulting Company Ltd.	–	4,958
Infosys Consulting AG	–	460,019
Infosys Limited	6,395,825.71	1,297,703
Infosys Consulting GmbH	118,918.91	1,353,188
	8,012,539	9,833,244
Sale of services		
Infy Consulting Company Ltd.	–	1,697,611
Infosys Limited	23,320,247	4,134,572
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	–	17,560,595
Infosys Consulting AG	435,093	1,135,283
	23,755,340	24,528,061
Interest Expense		
Infosys Consulting AG	616,816	630,985
Infosys Poland Sp. Z o.o	629,971	213,729
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	–	1,211,671
Infosys Technologies S. de R. L. de C. V.	151,770	7,644
Infosys Consulting Holding AG	2,128,813	4,357,982
	3,527,370	6,422,011

2.20 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the “Management approach”, as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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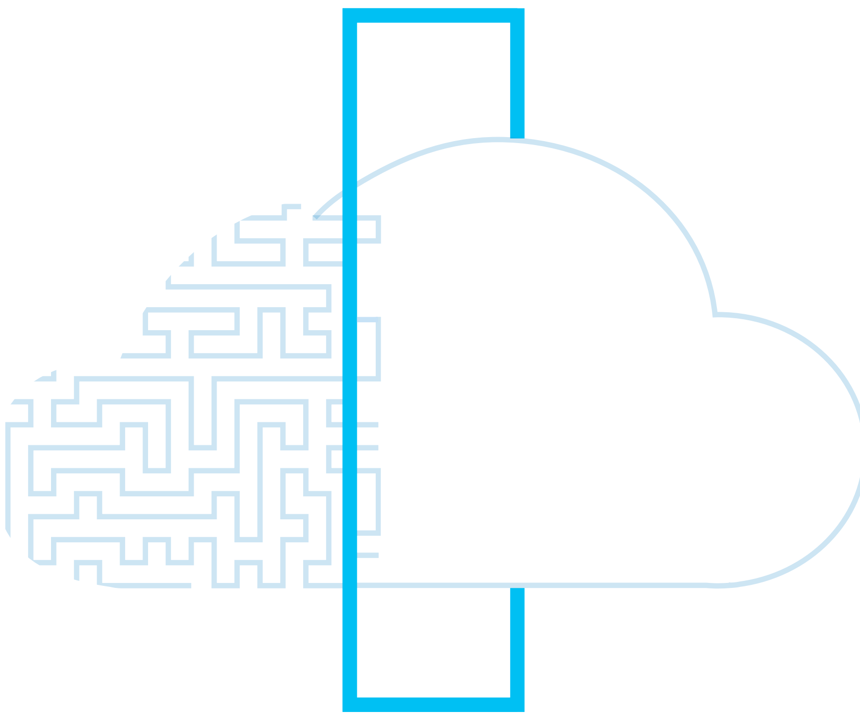


Infosys Luxembourg S.à.r.l

Independent Auditor’s Report

To the Members of Infosys Luxembourg S.à.r.l

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Luxembourg S.à.r.l (“the Company”), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Ind AS financial statements)

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2021 and its financial performance including other comprehensive income and its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

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

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

Responsibilities of Management’s and those charged with Governance for the financial Statements

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

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

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

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

Auditor’s Responsibility for the Audit of the Financial Statements :

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

Report on other Legal and Regulatory Requirements

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

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

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

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

UDIN : 21202841AAADDU8944

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bengaluru
May 6, 2021

Balance Sheet

in EUR

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Right-of-use asset	2.1	70,165	93,520
Total non-current assets		70,165	93,520
Current assets			
Financial assets			
Trade receivables	2.6	1,483,714	–
Cash and cash equivalents	2.2	1,641,092	413,723
Loans	2.5	10	–
Other financial assets	2.3	81,135	–
Income tax assets (net)	2.12	6,554	38,284
Other current assets	2.4	497,373	28,440
Total current assets		3,709,878	480,447
Total assets		3,780,043	573,967
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	2,000,000	370,000
Other equity		(1,509,026)	892
Total equity		490,974	370,892
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liability	2.1	47,235	72,078
Total non-current liabilities		47,235	72,078
Current liabilities			
Trade payables	2.8	2,825,600	4,210
Financial liabilities			
Lease liability	2.1	23,392	23,760
Other financial liabilities	2.9	167,560	103,027
Other current liabilities	2.10	225,282	–
Total current liabilities		3,241,834	130,997
Total equity and liabilities		3,780,043	573,967

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 Registration Number : 006673S

for and on behalf of the Board of Directors of
Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership Number : 202841

Puneet Shukla
Director

Antonio Sica
Director

Bengaluru
May 6, 2021

Statement of Profit and Loss

in EUR, except equity share and per equity share data

Particulars	Note no.	Year ended March 31,	
		2021	2020
Revenue from operations	2.13	1,802,981	–
Other income, net	2.14	22	–
Total income		1,803,003	–
Expenses			
Employee benefit expenses	2.15	9,854	–
Cost of technical subcontractors		2,836,451	–
Consultancy and professional charges		199,371	62,707
Depreciation and amortization expense	2.1	23,367	23,428
Finance costs	2.1	517	670
Other expenses	2.15	113,361	32,803
Total expenses		3,182,921	119,608
Loss before tax		(1,379,918)	(119,608)
Tax expense :			
Current tax		–	–
Loss for the year		(1,379,918)	(119,608)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income / (loss) for the period		(1,379,918)	(119,608)
Earnings per equity share			
Equity shares of par value EUR 100/- each			
Basic (EUR)		(69.00)	(32.33)
Diluted (EUR)		(69.00)	(32.33)
Weighted average equity shares used in computing earnings per equity share			
Basic		20,000	3,700
Diluted		20,000	3,700

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

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

for and on behalf of the Board of Directors of
Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership Number : 202841

Puneet Shukla
Director

Antonio Sica
Director

Bengaluru
May 6, 2021

Statement of Changes in Equity

in EUR

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus	Share application money pending allotment	
Balance as of April 1, 2019	370,000	(9,500)	130,000	490,500
Changes in equity for the period April 1, 2019 to March 31, 2020				
Loss for the period	–	(119,608)	–	(119,608)
Balance as of March 31, 2020	370,000	(129,108)	130,000	370,892
Changes in equity for the year ended March 31, 2021	1,630,000	–	(130,000)	1,500,000
Loss for the period	–	(1,379,918)	–	(1,379,918)
Balance as of March 31, 2021	2,000,000	(1,509,026)	–	490,974

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 Registration Number : 006673S

for and on behalf of the Board of Directors of
Infosys Luxembourg S.à.r.l

M. Rathnakar Kamath
Partner
Membership Number : 202841

Puneet Shukla
Director

Antonio Sica
Director

Bengaluru
May 6, 2021

Statements of Cash Flows

in EUR

Particulars	Year ended March 31,	
	2021	2020
Cash flow from operating activities :		
Loss for the period	(1,379,918)	(119,608)
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation	23,367	23,428
Finance cost	517	670
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(1,564,849)	–
Loans, other financial assets and other assets	(468,943)	(28,440)
Trade payables	2,821,390	4,210
Other financial liabilities, other liabilities and provisions	289,815	93,527
Cash used in operations	(278,621)	(26,213)
Income taxes paid	31,730	(34,682)
Net cash used in operating activities	(246,891)	(60,895)
Cash flow from investing activities :		
Net cash used in investing activities	–	–
Cash flow from financing activities :		
Issue of equity shares	1,500,000	–
Lease payouts	(25,740)	(21,780)
Net cash used in financing activities	1,474,260	(21,780)
Net decrease in cash and cash equivalents	1,227,369	(82,675)
Cash and cash equivalents at the beginning of the period	413,723	496,398
Cash and cash equivalents at the end of the period	1,641,092	413,723

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

for and on behalf of the Board of Directors of
Infosys Luxembourg S.à.r.l

Puneet Shukla
Director

Antonio Sica
Director

Bengaluru
May 6, 2021

Significant accounting policies

Company overview

Infosys Luxembourg S.à.r.l is a wholly-owned subsidiary of Infosys Limited.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

1.3 Presentation currency

The Company's presentation currency is Euro.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets (if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

1.6 Financial instruments

1.6.1 Initial recognition

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

1.6.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.7 Fair value of financial instruments

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

1.8 Impairment

Financial assets

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

1.9 Foreign currency

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in Euro.

Transactions and translations

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

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

1.10 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

1.11 Cash flow statement

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

1.12 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.13 Leases

The Company as a lessee

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

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

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

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

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

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

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

2.1 Leases

The changes in the carrying value of ROU assets are as follows :

in EUR

Particulars	Year ended March 31,	
	2021	2020
Balance at the beginning	93,520	–
Additions	12	116,948
Deletions	–	–
Depreciation	(23,367)	(23,428)
Translation difference	–	–
Balance at the end	70,165	93,520

The break-up of current and non-current lease liability is as follows :

in EUR

Particulars	2021	2020
Non-current lease liability	47,235	72,078
Current lease liability	23,392	23,760
Total	70,627	95,838

The movement in lease liability is as follows :

in EUR

Particulars	Year ended March 31,	
	2021	2020
Balance at the beginning	95,838	–
Additions	12	116,948
Deletions	–	–
Interest accrued during the period	517	670
Lease payments	(25,740)	(21,780)
Translation difference	–	–
Balance at the end	70,627	95,838

2.2 Cash and cash equivalents

in EUR

Particulars	As at March 31,	
	2021	2020
Balances with banks		
In current accounts	1,641,092	413,723
	1,641,092	413,723

2.3 Other financial assets

in EUR

Particulars	As at March 31,	
	2021	2020
Current		
Financial assets		
Unbilled revenue	81,135	–
	81,135	–

2.4 Other assets

in EUR

Particulars	As at March 31,	
	2021	2020
Advances other than capital advance		
Payment to vendors for supply of goods / services	–	6,979
Others		
Unbilled revenue	441,997	–
Prepaid expenses	22,603	22,541
Reimbursable VAT	32,773	(1,080)
	497,373	28,440

2.5 Loans

in EUR

Particulars	As at March 31,	
	2021	2020
Current		
Unsecured, considered good		
Other loans		
Loans to employees	10	–
	10	–

2.6 Trade receivables

in EUR

Particulars	As at March 31,	
	2021	2020
Current		
Unsecured		
Considered good	1,483,714	–
Considered doubtful	13,475	–
	1,497,189	–
Less : Allowances for credit losses	13,475	–
	1,483,714	–

2.7 Equity

Equity share capital

in EUR, except as otherwise stated

Particulars	As at March 31,	
	2021	2020
Authorized		
Equity shares		
20,000 (5,000) equity shares of EUR 100 par value	2,000,000	500,000
Issued, subscribed and paid-up		
Equity shares		
20,000 (3,700) equity shares of EUR 100 par value	2,000,000	370,000
	2,000,000	370,000

The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 are as follows :

in No., except as stated otherwise

Name of the shareholder	As at March 31,			
	2021		2020	
	Number of shares	% held	Number of shares	% held
Infosys Limited	20,000	100	3,700	100

2.8 Trade payables

in EUR

Particulars	As at March 31,	
	2021	2020
Trade payables [1]	2,825,600	4,210
	2,825,600	4,210
[1] Includes dues to related parties	2,822,131	–

2.9 Other financial liabilities

in EUR

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Other payables [2]	167,560	103,027
Total Other financial liabilities	167,560	103,027
Financial liability carried at amortized cost	167,560	103,027
[2] Includes dues to related parties	14,306	17,820

2.10 Other liabilities

in EUR

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Withholding taxes and others	225,282	–
	225,282	–

2.11 Financial instruments

Financial instruments by category

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

in EUR

Particulars	As at March 31,	
	2021	2020
Assets :		
Cash and cash equivalents (Refer to Note 2.2)	1,641,092	413,723
Total	1,641,092	413,723
Liabilities :		
Other financial liabilities (Refer to Note 2.9)	167,560	103,027
Total	167,560	103,027

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

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings.

As of March 31, 2021 and March 31, 2020, the Company had cash and cash equivalents of EUR 1,641,092 and EUR 413,723 respectively.

2.12 Income taxes

The details of income tax assets and income tax liabilities as of March 31, 2021 and March 31, 2020 are as follows :

in EUR

Particulars	Year ended March 31,	
	2021	2020
Income tax assets	6,554	38,284
Net current income tax assets/ (liability) at the end	6,554	38,284

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

In EUR

Particulars	Year ended March 31,	
	2021	2020
Net current income tax asset/ (liability) at the beginning	38,284	3,602
Income tax paid / (refund)	(31,730)	34,682
Net current income tax asset / (liability) at the end	6,554	38,284

2.13 Revenue from operations

in EUR

Particulars	Year ended March 31,	
	2021	2020
Income from software services	1,802,981	–
Total revenue from operations	1,802,981	–

2.14 Other income

in EUR

Particulars	Year ended March 31,	
	2021	2020
Exchange gains / (losses) on translation of other assets and liabilities	22	–
Total other income	22	–

2.15 Expenses

in EUR

Particulars	Year ended March 31,	
	2021	2020
Employee benefit expenses		
Salaries including bonus	9,854	–
	9,854	–
Other expenses		
Rates and taxes	65,792	8,137
Postage and courier charges	290	24
Audit fees	24,950	15,000
Provision for debtors	13,475	–
Provision on unbilled revenue	4,751	–
Bank charges	4,104	9,642
Total other expenses	113,361	32,803

2.16 Related party transactions

List of related parties:

Name of Holding Companies	Country	Holding as at March 31,	
		2021	2020
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems) (44)	India
Kallidus Inc, (Kallidus) (45)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1) (19)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (48)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (44)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (44)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (24) (32)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (37)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (23)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (25)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia
Fluido Newco AB (12) (39)	Sweden
Infosys Compaz Pte. Ltd (10)	Singapore
Infosys South Africa (Pty) Ltd (9)	South Africa
WongDoody Holding Company Inc. (WongDoody) (1)	US
WDW Communications, Inc (11)	US

Name of fellow subsidiaries	Country
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [41]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [40]	Germany
Stater Deutschland GmbH & Co. KG [16] [40]	Germany
Stater Belgium N.V./S.A. [17] [42]	Belgium
Outbox systems Inc. dba Simplus (US) [20]	US
Simplus North America Inc. [21]	Canada
Simplus ANZ Pty Ltd. [21]	Australia
Simplus Australia Pty Ltd [22]	Australia
Sqware Peg Digital Pty Ltd [22]	Australia
Simplus Philippines, Inc. [21]	Philippines
Simplus Europe, Ltd. [21]	UK
Infosys Fluido UK., Ltd. (formerly Simplus U.K, Ltd) [12] [26]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12] [26]	Ireland
Infosys Limited Bulgaria EOOD [1] [27]	Bulgaria
Kaleidoscope Animations, Inc. [30]	US
Kaleidoscope Prototyping LLC [31]	US
GuideVision s.r.o. [28]	Czech Republic
GuideVision Deutschland GmbH [29]	Germany
GuideVision Suomi Oy [29]	Finland
GuideVision Magyarország Kft [29]	Hungary
GuideVision Polska SP.Z.O.O [29]	Poland
GuideVision UK Ltd [29]	UK
Beringer Commerce Inc [33]	US
Beringer Capital Digital Group Inc [33]	US
Mediotype LLC [34]	US
Beringer Commerce Holdings LLC [34]	US
SureSource LLC [35]	US
Blue Acorn LLC [35]	US
Simply Commerce LLC [35]	US
iCiDIGITAL LLC [36]	US
Infosys BPM UK Limited [4] [38]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [43]	Turkey
Infosys Germany Holding Gmbh [1] [46] [47]	Germany

[1] Wholly-owned subsidiary of Infosys Limited
[2] Majority-owned and controlled subsidiary of Infosys Limited
[3] Liquidated effective November 17, 2019
[4] Wholly-owned subsidiary of Infosys BPM Limited
[5] Wholly-owned subsidiary of Infosys Consulting Holding AG
[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
[7] Wholly-owned subsidiary of Panaya Inc.
[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy
[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
[15] Wholly-owned subsidiary of Stater N.V.
[16] Wholly-owned subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Ltd.

[19] Liquidated effective January 28, 2021.

[20] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

[21] Wholly-owned subsidiary of Outbox Systems Inc.

[22] Wholly-owned subsidiary of Simplus ANZ Pty Ltd

[23] Liquidated effective October 31, 2019

[24] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG

[25] Liquidated effective July 17, 2020

[26] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

[27] Incorporated effective September 11, 2020.

[28] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

[29] Wholly-owned subsidiary of GuideVision s.r.o.

[30] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

[31] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.

[32] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

[33] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

[34] Wholly-owned subsidiary of Beringer Commerce Inc

[35] Wholly-owned subsidiary of Beringer Commerce Holdings LLC

[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

[37] Liquidated effective November 19,2020

[38] Incorporated, effective December 9, 2020

[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020

[40] Merged into Stater Duitsland B.V., effective December 18, 2020

[41] Merged with Stater N.V., effective December 23, 2020

[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

[43] Incorporated on December 30, 2020.

[44] Under liquidation

[45] Liquidated effective March 9,2021

[46] Incorporated on March 23, 2021

[47] On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.

[48] Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at March 31, 2021 and March 31, 2020 are as follows :

In EUR

Particulars	As at March 31,	
	2021	2020
Trade payables		
Infosys Limited	2,751,277	–
Infosys BPM Limited	16,054	–
Infosys Consulting S.R.L	54,800	–
	2,822,131	–
Other payables		
Infosys Limited	–	17,820
Infosys Poland Sp z.o.o	14,306	–
	14,306	17,820

The details of the related parties transactions entered into by the Company for the year ended March 31, 2021 and March 31, 2020 are as follows:

in EUR

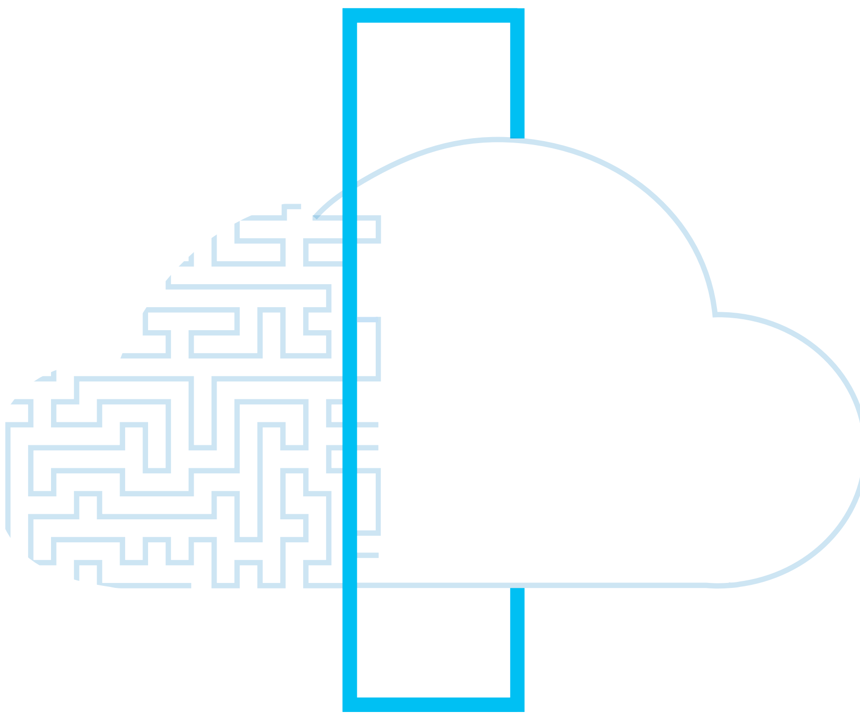
Capital infusion	For the year ended March 31,	
	2021	2020
Infosys Limited	1,500,000	–
	1,500,000	–

in EUR

Revenue transactions	As at March 31,	
	2021	2020
Technical subcontractor charges		
Infosys Limited	2,751,277	–
Infosys BPM Limited	16,054	–
Infosys Consulting S.R.L	54,800	–
Infosys Poland Sp z.o.o	14,320	–
	2,836,451	–

2.16 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment reporting the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.



Infosys Americas Inc.

Independent Auditor's Report

To the Members of Infosys Americas Inc.,

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Americas Inc., ('the Company'), which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2021 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

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

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

Responsibilities of Management's and those charged with Governance for the Financial Statements:

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

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

Report on other Legal and Regulatory Requirements

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

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

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

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

UDIN : 21202841AAADLV3398

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number. 006673S

(M. Rathnakar Kamath)
Partner
Membership Number. 202841

Place: Bengaluru.

Date: May 19, 2021

Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	77,231	80,193
Income tax assets (net)	2.2	–	216
Total current assets		77,231	80,409
Total assets		77,231	80,409
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.3	100,000	100,000
Other equity		(25,219)	(22,041)
Total equity		74,781	77,959
LIABILITIES			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.4	2,450	2,450
Total current liabilities		2,450	2,450
Total equity and liabilities		77,231	80,409

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of Infosys Americas Inc

Mohit Joshi
Director

Bengaluru
May 19, 2021

Statement of Profit and Loss

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

Particulars	Note no.	Year ended March 31	
		2021	2020
Revenue from operations		–	–
Other income	2.5	13	1,089
Total income		13	1,089
Expenses			
Consultancy and professional charges	2.6	2,320	2,320
Other expenses	2.6	871	842
Total expenses		3,191	3,162
Profit/(loss) before tax		(3,178)	(2,073)
Tax expense:			
Profit/(loss) for the year		(3,178)	(2,073)
Total other comprehensive income, net of tax		–	–
Total comprehensive income/(loss) for the period		(3,178)	(2,073)
Earnings per equity share			
Equity shares of par value USD 10/- each			
Basic (USD)		(0.32)	(0.21)
Diluted (USD)		(0.32)	(0.21)
Weighted average equity shares used in computing earnings per equity share			
Basic		10,000	10,000
Diluted		10,000	10,000

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of Infosys Americas Inc

Mohit Joshi
Director

Bengaluru
May 19, 2021

Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of March 31, 2019	100,000	(19,968)	80,032
Changes in equity for the year ended March 31, 2019			
Loss for the year		(2,073)	(2,073)
Balance as of March 31, 2020	100,000	(22,041)	77,959
Changes in equity for the year ended March 31, 2020			
Loss for the year		(3,178)	(3,178)
Balance as of March 31, 2021	100,000	(25,219)	74,781

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

As per our report of even date attached

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

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of Infosys Americas Inc

Mohit Joshi
Director

Bengaluru
May 19, 2021

Statements of Cash Flows

in US$

Particulars	Year ended March 31,	
	2021	2020
Cash flow from operating activities:		
Loss for the year	(3,178)	(2,073)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Interest from bank	(13)	(1,089)
Cash used in operations	(3,191)	(3,162)
Income taxes paid/refunded	216	(216)
Net cash used in operating activities	(2,975)	(3,378)
Cash flow from investing activities:		
Interest from bank	13	1,089
Net cash used/generated in investing activities	13	1,089
Net decrease in cash and cash equivalents	(2,962)	(2,289)
Cash and cash equivalents at the beginning of the year	80,193	82,482
Cash and cash equivalents at the end of the year	77,231	80,193
Supplementary information:	–	–
Restricted cash balance	–	–

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of Infosys Americas Inc

M. Rathnakar Kamath
Partner
Membership Number 202841

Mohit Joshi
Director

Bengaluru
May 19, 2021

Significant accounting policies

Company overview

Infosys Americas Inc (Infosys Americas) is a wholly-owned subsidiary of Infosys Limited.

1 Significant accounting policies

1.1 Accounting year

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

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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

1.3 Presentation currency

The Company's presentation currency is USD.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year.

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these standalone financial statements, used internal and external sources of information and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.6 Financial instruments

1.6.1 Initial recognition

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

1.6.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

1.7 Fair value of financial instruments

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

1.8 Impairment

Financial assets

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

1.9 Foreign currency

1.9.1 Functional currency

The functional currency of the Company is the US Dollars. These financial statements are presented in US Dollars

1.9.2 Transactions and translations

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

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

1.10 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

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

1.11 Cash flow statement

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

1.12 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

1.13 Other income

Other income is comprised primarily of interest income, recognized using the effective interest method.

2.1 Financial assets

Cash and cash equivalents

in US$

Particulars	As at March 31	
	2021	2020
Balances with banks		
In current accounts	77,231	80,193
Others		
Deposits with Financial Institutions	–	–
	77,231	80,193

2.2 Income tax assets

in US$

Particulars	As at March 31	
	2021	2020
TDS overseas	–	216
	–	216

2.3 Equity

Equity share capital

in US$, except as otherwise stated

Particulars	As at March 31	
	2021	2020
Authorized		
Equity shares		
10,000 (10,000) equity shares of USD 10 par value	100,000	100,000
Issued, subscribed and paid-up		
Equity shares	100,000	100,000
10,000 (10,000) equity shares of USD 10 par value		
	100,000	100,000

The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 are as follows:

Name of the shareholder	As at March 31,			
	2021		2020	
	Number of shares	% held	Number of shares	% held
Infosys Limited	10,000	100	10,000	100

2.4 Other financial liabilities

in US$

Particulars	As at March 31	
	2021	2020
Current		
Others		
Accrued expenses [1]	2,450	2,450
Total financial liabilities	2,450	2,450

[1] All financial liabilities are carried at amortized cost

2.5 Other income

in US$

Particulars	Year ended March 31	
	2021	2020
Other Income		
Interest from bank	13	1,089
	13	1,089

2.6 Expenses

in US$

Particulars	Year ended March 31	
	2021	2020
Other expenses		
Rates and taxes	300	300
Professional charges	2,320	2,320
Bank Charges	571	542
	3,191	3,162

2.7 Financial instruments

Financial instruments by category

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

in US$

Particulars	As at March 31,	
	2021	2020
Assets:		
Cash and cash equivalents (Refer Note 2.1)	77,231	80,193
Total	77,231	80,193
Liabilities:		
Other financial liabilities (Refer Note 2.4)	2,450	2,450
Total	2,450	2,450

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

Financial risk management

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The company has no outstanding borrowings.

The Company had a working capital of US$ 74,781 and US$ 77,743 as of March 31, 2021 and March 31, 2020 respectively, which includes cash & cash equivalents of US$ 77,231 and US$ 80,193 as of March 31, 2021 and March 31, 2020 respectively.

2.8 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at March 31	
		2021	2020
Infosys Limited	India	100%	100%

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)[44]	India
Kallidus Inc, (Kallidus)[45]	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC [1] [19]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [48]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][44]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][44]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[24][32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][37]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][23]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][25]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark

Name of fellow subsidiaries	Country
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][39]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][41]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][40]	Germany
Stater Deutschland GmbH & Co. KG[16][40]	Germany
Stater Belgium N.V./S.A.[17][42]	Belgium
Outbox systems Inc. dba Simplus (US)[20]	US
Simplus North America Inc.[21]	Canada
Simplus ANZ Pty Ltd.[21]	Australia
Simplus Australia Pty Ltd[22]	Australia
Sqware Peg Digital Pty Ltd[22]	Australia
Simplus Philippines, Inc.[21]	Philippines
Simplus Europe, Ltd.[21]	UK
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd)[12][26]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[12][26]	Ireland
Infosys Limited Bulgaria EOOD[1][27]	Bulgaria
Kaleidoscope Animations, Inc.[30]	US
Kaleidoscope Prototyping LLC[31]	US
GuideVision s.r.o.[28]	Czech Republic
GuideVision Deutschland GmbH[29]	Germany
GuideVision Suomi Oy[29]	Finland
GuideVision Magyarország Kft[29]	Hungary
GuideVision Polska SP.Z.O.O[29]	Poland
GuideVision UK Ltd[29]	UK
Beringer Commerce Inc[33]	US
Beringer Capital Digital Group Inc[33]	US
Mediotype LLC[34]	US
Beringer Commerce Holdings LLC[34]	US
SureSource LLC[35]	US
Blue Acorn LLC[35]	US
Simply Commerce LLC[35]	US
iCiDIGITAL LLC[36]	US
Infosys BPM UK Limited[4][38]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][43]	Turkey
Infosys Germany Holding Gmbh[1][46][47]	Germany

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

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

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

(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd

(11) Wholly-owned subsidiary of WongDoody

(12) Wholly-owned subsidiary of Fluido Oy

[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
[15] Wholly-owned subsidiary of Stater N.V
[16] Wholly-owned subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
[19] Liquidated effective January 28, 2021.
[20] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
[21] Wholly-owned subsidiary of Outbox Systems Inc.
[22] Wholly-owned subsidiary of Simplus ANZ Pty Ltd
[23] Liquidated effective October 31, 2019
[24] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
[25] Liquidated effective July 17, 2020
[26] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
[27] Incorporated effective September 11, 2020.
[28] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
[29] Wholly-owned subsidiary of GuideVision s.r.o.
[30] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
[31] Wholly owned subsidiary of Kaleidoscope Animations, Inc.
[32] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
[33] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
[34] Wholly-owned subsidiary of Beringer Commerce Inc
[35] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[37] Liquidated effective November 19,2020
[38] Incorporated, effective December 9, 2020
[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[40] Merged into Stater Duitsland B.V., effective December 18, 2020
[41] Merged with Stater N.V., effective December 23, 2020
[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[43] Incorporated on December 30, 2020.
[44] Under liquidation
[45] Liquidated effective March 9,2021
[46] Incorporated on March 23, 2021
[47] On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.
[48] Wholly-owned subsidiary of Infosys Public Services, Inc.

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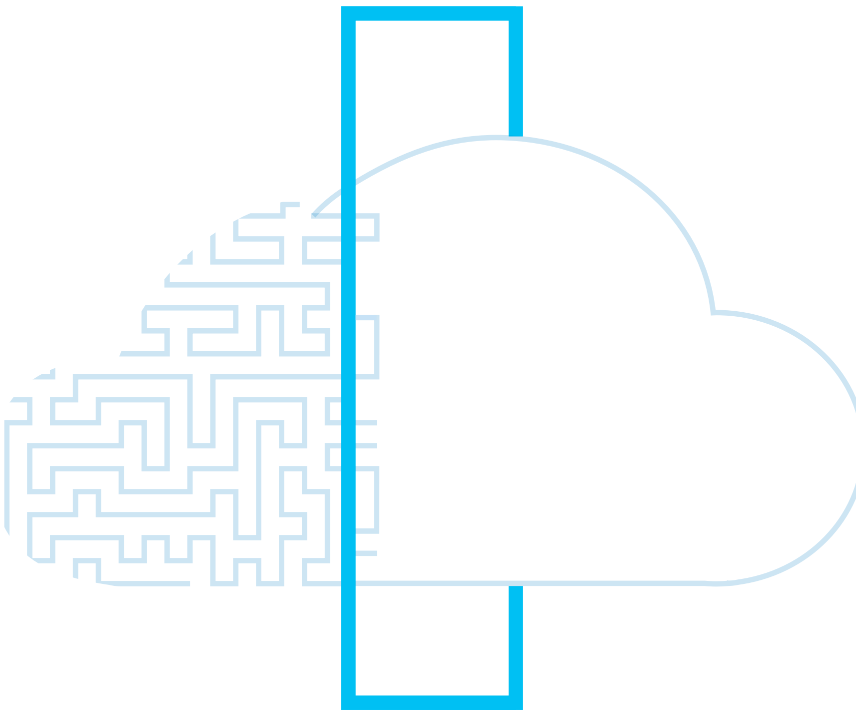

Infosys Public Services Inc.

Independent Auditor's Report

To The Board Of Directors Of Infosys Public Services, Inc.

Report on the Special Purpose Consolidated Financial Statements

Opinion

We have audited the accompanying special purpose consolidated financial statements of INFOSYS PUBLIC SERVICES, INC. ("the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose consolidated financial statements"). The special purpose consolidated financial statements are prepared for inclusion in the annual report of the Holding Company Infosys Limited under the requirements of section 129 (3) of the Companies Act 2013.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose consolidated financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 1.2 of the special purpose consolidated financial statements, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose consolidated financial statements.

Management's Responsibilities for the Special Purpose Consolidated Financial Statements

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

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

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

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

Auditor's Responsibilities for the Audit of the Special purpose Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Basis of Accounting

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

Restriction on Use and distribution

The report is issued to the Board of Directors of the Company solely for the above purpose and should not be distributed to or used by any other parties.

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

Gurvinder Singh
Partner
Membership Number: 110128

Place: Bengaluru
Date: May 24, 2021
UDIN: 21110128AAAACH6737

Consolidated Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	537,254	647,462
Right-of-use assets	2.12	1,935,651	2,233,626
Financial assets			
Loans	2.2	11,503,696	10,003,696
Other financial assets	2.5	457,235	299,134
Deferred tax assets (net)	2.13	2,938,474	2,599,011
Income tax assets (net)	2.13	325,765	4,160,318
Total non-current assets		17,698,075	19,943,248
Current assets			
Financial assets			
Trade receivables	2.3	28,794,621	29,719,229
Cash and cash equivalents	2.4	56,184,281	19,944,820
Loans	2.2	46,835	15,023,817
Other financial assets	2.5	7,909,512	2,001,698
Other current assets	2.6	22,182,340	24,315,038
Total current assets		115,117,589	91,004,602
Total assets		132,815,664	110,947,850
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	17,500,000	17,500,000
Other equity		70,798,122	59,231,500
Total equity attributable to equity holders of the Company		88,298,122	76,731,500
Non-controlling interests		–	–
Total equity		88,298,122	76,731,500
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.12	1,877,158	2,074,601
Other liabilities	2.10	222,762	–
Total non-current liabilities		2,099,920	2,074,601
Current liabilities			
Financial liabilities			
Trade payables	2.8	8,773,261	11,491,049
Lease liabilities	2.12	302,359	276,145
Other financial liabilities	2.9	28,171,040	12,690,624
Other liabilities	2.10	3,299,331	5,620,167
Provisions	2.11	1,154,083	1,515,481
Income tax liabilities (net)	2.13	717,548	548,283
Total current liabilities		42,417,622	32,141,750
Total equity and liabilities		132,815,664	110,947,850

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

Bengaluru
May 24, 2021

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

Ravi Kumar S
Director

Eric Paternoster
Chief Executive Officer

Consolidated Statement of Profit and Loss

in US$, except equity share data

Particulars	Note no.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	2.14	165,549,307	156,285,358
Other income, net	2.15	3,875,932	(193,097)
Total Income		169,425,239	156,092,261
Expenses			
Employee benefit expenses	2.16	23,490,417	19,602,077
Cost of technical sub-contractors		111,579,120	122,463,028
Travel expenses		177,455	1,046,874
Cost of software packages and others	2.16	13,724,197	2,376,902
Communication expenses		91,026	94,792
Consultancy and professional charges		2,048,609	593,986
Depreciation and amortization expense	2.1 and 2.12	475,509	485,086
Finance cost	2.12	43,155	43,114
Other expenses	2.16	807,396	1,367,326
Total expenses		152,436,884	148,073,185
Profit / (loss) before tax		16,988,355	8,019,076
Tax (benefit) / expense :			
Current tax	2.13	5,761,197	(2,881,848)
Deferred tax	2.13	(339,464)	(96,458)
Profit / (loss) for the period		11,566,622	10,997,382
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Remeasurement of the net defined benefit (liability) / asset, net		–	–
Equity instruments through other comprehensive income, net		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Exchange differences on translation of foreign operations, net		–	–
Fair value changes on investments, net		–	–
Total other comprehensive income / (loss), net of tax		–	–
Total comprehensive income / (loss) for the period		11,566,622	10,997,382
Profit / (loss) attributable to :			
Owners of the Company		11,566,622	10,997,382
Non-controlling interests		–	–
		11,566,622	10,997,382
Total comprehensive income / (loss) attributable to :			
Owners of the Company		11,566,622	10,997,382
Non-controlling interests		–	–
		11,566,622	10,997,382
Earnings per equity share			
Earnings per equity share of $0.5 each			
Basic and diluted		0.33	0.31
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		35,000,000	35,000,000

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

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

Ravi Kumar S
Director

Eric Paternoster
Chief Executive Officer

Bengaluru
May 24, 2021

Consolidated Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity -Retained earnings	Total equity attributable to equity holders of the Company
Balance as at April 1, 2019	17,500,000	48,419,476	65,919,476
Changes in equity for the year ended March 31, 2020			
Impact on account of adoption of Ind AS 116 (Refer to Note 2.12)	–	(185,358)	(185,358)
Profit for the period	–	10,997,382	10,997,382
Balance as at March 31, 2020	17,500,000	59,231,500	76,731,500
Balance as at April 1, 2020	17,500,000	59,231,500	76,731,500
Changes in equity for the year ended March 31, 2021			
Profit for the period	–	11,566,622	11,566,622
Balance as at March 31, 2021	17,500,000	70,798,122	88,298,122

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

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

Ravi Kumar S
Director

Eric Paternoster
Chief Executive Officer

Bengaluru
May 24, 2021

Consolidated Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

in US$

Particulars	Note no.	Year ended March 31,	
		2021	2020
Cash flow from operating activities :			
Profit / (loss) for the period		11,566,622	10,997,382
Adjustments to reconcile net profit to net cash provided by operating activities :			
Income tax expense	2.13	5,421,733	(2,978,306)
Depreciation and amortization	2.1 and 2.12	475,509	485,086
Finance cost	2.12	43,155	43,114
Interest income on loan to fellow subsidiaries	2.18 (c)	(245,255)	(680,104)
Provision for post-sales client support	2.16	(366,846)	382,032
Impairment loss recognized / (reversed) under expected credit loss model	2.16	680,521	380,263
Exchange difference on translation of assets and liabilities		(1,753,604)	(95,496)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(149,644)	(20,757,879)
Loans, other financial assets and other assets		(3,906,752)	(808,462)
Trade payables	2.8	(2,717,788)	2,276,887
Other financial liabilities, other liabilities and provisions		13,405,076	4,018,932
Cash generated / (used) from operations		22,452,727	(6,736,551)
Income taxes paid		(1,757,379)	649,274
Net cash (used in) / from operating activities		20,695,348	(6,087,277)
Cash flow from investing activities			
Expenditure on property, plant and equipment		(80,883)	(710,949)
Loan given to fellow subsidiaries	2.18 (c)	(2,500,000)	(13,500,000)
Repayment of loans given to fellow subsidiaries	2.18 (c)	16,000,000	3,500,000
Interest received on loan from fellow subsidiaries		608,794	78,562
Loans to employees		(23,018)	23,332
Net cash (used in) / from investing activities		14,004,893	(10,609,055)
Cash flow from financing activities			
Payment of lease liability		(214,384)	(445,182)
Net cash (used in) / from financing activities		(214,384)	(445,182)
Effect of exchange rate on translation of foreign currency cash and cash equivalents		1,753,604	95,496
Net increase / (decrease) in cash and cash equivalents		34,485,857	(17,141,514)
Cash and cash equivalents at the beginning of the period		19,944,820	36,990,838
Cash and cash equivalents at the end of the period		56,184,281	19,944,820

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

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

Ravi Kumar S
Director

Eric Paternoster
Chief Executive Officer

Bengaluru
May 24, 2021

Notes to the consolidated financial statements

1 Overview

1.1 Company overview

Infosys Public Services together with its subsidiaries is hereinafter referred to as "the Group". The Group's operations are to provide solutions that span the entire software lifecycle encompassing technical consulting, design, development, re-engineering, maintenance, systems integration, package evaluation and implementation, testing and infrastructure management services.

The Company controls Infosys Canada Public Services Inc. In this financial year, Infosys Canada Public Services Inc. has not commenced its operations.

1.2 Basis of preparation of financial statements

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

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments rules issued thereafter.

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

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

1.3 Basis of consolidation

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

1.4 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

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

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

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

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these consolidated financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

1.5 Critical accounting estimates

1.5.1 Revenue recognition

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

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

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

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

1.5.2 Income taxes

The Company's major tax jurisdictions is the US, though the Company also files tax returns in other jurisdictions.

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.13.

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

1.5.3 Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to Note 2.1).

1.5.4 Leases

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

1.5.5 Allowance for credit losses on receivables and unbilled revenue

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

Notes to the consolidated financial statements

2.1 Property, plant and equipment

Accounting policy

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

Computer equipment [1]	3-5 years
Plant and machinery [1]	5 years
Furniture and fixtures [1]	5 years
Office equipment [1]	5 years
leasehold improvement	Lower of lease term or Useful life

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

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

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

Repairs and maintenance costs are recognized in the Consolidated Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Consolidated Statement of Profit and Loss.

Impairment

Property, plant and equipment and Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generated unit ("CGU") to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Consolidated Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Consolidated Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2021 are as follows :

in US$

Particulars	Office equipment	Plant and machinery	Computer equipment	Furniture and fixtures	Leasehold improvement	Total
Gross carrying value as of April 1, 2020	115,340	10,053	732,431	283,420	333,834	1,475,077
Additions	3,755	–	74,703	–	–	78,458
Deletions	(9,710)	–	(17,458)	(21,145)	–	(48,313)
Gross carrying value as of March 31, 2021	109,385	10,053	789,676	262,275	333,834	1,505,222
Accumulated depreciation as of April 1, 2020	(47,737)	(10,053)	(529,820)	(200,371)	(39,634)	(827,615)
Depreciation	(15,539)	–	(75,296)	(17,598)	(69,101)	(177,534)
Accumulated depreciation on deletions	3,881	–	17,372	15,928	–	37,181
Accumulated depreciation as of March 31, 2021	(59,395)	(10,053)	(587,744)	(202,041)	(108,735)	(967,968)
Carrying value as of April 1, 2020	67,602	–	202,611	83,049	294,200	647,462
Carrying value as of March 31, 2021	49,989	–	201,932	60,234	225,099	537,254

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

in US$

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

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

2.2 Loans

in US$

Particulars	As at March 31, 2021	As at March 31, 2020
Non- Current		
Loan receivables considered good – Unsecured		
Loans to fellow subsidiaries (Refer to Note 2.18 (b))	11,500,000	10,000,000
Other loans		
Loans to employees	3,696	3,696
	11,503,696	10,003,696
Unsecured, considered doubtful		
Other loans		
Loans to employees	9,793	8,654
	11,513,489	10,012,350
Less : Allowance for doubtful loans to employees	9,793	8,654
Total non-current loans	11,503,696	10,003,696
Current		
Loan receivables considered good – Unsecured		
Loans to fellow subsidiaries (Refer to Note 2.18 (b))	–	15,000,000
Other loans		
Loans to employees	46,835	23,817
Total current loans	46,835	15,023,817
Total loans	11,550,531	25,027,513

2.3 Trade receivables

in US$

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Unsecured		
Considered good [(1)]	28,794,621	29,719,229
Considered doubtful	883,683	528,129
	29,678,304	30,247,358
Less : Allowances on for credit losses	883,683	528,129
Total trade receivables	28,794,621	29,719,229
[(1)] Includes dues from holding company (Refer to Note 2.18 (b))	382,347	381,133

2.4 Cash and cash equivalents

in US$

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Bank		
In current and deposit accounts	56,184,281	19,944,820
	56,184,281	19,944,820

2.5 Other financial assets

in US$

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Interest accrued on loan to fellow subsidiaries [(1)]	457,235	299,134
Current		
Unbilled revenues [(1)] #	7,875,587	1,448,467
Interest accrued on loan to fellow subsidiaries [(1)]	–	521,640
Other receivables from related party [(1)]	23,956	16,502
Others [(2)]	9,969	15,089
Total	8,366,747	2,300,832

(1) Financial assets carried at amortized cost

(2) Includes dues from holding company and other group companies (Refer to Note 2.18 (b))

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

2.6 Other current assets

in US$

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Payment to vendors for supply of goods	6,488	9,608
Others		
Prepaid expenses	5,043,571	1,152,330
Unbilled revenue [(1)]	16,873,747	22,907,137
Withholding taxes [(2)]	248,618	236,488
Other receivables	9,916	9,475
Total other current assets	22,182,340	24,315,038

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

(2) Withholding taxes related to employees and VAT

2.7 Equity

Equity share capital

in US$, except equity share data

Particulars	As at March 31,	
	2021	2020
Authorized		
Equity shares, USD 0.5 (USD 0.5) par value		
40,000,000 (40,000,000) equity shares	20,000,000	20,000,000
Issued, subscribed and paid-up		
Equity shares, USD 0.5 (USD 0.5) par value	17,500,000	17,500,000
35,000,000 (35,000,000) equity shares fully paid-up		
	17,500,000	17,500,000

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

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

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding company	35,000,000	100.00	35,000,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital is as follows :

in US$, except as stated otherwise

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the period	35,000,000	17,500,000	35,000,000	17,500,000
Add : Shares issued during the period	–	–	–	–
At the end of the period	35,000,000	17,500,000	35,000,000	17,500,000

Earnings per equity share

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

2.8 Trade payables

in US$

Particulars	As at March 31,	
	2021	2020
Trade payables (1)	8,773,261	11,491,049
	8,773,261	11,491,049
(1) Includes dues to holding company and other group companies (Refer to Note 2.18(b))	8,102,100	9,209,287

2.9 Other financial liabilities

in US$

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Compensated absences	1,313,041	922,034
Accrued compensation to employees (1)	2,044,170	1,651,633
Accrued expenses (1)	24,752,894	9,904,186
Retention monies (1)	–	8,535
Payable to related parties (1) *	33,127	190,798
Other payables (1)	27,808	13,438
	28,171,040	12,690,624

[(1)] Financial liability carried at amortized cost

*Includes dues to holding company and other group companies (Refer to Note 2.18(b))

2.10 Other liabilities

in US$

Particulars	As at March 31,	
	2021	2020
Current		
Unearned revenue	1,812,378	4,677,250
Client deposit	–	122,320
Others		
Withholding taxes payable	1,486,953	820,597
	3,299,331	5,620,167
Non-current		
Others		
Withholding taxes payable	222,762	–
	222,762	–
Total other liabilities	3,522,093	5,620,167

Other liabilities consist of the following :

in US$

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Post-sales client support and other provisions	1,154,083	1,515,481
Total provisions	1,154,083	1,515,481

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

in US$

Particulars	For the year ended March 31,	
	2021	2020
Balance at the beginning	1,515,481	970,176
Provision recognized / (reversed)	3,964,054	613,020
Provision utilized	(4,325,452)	(44,565)
Exchange difference	–	(23,150)
Balance at the end	1,154,083	1,515,481

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

2.11 Provisions

Accounting policy

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post-sales client support and others

The Group provides its clients with a fixed-period post-sales support on its fixed-price and fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded. The Group estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Group recognizes any impairment loss on the assets associated with that contract.

2.12 Leases

Accounting policy

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

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

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

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

The ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as Cash Generating Unit (CGU) to which the asset belongs.

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

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

Transition

Effective April 1, 2019, the Group adopted Ind AS 116, Leases using the modified retrospective method. On transition, the adoption of the new standard resulted in recognition of ROU asset of US$ 1,149,580 and a lease liability of US$ 1,334,938. The cumulative effect of applying the standard of US$ 185,358 was adjusted in retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

The changes in the carrying value of ROU assets for the year ended March 31, 2021 are as follows :

in US$

Particulars	Buildings	Total
Balance as of April 1, 2020	2,233,626	2,233,626
Additions	–	–
Deletions	–	–
Depreciation	297,975	297,975
Translation differences	–	–
Balance as of March 31, 2021	1,935,651	1,935,651

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

in US$

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

The break-up of current and non-current lease liability as at March 31, 2021 and March 31, 2020 is as follows :

in US$

Particulars	As at March 31,	
	2021	2020
Current lease liability	302,359	276,145
Non-current lease liability	1,877,158	2,074,601
Total	2,179,517	2,350,746

The movement in lease liability during the year ended March 31, 2021 and March 31, 2020 is as follows :

in US$

Particulars	For the year ended March 31,	
	2021	2020
Opening balance	2,350,746	1,334,938
Additions	–	1,417,877
Deletions	–	–
Interest accrued during the period	43,155	43,114
Lease payments	(327,463)	(375,729)
Translation differences	113,079	(69,454)
Closing balance	2,179,517	2,350,746

The details regarding the contractual maturities of lease liabilities on undiscounted basis as at March 31, 2021 and March 31, 2020 are as follows :

in US$

Particulars	As at March 31,	
	2021	2020
Less than one year	337,434	314,233
One to five years	1,361,661	1,307,529
More than five years	633,970	976,530
Total	2,333,065	2,598,292

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

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

2.13 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the condensed consolidated Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

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

in US$

Particulars	For the year ended March 31,	
	2021	2020
Current tax	5,761,197	(2,881,848)
Deferred tax	(339,464)	(96,458)
Income tax (benefit) / expense	5,421,733	(2,978,306)

Income tax expense for the year ended March 31, 2021 and March 31, 2020 includes provisions (net of reversals) of US$ 59,479 and reversals (net of provisions) of US$ 5,603,579, respectively, pertaining to prior years.

Entire deferred income tax for the year ended March 31, 2021 and March 31, 2020 respectively relates to origination and reversal of temporary differences.

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

in US$

Particulars	For the year ended March 31,	
	2021	2020
Profit before incomes taxes	16,988,355	8,019,076
Enacted tax rate	21%	21%
Computed expected tax expense	3,567,555	1,684,006
State taxes	1,359,068	677,097
Overseas taxes	316,643	170,752
Disallowed items – Meals and entertainment	97,600	133,535
Tax pertaining to prior year	59,479	(5,603,579)
Others	21,388	(40,117)
Income tax (benefit) / expense	5,421,733	(2,978,306)

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

in US$

Particulars	For the year ended March 31,	
	2021	2020
Income tax assets	325,765	4,160,318
Current income tax liabilities	(717,548)	(548,283)
Net income tax assets / (liability) at the end	(391,783)	3,612,035

The gross movement in the current income tax asset / (liability) for the years ended March 31, 2021 and March 31, 2020 is as follows :

in US$

Particulars	For the year ended March 31,	
	2021	2020
Net income tax asset / (liability) at the beginning	3,612,035	1,379,460
Income tax paid / (refund)	1,757,379	(649,274)
Income tax benefit / (expense)	(5,761,197)	2,881,848
Net income tax asset / (liability) at the end	(391,783)	3,612,035

The movement in gross deferred income tax assets for the year ended March 31, 2021 is as follows :

in US$

Particulars	Carrying value as on April 1, 2020	Changes through profit and loss	Carrying value as on March 31, 2021
Property, plant and equipment	780,988	(228,649)	552,339
Compensated absences	416,307	163,206	579,513
Accrued compensation	330,351	72,559	402,910
Provision for post-sales customer support	439,489	(104,805)	334,684
Trade receivables	220,039	166,072	386,111
Others	411,837	271,080	682,917
Total deferred income tax assets	2,599,011	339,463	2,938,474

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

in US$

Particulars	Carrying value as on April 1, 2019	Changes through profit and loss	Carrying value as on March 31, 2020
Property, plant and equipment	778,590	2,398	780,988
Compensated absences	259,554	156,753	416,307
Accrued compensation	505,141	(174,790)	330,351
Provision for post-sales customer support	281,351	158,138	439,489
Trade receivables	167,364	52,675	220,039
Others	510,553	(98,716)	411,837
Total deferred income tax assets	2,502,553	96,458	2,599,011

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

in US$

Particulars	For the year ended March 31,	
	2021	2020
Deferred income tax assets after set-off	2,938,474	2,599,011

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

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not that the Company will realize the benefit of the deductible differences at March 31, 2021. Accordingly, the Management has recorded deferred tax asset in its financial statements.

2.14 Revenue

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

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

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

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

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

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

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

Revenues for the year ended March 31, 2021 and March 31, 2020 are as follows :

in US$

Particulars	For the year ended March 31,	
	2021	2020
Revenue from software services	165,549,307	156,285,358
Total	165,549,307	156,285,358

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 and March 31, 2020 by geography.

in US$

Particulars	For the year ended March 31,	
	2021	2020
Revenues by geography [(1)]		
North America	153,073,637	155,581,908
Rest of the world	12,475,670	703,450
Total	165,549,307	156,285,358

(1) Geographical revenue is based on the domicile of customer

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

2.15 Other income

Accounting policy

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

Foreign currency

Functional currency

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

Other income / (expense) consists of the following :

in US$

Particulars	For the year ended March 31,	
	2021	2020
Interest income on financial assets carried at amortized cost :		
Deposits with banks and others	80,674	390,254
Loan to fellow subsidiaries	245,255	680,104
Exchange gains / (losses) on translation of other assets and liabilities	3,551,054	(1,265,079)
Other miscellaneous income, net	(1,051)	1,624
Total	3,875,932	(193,097)

2.16 Expenses

in US$

Particulars	For the year ended March 31,	
	2021	2020
Employee benefit expenses		
Salaries including bonus	23,191,340	19,310,518
Share-based payments to employees	294,337	258,671
Staff welfare	4,740	32,888
	23,490,417	19,602,077
Cost of software packages and others		
For own use	1,896,684	2,376,901
Third-party items bought for service delivery to clients	11,827,513	–
	13,724,197	2,376,901
Other expenses		
Rates and taxes	180,355	81,580
Branding and marketing expenses	101,300	153,054
Provision / (reversal) for post-sales client support	(366,846)	382,032
Impairment loss under expected credit loss model	680,520	380,263
Rent	–	17,409
Others	212,067	352,987
Total	807,396	1,367,326

2.17 Financial instruments

Accounting policy

2.17.1 Initial recognition

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

2.17.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

2.17.3 Derecognition of financial instruments

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

2.17.4 Impairment

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

Financial instruments by category

The carrying value and fair value of financial instruments as of March 31, 2021 and March 31, 2020 are as follows :

in US$

Particulars	As at March 31,	
	2021	2020
Assets :		
Cash and cash equivalents (Refer to Note 2.4)	56,184,281	19,944,820
Trade receivables (Refer to Note 2.3)	28,794,621	29,719,229
Loans (Refer to Note 2.2)	11,550,531	25,027,514
Other financial assets (Refer to Note 2.5)	8,366,747	2,300,832
Total	104,896,180	76,992,395
Liabilities :		
Trade payables (Refer to Note 2.8)	8,773,261	11,491,049
Lease liabilities (Refer to Note 2.12)	2,179,517	2,350,746
Other financial liabilities (Refer to Note 2.9)	28,171,040	12,690,624
Total	39,123,818	26,532,419

Financial risk management

Financial risk factors

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

Market risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies.

The following table analyses the foreign currency risk from financial assets and liabilities as at March 31, 2021 :

in US$

Particulars	Canadian Dollar	Other currencies	Total
Net financial assets	29,972,686	1,725	29,974,411
Net financial liabilities	(13,558,031)	(15,761)	(13,573,792)
Net assets / (liabilities)	16,414,655	(14,036)	16,400,619

The following table analyses the foreign currency risk from financial assets and liabilities as at March 31, 2020 :

in US$

Particulars	Canadian Dollar	Other currencies	Total
Net financial assets	16,556,047	719	16,556,766
Net financial liabilities	(8,222,412)	(23,118)	(8,245,530)
Net assets / (liabilities)	8,333,635	(22,399)	8,311,236

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US$ 28,794,621 and US$ 29,719,229 as of March 31, 2021 and March 31, 2020, respectively and unbilled revenue amounting to US$ 24,749,335 and US$ 24,355,604 as of March 31, 2021 and March 31, 2020, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group uses the expected credit loss model to assess any required allowances; and uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. This matrix takes into account credit reports and other related credit information to the extent available.

The details in respect of percentage of revenues generated from top customer and top ten customers are as follows :

in %

Particulars	Year ended March 31,	
	2021	2020
Revenue from top customer	14	18
Revenue from top ten customers	75	80

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 and March 31, 2020 is US$ 680,521 and US$ 380,263, respectively.

Movement in credit loss allowance :

in US$

Particulars	Year ended March 31,	
	2021	2020
Balance at the beginning	758,753	576,963
Impairment loss recognized / (reversed)	680,521	380,263
Write-offs	(167,268)	(192,151)
Translation differences	59,414	(6,322)
Balance at the end	1,331,420	758,753

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Ratings are monitored periodically and the Group has considered the latest available credit ratings as at the date of approval of these financial statements.

Liquidity risk

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

As of March 31, 2021, the Group had a working capital of US$ 72,699,967 including cash and cash equivalents of US$ 56,184,281. As of March 31, 2020, the Group had a working capital of 58,862,853 including cash and cash equivalents of US$ 19,944,820.

As of March 31, 2021, and March 31, 2020, the compensated absences were US$ 1,313,041 and US$ 922,034, respectively, which have been substantially funded. Further, as of March 31, 2021 and March 31, 2020, the Group had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2021 are as follows :

in US$

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	8,773,261	–	–	–	8,773,261
Other liabilities (Refer to Note 2.9)	26,857,999	–	–	–	26,857,999

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

in US$

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

2.18 Related party transactions

(a) List of related parties :

Name of subsidiaries	Country	Holding as at March 31, 2021	2020
Holding			
Infosys Limited	India	Holding Company	Holding Company
Name of subsidiaries			
Infosys Canada Public Services Inc.	Canada	100%	100%

Fellow subsidiaries

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems) (44)	India
Kallidus Inc (Kallidus) (45)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1) (19)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (44)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (44)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (24) (32)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (37)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (23)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (25)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE

Name of fellow subsidiaries	Country
Fluido Oy [9]	Finland
Fluido Sweden AB (Extero) [12]	Sweden
Fluido Norway A/S [12]	Norway
Fluido Denmark A/S [12]	Denmark
Fluido Slovakia s.r.o [12]	Slovakia
Fluido Newco AB [12] [39]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [41]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [40]	Germany
Stater Deutschland GmbH & Co. KG [16] [40]	Germany
Stater Belgium N.V./S.A. [17] [42]	Belgium
Outbox systems Inc. dba Simplus (US) [20]	US
Simplus North America Inc. [21]	Canada
Simplus ANZ Pty Ltd. [21]	Australia
Simplus Australia Pty Ltd [22]	Australia
Sqware Peg Digital Pty Ltd [22]	Australia
Simplus Philippines, Inc. [21]	Philippines
Simplus Europe, Ltd. [21]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [12] [26]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12] [26]	Ireland
Infosys Limited Bulgaria EOOD [1] [27]	Bulgaria
Kaleidoscope Animations, Inc. [30]	US
Kaleidoscope Prototyping LLC [31]	US
GuideVision s.r.o. [28]	Czech Republic
GuideVision Deutschland GmbH [29]	Germany
GuideVision Suomi Oy [29]	Finland
GuideVision Magyarország Kft [29]	Hungary
GuideVision Polska SP.Z.O.O [29]	Poland
GuideVision UK Ltd [29]	UK
Beringer Commerce Inc [33]	US
Beringer Capital Digital Group Inc [33]	US
Mediotype LLC [34]	US
Beringer Commerce Holdings LLC [34]	US
SureSource LLC [35]	US
Blue Acorn LLC [35]	US
Simply Commerce LLC [35]	US
iCiDIGITAL LLC [36]	US
Infosys BPM UK Limited [4] [38]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [43]	Turkey
Infosys Germany Holding Gmbh [1] [46] [47]	Germany

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

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

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

(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(15) Wholly-owned subsidiary of Stater N.V.
(16) Wholly-owned subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(19) Liquidated effective January 28, 2021.
(20) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(21) Wholly-owned subsidiary of Outbox Systems Inc.
(22) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(23) Liquidated effective October 31, 2019
(24) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(25) Liquidated effective July 17, 2020
(26) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(27) Incorporated effective September 11, 2020.
(28) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(29) Wholly-owned subsidiary of GuideVision s.r.o.
(30) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(31) Wholly owned subsidiary of Kaleidoscope Animations, Inc.
(32) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(33) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(34) Wholly-owned subsidiary of Beringer Commerce Inc
(35) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(36) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(37) Liquidated effective November 19,2020
(38) Incorporated, effective December 9, 2020
(39) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(40) Merged into Stater Duitsland B.V., effective December 18, 2020
(41) Merged with Stater N.V., effective December 23, 2020
(42) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(43) Incorporated on December 30, 2020.
(44) Under liquidation
(45) Liquidated effective March 9,2021
(46) Incorporated on March 23, 2021
(47) On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.

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

List of other related party

Particulars	Country	Nature of relationship
Infosys Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Provident Fund Trust	India	Post-employment benefit plan of Infosys
Infosys Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys
Infosys BPM Limited Employees' Superannuation Fund Trust	India	Post-employment benefit plan of Infosys BPM
Infosys BPM Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPM
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
Infosys Employees Welfare Trust	India	Controlled trust
Infosys Employee Benefits Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust
Infosys Expanded Stock Ownership Trust (1)	India	Controlled trust

(1) Registered on May 15, 2019

(b) The details of amounts due to or due from as at March 31, 2021 and March 31, 2020 are as follows :

in US$

Particulars	As at March 31, 2021	2020
Trade receivables		
Infosys Limited	382,347	381,133
	382,347	381,133
Trade payables		
Infosys Limited	7,420,356	9,102,739
Infosys BPM	117,186	100,729
EdgeVerve	1,407	–
Outbox System,Inc.	488,654	–
WDW Communications, Inc.	23,478	–
WongDoody, Inc.	44,288	–
Infosys China	6,730	5,818
	8,102,099	9,209,286
Other financial assets		
EdgeVerve	21,989	–
Infosys Limited	1,967	16,501
	23,956	16,501
Other financial liabilities		
Panaya Inc.	–	66,284
Infosys Limited	33,121	115,240
EdgeVerve	–	9,269
	33,121	190,793
Loans		
Kallidus Inc.	–	13,000,000
Panaya Inc.	10,000,000	10,000,000
Infosys Nova Holdings LLC	1,500,000	–
Outbox System Inc.	–	2,000,000
	11,500,000	25,000,000
Accrued Interest on Loan to Fellow Subsidiaries		
Kallidus Inc.	–	521,442
Panaya Inc.	436,882	299,134
Infosys Nova Holdings LLC	20,353	–
Outbox System Inc.	–	198
	457,235	820,774

(c) The details of the related party transactions entered into by the Company for the year ended March 31, 2021 and March 31, 2020 are as follows :

in US$

Particulars	Year ended March 31, 2021	2020
Revenue transactions :		
Sale of services		
Infosys Limited	4,705,551	4,891,589
	4,705,551	4,891,589
Purchase of services		
Infosys Limited	92,065,931	105,375,793
Infosys BPM	1,115,374	1,984,399
EdgeVerve	96,672	294,966
Panaya	238,916	100,190
Outbox System Inc.	1,498,677	–
Infosys China	70,460	77,827
WDW Communications, Inc.	226,658	–
WongDoody, Inc.	126,353	–
	95,439,041	107,833,175

in US$

Particulars	Year ended March 31,	
	2021	2020
Capital transaction		
Loans given / (refund)		
BPO Americas	–	(500,000)
Kallidus Inc.	(13,000,000)	5,500,000
Panaya Inc.	–	6,000,000
Brilliant Basics	–	(1,000,000)
Infosys Middle East FZ - LLC	–	(1,500,000)
Infosys Austria	–	(500,000)
Infosys Nova Holdings LLC	1,500,000	–
Outbox System Inc.	(2,000,000)	2,000,000
	(13,500,000)	10,000,000
Interest income on loan		
Brilliant Basics	–	10,000
BPO Americas	–	4,329
Infosys Middle East FZ - LLC	–	19,233
Kallidus Inc.	80,403	374,154
Panaya Inc.	137,748	260,641
Infosys Nova Holdings LLC	20,353	–
Infosys Austria	–	11,549
Outbox System Inc.	6,751	198
	245,255	680,104

List of key Management personnel

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

Transaction with key Management personnel

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

Particulars	Year ended March 31,	
	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers	1,408,901	1,191,221
Commission and other benefits to non-executive / independent directors	–	–
Total	1,408,901	1,191,221

Notes to the consolidated financial statements

2.19 Commitments

in USDollars

Particulars	For the year ended march 31,	
	2021	2020
Commitments		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)[1]	11,643	131,969

[1] Capital contracts primarily comprise commitments for infrastructure facilities and computer equipment.

2.20 Segment Reporting

The Company provides services to government and related sector mainly in North America. Based on the 'Management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Accordingly, disclosures as required under IND AS 108, 'Segment Reporting', has not been separately presented in the financial statements since the information is available directly from the Consolidated Statement of Profit and Loss.

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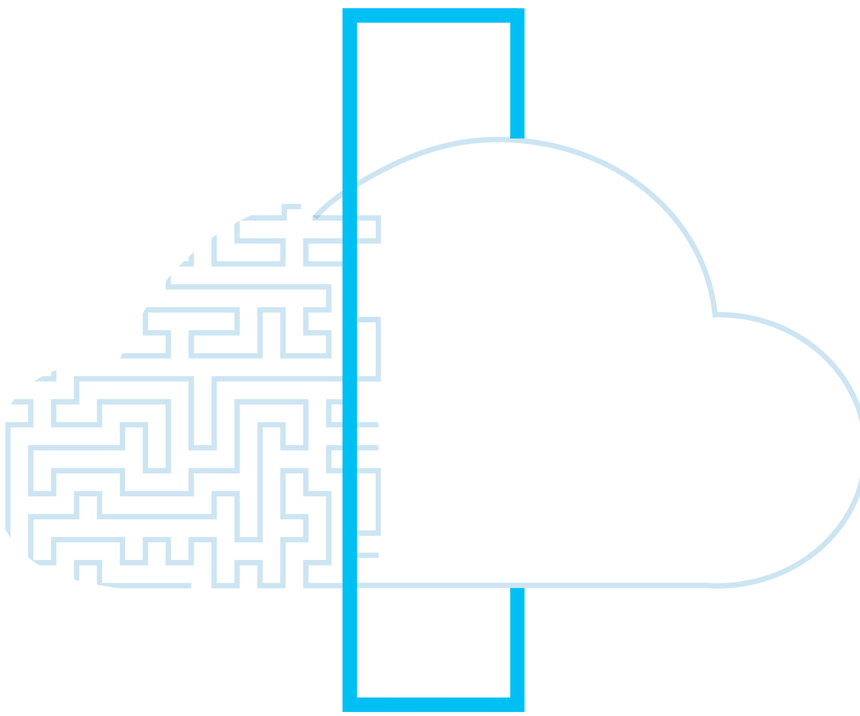

Infosys BPM Limited

(formerly known as Infosys BPO Limited)

Independent Auditor's Report

To the members of Infosys BPM Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Infosys BPM Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that :

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended : In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us :

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/W-100018

Anand Subramanian
Partner
Membership Number : 110815
UDIN : 21110815AAAABD7615

Bengaluru
April 12, 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Infosys BPM Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Infosys BPM Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/W-100018

Anand Subramanian
Partner
Membership Number : 110815

UDIN : 21110815AAAABD7615
Bengaluru
April 12, 2021

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Infosys BPM Limited of even date)

i. In respect of the Company's fixed assets :

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.

ii. The Company is in the business of providing software services and does not have any physical inventories. Accordingly, reporting under Clause 3 (ii) of the Order is not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable. There were no loans granted during the year under Section 185 of the Act.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2021 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under Section 148[1] of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under Clause 3 (vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues :

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax, Service Tax, and Value Added Tax which have not been deposited as at March 31, 2021 on account of dispute are given below :

Nature of the statute	Nature of dues	forum where dispute is Pending	Period to which the	Amount ₹ Crores
Amount Relates				
Finance Act, 1994	Service Tax	Appellate Tribunal	F.Y. 2004-05 to F.Y. 2011-12	94.69
The Income Tax Act, 1961	Income Tax	Appellate Authority up to Commissioner's Level	A.Y. 2008-09 to A.Y. 2010-11, A.Y. 2012-13, A.Y. 2013-14, A.Y. 2015-16 and A.Y. 2016-17	0.01
	Income Tax	Appellate Tribunal	A.Y. 2011-12	[1] 0.00
The Rajasthan Sales Tax Act, 1994	RVAT	Appellate Authority up to Commissioner's Level	F.Y. 2017-18	0.02

[1] Less than ₹1 crore

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under Clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi company and hence reporting under Clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under Clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/W-100018

Anand Subramanian
Partner
Membership Number : 110815

UDIN : 21110815AAAABD7615
Bengaluru
April 12, 2021

Balance Sheet

in ₹ crore

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	234	214
Right-of-use assets	2.2	479	427
Capital work-in-progress		–	–
Goodwill		19	19
Financial assets			
Investments	2.3	1,109	801
Loans	2.4	1	–
Other financial assets	2.5	41	41
Deferred tax assets (net)	2.15	95	97
Income tax assets (net)	2.15	137	118
Other non-current assets	2.8	78	108
Total non-current assets		2,193	1,825
Current assets			
Financial assets			
Investments	2.3	175	630
Trade receivables	2.6	934	935
Cash and cash equivalents	2.7	3,000	2,274
Loans	2.4	18	21
Other financial assets	2.5	512	297
Income tax assets (net)	2.15	–	7
Other current assets	2.8	207	179
Total current assets		4,846	4,343
Total assets		7,039	6,168
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	34	34
Other equity		4,996	4,632
Total equity		5,030	4,666
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	470	418
Other financial liabilities	2.11	1	1
Other non-current liabilities	2.13	12	–
Total non-current liabilities		483	419
Current liabilities			
Financial liabilities			
Trade payables	2.12	–	–
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		62	55
Lease liabilities	2.2	78	70
Other financial liabilities	2.11	923	523
Other current liabilities	2.13	366	382
Provisions	2.14	25	28
Income tax liabilities (net)	2.15	72	25
Total current liabilities		1,526	1,083
Total equity and liabilities		7,039	6,168

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Anand Subramanian
Partner
Membership Number : 110815

for and on behalf of the Board of Directors of Infosys BPM Limited

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 12, 2021

Statement of Profit and Loss

in ₹ crore, except equity share and per equity share data

Particulars	Note no.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	2.16	5,450	4,595
Other income, net	2.17	207	290
Total income		5,657	4,885
Expenses			
Employee benefit expenses	2.18	3,689	2,926
Cost of technical sub-contractors and professional charges	2.18	456	385
Travel expenses		18	150
Depreciation and amortization expense	2.1 and 2.2	159	153
Finance cost	2.2	30	32
Other expenses	2.18	389	381
Total expenses		4,741	4,027
Profit before tax		916	858
Tax expense :			
Current tax	2.15	218	244
Deferred tax	2.15	3	(34)
Profit for the year		695	648
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax	2.19	(9)	(3)
		(9)	(3)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on investments, net of tax	2.3	(1)	6
		(1)	6
Total other comprehensive income / (loss), net of tax		(10)	3
Total comprehensive income for the year		685	651
Earnings per equity share			
Equity shares of par value ₹ 10/- each			
Basic and diluted (₹)		205.51	191.61
Weighted average number of equity shares used in computing earnings per equity share			
Basic and diluted	2.20	3,38,27,751	3,38,27,751

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Anand Subramanian
Partner
Membership Number : 110815

for and on behalf of the Board of Directors of Infosys BPM Limited

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 12, 2021

Statement of Changes in Equity

in ₹ crore

Particulars	Equity share capital	Other equity						Total equity attributable to equity holders of the Company
		Reserves and surplus					Other comprehensive income (2)	
		Securities premium (2)	Retained earnings (2)	Capital reserve	General reserve	Special Economic Zone Re-investment Reserve (1)(2)		
Balance as at April 1, 2019	34	25	2,906	1	1,000	90	(22)	4,034
Impact on account of adoption of Ind AS 116	–	–	(19)	–	–	–	–	(19)
	34	25	2,887	1	1,000	90	(22)	4,015
Changes in equity for the year ended March 31, 2020								
Profit for the year	–	–	648	–	–	–	–	648
Fair value changes on investments, net of tax (Refer to Note 2.3)	–	–	–	–	–	–	6	6
Remeasurement of the net defined benefit liability / asset, net of tax	–	–	–	–	–	–	(3)	(3)
Total comprehensive income for the year	–	–	648	–	–	–	3	651
Transfer to Special Economic Zone Re-investment Reserve	–	–	(116)	–	–	116	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	45	–	–	(45)	–	–
Balance as at March 31, 2020	34	25	3,464	1	1,000	161	(19)	4,666
Balance as at April 1, 2020	34	25	3,464	1	1,000	161	(19)	4,666
Changes in equity for the year ended March 31, 2021								
Profit for the year	–	–	695	–	–	–	–	695
Fair value changes on investments, net of tax (Refer to Note 2.3)	–	–	–	–	–	–	(1)	(1)
Remeasurement of the net defined benefit liability/ asset, net of tax	–	–	–	–	–	–	(9)	(9)
Total comprehensive income for the year	–	–	695	–	–	–	(10)	685
Transfer to Special Economic Zone Re-investment Reserve	–	–	(151)	–	–	151	–	–
Transfer from Special Economic Zone Re-investment Reserve on utilization	–	–	71	–	–	(71)	–	–
Dividends	–	–	(321)	–	–	–	–	(321)
Balance as at March 31, 2021	34	25	3,758	1	1,000	241	(29)	5,030

(1) The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income-tax Act,1961.The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA (2) of the Income-tax Act, 1961.

(2) A description of the purposes of each reserve within equity have been disclosed in Note 2.10.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Anand Subramanian
Partner
Membership Number : 110815

for and on behalf of the Board of Directors of Infosys BPM Limited

Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and
Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 12, 2021

Statement of Cash Flows

Accounting policy

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

in ₹ crore

Particulars	Note no.	Year ended March 31,	
		2021	2020
Cash flow from operating activities :			
Profit for the year		695	648
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortization expense	2.1 & 2.2	159	153
Finance cost	2.2	30	32
Income tax expense	2.15	221	210
Sale of duty scrips		–	(27)
Profit on sale of property, plant and equipment		(1)	(1)
Interest on bank deposits and others		(137)	(170)
Income on other financial assets		(42)	(54)
Exchange differences on translation of assets and liabilities		1	(2)
Allowance for credit loss on financial assets		1	6
Other adjustments		39	9
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(43)	(262)
Other financial assets and other assets		(159)	(92)
Trade payables		7	(17)
Other financial liabilities, other liabilities and provisions		371	236
Cash generated from operations		1,142	669
Income taxes paid, net of refunds		(183)	(259)
Net cash generated by operating activities		959	410
Cash flow from investing activities :			
Expenditure on property, plant and equipment, net of sale proceeds		(81)	(70)
Loans to employees		1	(4)
Deposits placed with corporation		(22)	(10)
Interest received on bank deposits and others		134	202
Investment in subsidiary	2.3	(38)	–
Payment to acquire financial assets			
Non-convertible debentures		(285)	(252)
Government securities		(162)	–
Certificates of deposit		–	(238)
Government bonds		–	(7)
Liquid mutual fund units and fixed maturity plan securities		(2,315)	(2,992)
Proceeds on sale of financial assets			
Non-convertible debentures		302	100
Government bonds		–	6
Certificates of deposit		249	370
Liquid mutual fund units and fixed maturity plan securities		2,399	3,006
Net cash from investing activities		182	111
Cash flows from financing activities :			
Payment of lease liabilities	2.2	(96)	(85)
Payment of dividends		(321)	–
Net cash used in financing activities		(417)	(85)
Effect of exchange differences on translation of foreign currency cash and cash equivalents		2	1
Net increase in cash and cash equivalents		724	436

Particulars	Note no.	Year ended March 31,	
		2021	2020
Cash and cash equivalents at the beginning of the year	2.7	2,274	1,837
Cash and cash equivalents at the end of the year	2.7	3,000	2,274
Supplementary information :			
Restricted cash balance	2.7	–	–

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants

Firm Registration Number : 117366W/ W-100018

Anand Subramanian
Partner

Membership Number : 110815

for and on behalf of the Board of Directors of Infosys BPM Limited

Ravikumar Singisetti
Chairman and Director

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Managing Director and Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 12, 2021

1. Overview

1.1 Company overview

Infosys BPM Limited ("Infosys BPM" or "the Company") (formerly known as Infosys BPO Limited) was incorporated on April 3, 2002 to provide business process management services to organizations that outsource their business processes. Infosys BPM is a majority-owned and controlled subsidiary of Infosys Limited. The Company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The name of the Company was changed from Infosys BPO Limited to Infosys BPM Limited with effect from December 18, 2017.

The standalone financial statements are approved by the Company's Board of Directors on April 12, 2021.

1.2 Basis of preparation of financial statements

These standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) . The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been applied consistently to all periods presented in these standalone financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the year end figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year end figures reported in these standalone financial statements.

1.3 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the standalone financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these standalone financial statements, used internal and external sources of information and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's standalone financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.4 Critical accounting estimates and judgments

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management services revenue requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its other fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred.

Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. Also, refer to Note 2.16.

b. Income taxes

The Company's major tax jurisdiction is India even though the Company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Notes 2.15 and 2.21.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Also, refer to Note 2.1.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys BPM's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no material changes are required to lease period relating to the existing lease contracts. Also, refer to Note 2.2.

e. Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

2.1 Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Building [1]	22-25 years
Plant and machinery [1]	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Office equipment [1]	5 years
Leasehold improvements	Over the lease term or 5 years whichever is lower

[1] Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Impairment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2021 are as follows :

in ₹ crore

Particulars	Land – leasehold	Buildings [(1)]	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2020	–	155	132	63	111	345	68	874
Additions	–	–	9	1	4	89	1	104
Deletions	–	–	–	–	(1)	(22)	–	(23)
Gross carrying value as at March 31, 2021	–	155	141	64	114	412	69	955
Accumulated depreciation as at April 1, 2020	–	73	107	52	103	264	61	660
Depreciation	–	6	12	6	3	53	3	83
Accumulated depreciation on deletions	–	–	–	–	(1)	(21)	–	(22)
Accumulated depreciation as at March 31, 2021	–	79	119	58	105	296	64	721
Carrying value as at March 31, 2021	–	76	22	6	9	116	5	234
Carrying value as at April 1, 2020	–	82	25	11	8	81	7	214

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 were as follows :

in ₹ crore

Particulars	Land – leasehold	Buildings [(1)]	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2019	12	154	118	61	111	308	67	831
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.2)	(12)	–	–	–	–	–	–	(12)
Additions	–	1	16	2	5	50	4	78
Deletions	–	–	(2)	–	(5)	(13)	(3)	(23)
Gross carrying value as at March 31, 2020	–	155	132	63	111	345	68	874
Accumulated depreciation as at April 1, 2019	1	67	93	45	104	233	60	603
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.2)	(1)	–	–	–	–	–	–	(1)
Depreciation	–	6	15	7	4	44	3	79

Particulars	Land – leasehold	Buildings [1]	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Accumulated depreciation on deletions	–	–	(1)	–	(5)	(13)	(2)	(21)
Accumulated depreciation as at March 31, 2020	–	73	107	52	103	264	61	660
Carrying value as at March 31, 2020	–	82	25	11	8	81	7	214
Carrying value as at April 1, 2019	11	87	25	16	7	75	7	228

(1) Includes certain assets provided on cancellable operating lease to holding company.

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

2.2 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as cash generating unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a financing or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

The changes in the carrying value of ROU assets for the year ended March 31, 2021 are as follows :

in ₹ crore

Particulars	Category of ROU asset		Total
	Land	Buildings	
Balance as of April 1, 2020	10	417	427
Additions [1]	–	136	136
Deletions	–	(8)	(8)
Depreciation	–	(76)	(76)
Balance as of March 31, 2021	10	469	479

(1) Net of lease incentives of ₹ 1 crore related to lease of buildings

The changes in the carrying value of right of use assets for the year ended March 31, 2020 were as follows :

in ₹ crore

Particulars	Category of ROU asset		Total
	Land	Buildings	
Balance as of April 1, 2019	–	409	409
Reclassified on account of adoption of Ind AS 116 (Refer to Note 2.1)	11	–	11
Additions	–	103	103
Deletions	–	(22)	(22)
Depreciation	(1)	(73)	(74)
Balance as of March 31, 2020	10	417	427

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current lease liabilities	470	418
Current lease liabilities	78	70
Total	548	488

The movement in lease liabilities during the year ended March 31, 2021 is as follows :

in ₹ crore

Particulars	Amount
Balance as of April 1, 2020	488
Additions [(1)]	136
Deletions	(8)
Finance cost accrued during the year	30
Payment of lease liabilities	(96)
Translation difference	(2)
Balance as of March 31, 2021	548

(1) Net of lease incentives of ₹ 1 crore related to lease of buildings

The movement in lease liabilities during the year ended March 31, 2020 was as follows :

in ₹ crore

Particulars	Amount
Balance as of April 1, 2019	446
Additions	103
Deletions	(25)
Finance cost accrued during the period	32
Payment of lease liabilities	(85)
Translation difference	17
Balance as of March 31, 2020	488

Rental expense recorded for short-term leases was ₹27 and ₹32 crore for the years ended March 31, 2021 and March 31, 2020.

The details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis is as follows :

in ₹ crore

Particulars	Amount
Less than one year	107
One to five years	352
More than five years	217
Total	676

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

2.3 Investments

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current investments		
Equity instruments of subsidiaries	620	582
Government bonds	8	8
Non-convertible debentures	317	211
Government securities	164	–
Total non-current investments	1,109	801
Current investments		
Liquid mutual fund units	45	66
Fixed maturity plan securities	–	61
Certificates of deposit	–	241
Non-convertible debentures	130	262
Total current investments	175	630
Total carrying value	1,284	1,431

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2021	2020
Non-current investments		
Unquoted		
Investments carried at cost		
Investments in equity instruments of subsidiaries		
Infosys (Czech Republic) Limited s.r.o., 18,75,000 (18,75,000) equity shares of CZK 10 each, full paid	3	3
Infosys Poland Sp z.o.o, 5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Infosys McCamish Systems LLC	289	289

Particulars	As at March 31,	
	2021	2020
Portland Group Pty Limited, 1,74,50,000 (1,74,50,000) equity shares, fully paid	211	211
Infosys BPO Americas LLC	58	20
	620	582
Quoted		
Investments carried at amortized cost		
Government bonds (Refer to Note 2.3.2)	8	8
	8	8
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.3.3)	317	211
Government securities (Refer to Note 2.3.6)	164	–
	481	211
Total non-current investments	1,109	801
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units (Refer to Note 2.3.1)	45	66
	45	66
Investments carried at fair value through other comprehensive income		
Certificates of deposit (Refer to Note 2.3.5)	–	241
	–	241
Quoted		
Investments carried at fair value through other comprehensive income		
Non-convertible debentures (Refer to Note 2.3.3)	130	262
	130	262
Investments carried at fair value through profit or loss		
Fixed maturity plan securities (Refer to Note 2.3.4)	–	61
	–	61
Total current investments	175	630
Total investments	1,284	1,431
Aggregate amount of quoted investments	619	542

Particulars	As at March 31,	
	2021	2020
Market value of quoted investments (including interest accrued thereon) – non-current	489	219
Market value of quoted investments (including interest accrued thereon) - current	130	323
Aggregate amount of unquoted investments	665	889
Investment carried at cost	620	582
Investment carried at amortized cost	8	8
Investment carried at fair value through other comprehensive income	611	714
Investment carried at fair value through profit or loss	45	127

Refer to Note 2.9 for accounting policies on financial instruments.

The details of amounts recorded in other comprehensive income is as follows :

in ₹ crore

Particulars	Year ended March 31,					
	2021			2020		
	Gross	Tax	Net	Gross	Tax	Net
Net gain / (loss) on						
Non-convertible debentures	–	–	–	6	(1)	5
Government securities	–	–	–	–	–	–
Certificates of deposit	(2)	1	(1)	1	–	1

Method of fair valuation :

in ₹ crore

Class of investment	Method	Fair value as at March 31,	
		2021	2020
Non-convertible debentures	Quoted price and market observable inputs	447	473
Fixed maturity plan securities	Market observable inputs	–	61
Liquid mutual fund units	Quoted price	45	66
Government securities	Quoted price	164	–
Certificates of deposit	Market observable inputs	–	241

Certain quoted investments are classified as Level 2 in the absence of active market for such investments.

2.3.1 Details of investments in Liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Plus – Growth – Direct Plan	–	–	15,33,992	49
Aditya Birla Sun Life Overnight Fund – Growth – Direct Plan	4,05,033	45	–	–
IDFC Corporate Bond – Fund Direct Plan	–	–	1,19,02,495	17
	4,05,033	45	1,34,36,487	66

2.3.2 Details of investments in government bonds

The balances held in government bonds as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
PHILIPPINE T BILL PHY6972HAF39 MAT DATE 08 MARCH 2023	–	8	–	8
	–	8	–	8

2.3.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
8.58% Housing Development Finance Corporation Ltd 22MAR2022	1,250	130	1,250	129
8.50% Life Insurance Corporation Housing Finance Limited 20JUN2022	750	83	750	82
9.05% Housing Development Finance Corporation Ltd 20NOV2023	250	28	–	–
5.5315% Life Insurance Corporation Housing Finance Limited 20DEC2024	750	75	–	–
7.33% Life Insurance Corporation Housing Finance Limited 12FEB2025	1,250	131	–	–
8.60% Life Insurance Corporation Housing Finance Limited 22JUL2020	–	–	1,000	107
8.60% Life Insurance Corporation Housing Finance Limited 29JUL2020	–	–	350	37
8.80% Life Insurance Corporation Housing Finance Limited 24DEC2020	–	–	650	66
7.585% Life Insurance Corporation Housing Finance Limited 11JUN2020	–	–	500	52
	4,250	447	4,500	473

2.3.4 Details of investments in fixed maturity plan securities

The balances held in fixed maturity plan securities as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
ICICI FMP Series 80 – 1194 D Plan F Div	–	–	1,50,00,000	19
Nippon India Fixed Horizon Fund – XXXII Series 8 – Dividend Plan	–	–	1,50,00,000	18
HDFC FMP 1155D Feb 2017 – Direct Growth Series 37	–	–	1,00,00,000	12
Aditya Birla Sunlife Fixed Term Plan – Series OD (1145 days)	–	–	1,00,00,000	12
	–	–	5,00,00,000	61

2.3.5 Details of investments in certificates of deposit

The balances held in certificates of deposit as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
AXIS BANK LIMITED CD 30 OCT 20	–	–	10,000	97
AXIS BANK LIMITED CD 13 JAN 21	–	–	10,000	96
AXIS BANK LIMITED CD 17 NOV 20	–	–	5,000	48
	–	–	25,000	241

2.3.6 Details of investments in government securities

The balances held in government securities as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Units	Amount	Units	Amount
5.85% Government of India 01DEC2030	5,000	5	–	–
8.08% Government of India 02AUG2022	1,50,000	159	–	–
	1,55,000	164	–	–

2.4 Loans

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current		
Unsecured, considered doubtful		
Loans to employees	5	5
Less : Allowance for doubtful loans to employees	5	5
	–	–
Unsecured, considered good		
Loans to employees	1	–
Total non-current loans	1	–
Current		
Unsecured, considered good		
Loans to employees	18	21
Total current loans	18	21
Total loans	19	21

2.5 Other financial assets

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non- current		
Security deposits [(1)]	3	3
Rental deposits [(1)]	38	38
Total non-current other financial assets	41	41
Current		
Security deposits [(1)]	–	1
Rental deposits [(1)]	–	1
Restricted deposits [(1)] [(5)]	137	108
Unbilled revenues [(1)] [(3)] [(4)]	195	158
Interest accrued but not due [(1)]	59	25
Foreign currency forward contracts [(2)]	9	–
Others [(1)] [(3)] [(3)]	112	4
Total current other financial assets	512	297
Total other financial assets	553	338
[(1)] Financial assets carried at amortized cost	544	338
[(2)] Financial assets carried at fair value through Profit or Loss	9	–
[(3)] Includes dues from holding company, subsidiaries and other group companies (Refer to Note 2.22)	183	7

[(4)] Classified as financial asset as right to consideration is conditional upon passage of time.

[(5)] Restricted deposits represent deposit with financial institutions to settle employees compensated absences obligations as and when they arise during the normal course of business.

2.6 Trade receivables

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Current [(2)]		
Unsecured		
Considered good [(1)] [(2)]	934	935
Considered doubtful	12	18
	946	953
Less : Allowances for credit losses	12	18
Total trade receivables	934	935
[(1)] Includes dues from companies where directors are interested		
[(2)] Includes dues from holding company, subsidiaries and other group companies (Refer to Note 2.22)	152	65

2.7 Cash and cash equivalents

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Balances with banks		
In current and deposit accounts	2,283	1,574
Cash on hand	–	–
Others		
Deposits with financial institution	717	700
Total cash and cash equivalents	3,000	2,274
Balances with banks in unpaid dividend accounts	–	–
Deposits with more than 12 months maturity	1,519	555

Cash and cash equivalents as at March 31, 2021 and March 31, 2020 include restricted bank balances of less than ₹ 1 crore each. This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

The deposits maintained by the Company with banks and financial institutions comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

2.8 Other assets

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current		
Capital advances	–	–
Advances other than capital advance		
Prepaid gratuity	5	–
Others		
Prepaid expenses	–	1
Deferred contract cost (2)	56	90
Withholding taxes and others (3)	17	17
Total non-current other assets	78	108
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	3	11
Others		
Prepaid expenses	52	31
Deferred contract cost (2)	17	22
Withholding taxes and others (3)	110	68
Unbilled revenues (1)	25	19
Others	–	28
Total current other assets	207	179
Total other assets	285	287

(1) Classified as non-financial asset as contractual right to consideration is dependent on completion of contractual milestones.

(2) Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Cost which are expected to be amortized within twelve months from the Balance Sheet date have been presented as current. During year ended March 31, 2020, incremental costs of ₹ 66 crores have been recorded as deferred contract costs incurred with respect to acquisition of two contracts.

(3) Withholding and the other taxes primarily consists of input tax credit.

2.9 Financial instruments

Accounting policy

2.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

b. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within twelve months after the Balance Sheet date.

2.9.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.9.4 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer to financial instruments by category table below for the disclosure on carrying value and fair value on financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to short maturity of these instruments.

2.9.5 Impairment

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2021 are as follows :

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets :							
Cash and cash equivalents (Refer to Note 2.7)	3,000	–	–	–	–	3,000	3,000
Investments (Refer to Note 2.3)							
Non-convertible debentures (1)	–	–	–	–	447	447	447
Government bonds (3)	8	–	–	–	–	8	8
Liquid mutual fund units	–	–	45	–	–	45	45
Government securities	–	–	–	–	164	164	164
Trade receivables (Refer to Note 2.6)	934	–	–	–	–	934	934
Loans (Refer to Note 2.4)	19	–	–	–	–	19	19

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Other financial assets (Refer to Note 2.5) (3) (4)	544	–	9	–	–	553	553
Total	4,505	–	54	–	611	5,170	5,170
Liabilities :							
Trade payables (Refer to Note 2.12)	62	–	–	–	–	62	62
Lease liabilities (Refer to Note 2.2)	548	–	–	–	–	548	548
Other financial liabilities (Refer to Note 2.11)	811	–	1	–	–	812	812
Total	1,421	–	1	–	–	1,422	1,422

(1) The carrying value of debentures approximates fair value as the instruments are at prevailing market rates.

(2) On account of fair value changes including interest accrued

(3) Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

(4) Excludes interest accrued on government bonds carried at amortized cost of less than ₹1 crore

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows :

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets :							
Cash and cash equivalents (Refer to Note 2.7)	2,274	–	–	–	–	2,274	2,274
Investments (Refer to Note 2.3)							
Non-convertible debentures (1)	–	–	–	–	473	473	473
Government bonds (2)	8	–	–	–	–	8	8
Liquid mutual fund units	–	–	66	–	–	66	66
Fixed maturity plan securities	–	–	61	–	–	61	61
Certificates of deposit	–	–	–	–	241	241	241
Trade receivables (Refer to Note 2.6)	935	–	–	–	–	935	935
Loans (Refer to Note 2.4)	21	–	–	–	–	21	21
Other financial assets (Refer to Note 2.5) (3) (4)	338	–	–	–	–	338	338
Total	3,576	–	127	–	714	4,417	4,417
Liabilities :							
Trade payables (Refer to Note 2.12)	55	–	–	–	–	55	55
Lease liabilities (Refer to Note 2.2)	488	–	–	–	–	488	488
Other financial liabilities (Refer to Note 2.11)	407	–	18	–	–	425	425
Total	950	–	18	–	–	968	968

(1) The carrying value of debentures approximates fair value as the instruments are at prevailing market rates.

(2) On account of fair value changes including interest accrued

(3) Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

(4) Excludes interest accrued on government bonds carried at amortized cost of less than ₹ 1 crore

Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value hierarchy of assets and liabilities measured at fair value as at March 31, 2021 is as follows :

in ₹ crore

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.3)	45	45	–	–
Investment in non-convertible debentures (Refer to Note 2.3)	447	447	–	–
Investments in government securities (Refer to Note 2.3)	164	164	–	–
Derivative financial instruments – Fair value gain on outstanding foreign currency forward contracts (Refer to Note 2.5)	9	–	9	–
Liabilities				
Derivative financial instruments – Fair value loss on outstanding foreign currency forward contracts (Refer to Note 2.11)	1	–	1	–

The fair value hierarchy of assets and liabilities measured at fair value as at March 31, 2020 were as follows :

in ₹ crore

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.3)	66	66	–	–
Investment in non-convertible debentures (Refer to Note 2.3) (1)	473	473	–	–
Investment in fixed maturity plan securities (Refer to Note 2.3)	61	–	61	–
Investment in certificates of deposit (Refer to Note 2.3)	241	–	241	–
Liabilities				
Derivative financial instruments – Fair value loss on outstanding foreign exchange forward contracts (Refer to Note 2.11)	18	–	18	–

(1) During the year ended March 31, 2020, the non-convertible debentures of ₹ 143 crore were transferred from Level 2 to Level 1, since they were valued based on Quoted price.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial assets and liabilities as at March 31, 2021 :

in ₹ crore

Particulars	US dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Net financial assets	984	214	50	23	45	1,316
Net financial liabilities	(347)	(97)	(20)	(19)	(234)	(717)
Total	637	117	30	4	(189)	599

The following table analyzes foreign currency risk from financial assets and liabilities as at March 31, 2020 :

in ₹ crore

Particulars	US dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Net financial assets	846	191	65	43	36	1,181
Net financial liabilities	(197)	(89)	(34)	(24)	(151)	(495)
Total	649	102	31	19	(115)	686

Sensitivity analysis between Indian Rupees and USD

Particulars	Year ended March 31,	
	2021	2020
Impact on the Company's incremental operating margins	0.32%	0.36%

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace.

The details in respect of outstanding foreign exchange forward contracts are as follows :

Particulars	As at March 31,			
	2021		2020	
	In million	In ₹ crore	In million	In ₹ crore
Forward contracts				
In US dollars	91	662	59	446
In Euro	10	86	4	33
In Czech koruna	313	103	–	–
In Australian dollars	–	–	2	9
In Philippine pesos	–	–	400	60
Total forwards		851		548

The foreign exchange forward contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Not later than one month	574	123
Later than one month and not later than three months	277	425
Later than three months and not later than one year	–	–
	851	548

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities :

in ₹ crore

Particulars	As at March 31,			
	2021		2020	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset / liability	11	(3)	–	(18)
Amount set-off	(2)	2	–	–
Net amount presented in the Balance Sheet	9	(1)	–	(18)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 934 crore and ₹ 935 crore as March 31, 2021 and March 31, 2020, respectively and unbilled revenue amounting to ₹ 220 crore and ₹ 177 crore as at March 31, 2021 and March 31, 2020, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top ten customers :

in %

Particulars	Year ended March 31,	
	2021	2020
Revenue from top customer	11%	13%
Revenue from top ten customers	47%	42%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is Nil and ₹ 4 crore for the year ended March 31, 2021 and March 31, 2020, respectively.

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Balance at the beginning	18	15
Provisions recognized / (reversed)	(1)	4
Write-offs	(4)	–
Translation differences	(1)	(1)
Balance at the end	12	18

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investment primarily include investment in liquid mutual fund units, fixed maturity plan securities, quoted bonds issued by the government and quasi government organizations, non-convertible debentures issued by government aided institutions and certificates of deposit.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding borrowing. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As at March 31, 2021, the Company had a working capital of ₹ 3,320 crore including cash and cash equivalents of ₹ 3,000 crore and current investments of ₹ 175 crore. As at March 31, 2020, the Company had a working capital of ₹ 3,260 crore including cash and cash equivalents of ₹ 2,274 crore and current investments of ₹ 630 crore.

As at March 31, 2021 and March 31, 2020, the outstanding compensated absences were ₹ 112 crore and ₹ 99 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	62	–	–	–	62
Other financial liabilities (Refer to Note 2.11)	812	–	–	–	812

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2020 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	55	–	–	–	55
Other financial liabilities (Refer to Note 2.11)	425	–	–	–	425

2.10 Equity

Accounting policy

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium.

Special Economic Zone Re-investment reserve

The Special Economic Zone Re-investment reserve has been created out of the profit of the eligible SEZ unit in terms of the provisions of Sec 10AA (1)(ii) of Income Tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Section 10AA (2) of the Income Tax Act, 1961.

Other components of equity

Other components of equity consist of remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

I) Equity share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2021	2020
Authorized		
Equity shares, ₹ 10/- par value		
12,33,75,000 (12,33,75,000) equity shares	123	123
Issued, subscribed and paid-up		
Equity shares, ₹ 10/- par value		
3,38,27,751 (3,38,27,751) equity shares fully paid up		
(Of the above 3,38,23,444 equity shares are held by the holding company, Infosys Limited)	34	34
	34	34

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 are as follows :

Name of the shareholder	As at March 31,			
	2021		2020	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding company	3,38,23,444	99.99	3,38,23,444	99.99

II) Other equity

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2021	2020
i) Other reserves		
Others		
Securities premium (1)	25	25
Capital reserve	1	1
ii) Special Economic Zone Re-investment Reserve	241	161
	267	187

(1) The amount received in excess of par value has been classified as securities premium

Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

The Board of Directors, in their meeting on October 12, 2020, declared an interim dividend of ₹ 95/- per equity share, which resulted in a cash outflow of approximately ₹ 321 crore.

The Board of Directors, in their meeting on April 12, 2021, recommended a final dividend of ₹ 175 /- per equity share for the financial year ended March 31, 2021. This payment is subject to the approval of shareholders in the ensuing Annual General Meeting of the Company and if approved, would result in a cash outflow of approximately ₹ 592 crore.

2.11 Other financial liabilities

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current		
Others		
Compensated absences	1	1
Total non-current other financial liabilities	1	1
Current		
Others		
Accrued compensation to employees (1)	477	188
Accrued expenses (1) (3)	159	157
Compensated absences	111	98
Capital creditors (1)	26	4
Other payables (1) (4)	149	58
Foreign currency forward contracts (2)	1	18
Total current other financial liabilities	923	523
Total other financial liabilities	924	524
(1) Financial liability carried at amortized cost	811	407
(2) Financial liability carried at fair value through profit or loss	1	18
(3) Includes dues to other group companies (Refer to Note 2.22)	–	–
(4) Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	146	7

2.12 Trade payables

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Current		
Trade payables [(1)]	62	55
Total Trade payables	62	55
[(1)] Includes dues to holding, subsidiaries and other group companies (Refer to Note 2.22)	24	27

As at March 31, 2021 and March 31, 2020, there are no outstanding dues to micro, small and medium enterprises. There is no interest due or outstanding on the same. During the year ended March 31, 2021 and March 31, 2020, an amount of ₹2 crore and less than ₹1 crore was paid beyond the appointed day as defined in the Micro, Small and Medium Enterprises Development Act 2006.

2.13 Other liabilities

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Non-current		
Withholding taxes	11	–
Gratuity liability	1	–
Total non-current other liabilities	12	–
Current		
Unearned revenue	266	293
Others		
Withholding taxes and others	99	88
Client deposits	1	1
Total other liabilities	366	382

2.14 Provisions

Accounting policy

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post-sales client support

The Company provides its clients with a fixed-period post-sales support on its fixed-price, fixed-timeframe and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in Statement of Profit or Loss. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

The provision for post sales client support and others as at March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Others		
Post-sales client support and others	25	28
Total provisions	25	28

Provision for post-sales client support and others

The movement in the provision for post-sales client support and others is as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	28	28
Provision recognized	4	5
Provision utilized	(5)	(5)
Exchange difference	(2)	–
Balance at the end	25	28

Provision for post-sales client support and others are expected to be utilized over a period of six months to one year.

2.15 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to securities premium.

Income tax expense in the Statement of Profit and Loss comprises :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Current taxes	218	244
Deferred taxes	3	(34)
Income tax expense	221	210

Income tax expense for the year ended March 31, 2021 and March 31, 2020 includes reversal (net of additional provisions) of ₹ 10 crore and ₹ 15 crore respectively, pertaining to earlier periods. These reversals pertain to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Deferred income tax for the year ended March 31, 2021 and March 31, 2020 substantially relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Profit before income taxes	916	858
Enacted tax rates in India	34.94%	34.94%
Computed expected tax expense	320	300
Tax effect due to non-taxable income for Indian tax purposes	(101)	(84)
Tax effect of non-deductible losses of 10AA units	–	3
Overseas taxes	12	14
Tax provision (reversals)	(10)	(15)
Effect of non-deductible expenses	3	(2)
Others	(3)	(6)
Income tax expense	221	210

The applicable Indian corporate statutory tax rate for the years ended March 31, 2021 and March 31, 2020 is 34.94%.

In India, the Company has benefited from certain tax incentives that the Government of India had provided for export of services from the units registered under the Special Economic Zones (SEZs) Act, 2005. SEZ units which began the provision of services on or after April 1,2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

The details of income tax assets and income tax liabilities as of March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Income tax assets	137	125
Current Income tax liabilities	(72)	(25)
Net income tax assets at the end	65	100

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Net income tax asset / (liability) at the beginning	100	80
Translation differences	(4)	4
Income tax paid, net of refunds	183	259
Income tax expense	(218)	(244)
MAT credit utilization	–	–
Income tax on other comprehensive income	4	1
Net income tax asset at the end	65	100

The movement in gross deferred income tax assets and labilities (before set-off) for the year ended March 31, 2021 is as follows :

Particulars	Carrying value as on April 1, 2020	Changes through profit and loss	Changes through OCI	Impact on account of Ind AS 116	Translation difference	Carrying value as on March 31, 2021
Property, plant and equipment	33	–	–	–	–	33
Lease liabilities	16	1	–	–	–	17
Compensated absences	28	5	–	–	–	33
Trade receivables	7	(2)	–	–	–	5
Derivative financial instruments	6	(9)	–	–	–	(3)
Others	7	2	1	–	–	10
Total deferred tax assets and liabilities	97	(3)	1	–	–	95

The movement in gross deferred income tax assets and labilities (before set-off) for the year ended March 31, 2020 was as follows :

Particulars	Carrying value as on April 1, 2019	Changes through profit and loss	Changes through OCI	Impact on account of Ind AS 116	Translation difference	Carrying value as on March 31, 2020
Property, plant and equipment	29	4	–	–	–	33
Lease liabilities	3	7	–	6	–	16
Compensated absences	23	5	–	–	–	28
Trade receivables	5	2	–	–	–	7
Derivative financial instruments	(5)	11	–	–	–	6
Others	3	5	(1)	–	–	7
Total deferred tax assets and liabilities	58	34	(1)	6	–	97

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The credits relating to temporary differences during the year ended March 31, 2021 and March 31, 2020 are primarily on account of property, plant and equipment, compensated absences, lease liability and others partially offset by reversal of credits pertaining to derivative financial instruments.

2.16 Revenue from operations

Accounting policy

The Company derives revenues primarily from business process management services. Arrangements with customers for business process management services are either on a fixed-timeframe, unit of work or on a time-and-material basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material contracts and unit of work-based contracts are recognized as the related services are performed. Fixed-price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Arrangements to deliver software products generally have three elements : license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Company uses the expected cost-plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Certain eligible, nonrecurring costs (e.g. set-up or transition or transformation costs) that do not represent a separate performance obligation are recognized as an asset when such costs (a) relate directly to the contract; (b) generate or enhance resources of the Company that will be used in satisfying the performance obligation in the future; and (c) are expected to be recovered. Such capitalized contract costs are amortized over the respective contract life on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Revenue from operations for the and year ended March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Income from business process management services	5,450	4,595
	5,450	4,595

The Company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not significant based on these estimates. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 and March 31, 2020 by offerings. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Revenue by offerings		
Digital	609	523
Core	4,841	4,072
Total	5,450	4,595

Digital services

Digital services comprise of service and solution offerings of Infosys BPM that enable our clients to digitally transform their business processes. These include offerings that enhance customer experience through innovative operating models (business platforms), provide business insights that drive improved business outcomes (effectiveness), automate and help accelerate efficiency and productivity and services that assure compliance (such as Sox, GDPR). These solutions leverage AI-based analytics, web-based automation, digital interactive solutions, robotic process automation and platform-based technologies.

Core services

Infosys BPM is the business process management subsidiary of Infosys, providing end-to-end business processing services for its clients across the globe. Core service offerings are in the areas of Industry-specific services (ex : Mortgage, Claim processing, etc.) and Enterprise Services (ex : Finance and accounting, HR, Supply services etc.)

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed-price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed-time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed-timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended March 31, 2021 and March 31, 2020, the Company recognized revenue of ₹ 186 crore and ₹ 140 crore arising from opening unearned revenue as of April 1, 2020 and April 1, 2019 respectively.

During the year ended March 31, 2021 and March 31, 2020 , ₹ 19 crore and ₹ 11 crore of unbilled revenue pertaining to fixed-price development contracts as of April 1, 2020 and April 1, 2019 respectively has been reclassified to trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2021 other than those meeting the exclusion criteria mentioned above, is ₹ 2,611 crore. Out of this, the Company expects to recognize revenue of around 36.30% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

2.17 Other income, net

Accounting policy

2.17.1 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain / loss on investments and forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

2.17.2 Foreign currency

a. Functional currency

The functional currency of the Company is the Indian rupee. These standalone financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

b. Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss and reported within exchange gains / (losses) on translation of assets and liabilities, net. 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. The related revenue and expense are recognized using the same exchange rate.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Other comprehensive income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at Fair Value through Other Comprehensive Income (FVOCI).

Other income for the and year ended March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Interest received on financial assets carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	137	170
Interest income on financial assets carried at fair value through other comprehensive income		
Non-convertible debentures	28	26
Certificates of deposit	9	14
Government securities	–	–
Income on financial assets carried at fair value through other comprehensive income		
Non-convertible debentures	1	–
Certificates of deposit	1	–
Income on investments carried at fair value through profit or loss		
Dividend income on liquid mutual funds units	3	–
Gains / (losses) on liquid mutual funds units	2	14
Profit / (loss) on sale of property, plant and equipment	1	1
Rental income from holding company	3	3
Exchange gains / (losses) on foreign currency forward contracts	40	(20)
Exchange gains / (losses) on translation of other assets and liabilities	(23)	37
Miscellaneous income, net [(1)]	5	45
Total Other Income	207	290

[(1)] Includes sale of duty scrips of Nil and ₹27 crores for the year ended March 31, 2021 and March 31, 2020 respectively.

2.18 Expenses

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Employee benefit expenses		
Salaries including bonus	3,568	2,796
Contribution to provident and other funds	94	96
Staff welfare	27	34
	3,689	2,926
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	412	332
Legal and professional	27	27
Recruitment and training	17	26
	456	385
Other expenses		
Consumables	12	5
Brand building and advertisement	11	7
Short-term leases (Refer to Note 2.2)	27	32
Marketing expenses	3	6
Rates and taxes	5	5
Contribution towards corporate social responsibility	16	16
Communication expenses	91	66
Power and fuel	22	29
Repairs and maintenance	100	125
Bank charges and commission	4	1
Postage and courier	2	–
Impairment loss recognized / (reversed) under expected credit loss model	–	4
Professional membership and seminar participation fees	1	1
Provision for doubtful loans and advances	1	2
Provision for post-sales client support and others	(1)	1
Cost of software packages	87	71
Insurance	7	6
Auditor's remuneration		
Statutory audit fees	–	–
Tax matters	–	–
Reimbursement of expenses	–	–
Others	1	4
	389	381

2.19 Employee benefits

Accounting policy

2.19.1 Gratuity

The Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPM Limited Employees' Gratuity Fund Trust ("the Trust"). The trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by the Indian Law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / asset are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments is recognized in net profits in the Statement of Profit and Loss.

The Company provides for Minimum mandated retirement benefit scheme under Republic Act 7641 (R.A. 7641) covering eligible employees in Philippines. The R.A. 7641 scheme is a final salary Defined Benefit Plan that provides for a lumpsum payment made on retirement. During the year ended March 31, 2021, the Company recognized net defined liability of ₹ 1 crore. Also, refer to Note 2.13.

2.19.2 Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the superannuation plan beyond the monthly contribution to the Infosys BPM Limited Employees' Superannuation Fund Trust, the corpus of which is invested with the Life Insurance Corporation of India.

2.19.3 Pension

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the pension plan beyond the monthly contributions.

2.19.4 Provident fund

Eligible employees of the Company are participants in defined contribution plan. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

2.19.5 Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The Code on Social Security, 2020 ("the Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(a) Gratuity

The funded status of the gratuity plan and the amounts recognized in the Company's financial statements as of March 31, 2021 and March 31, 2020 is as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Change in benefit obligations		
Benefit obligations at the beginning	103	94
Service cost	15	12
Interest expense	6	6
Transfer of obligation	–	(1)
Remeasurements – Actuarial losses	13	4
Benefits paid	(8)	(12)
Benefit obligations at the end	129	103
Change in plan assets		
Fair value of plan assets at the beginning	103	98
Interest income	7	7
Transfer of employees	–	(1)
Remeasurements – Return on plan assets excluding amounts included in interest income	1	–
Contributions	31	11
Benefits paid	(8)	(12)
Fair value of plan assets at the end	134	103
Funded status	5	–
Prepaid gratuity asset	5	–

The amount for the year ended March 31, 2021 and March 31, 2020 recognized in the Statement of Profit and Loss under employee benefit expenses are as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Service cost	15	12
Net interest on the net defined benefit liability / (asset)	(1)	(1)
Net gratuity cost	14	11

The amount for the year ended March 31, 2021 and March 31, 2020 recognized in the Statement of Other Comprehensive Income are as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Remeasurements of the net defined benefit liability / (asset)		
Actuarial losses	13	4
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(1)	–
	12	4

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	–	2
(Gain) / loss from change in experience assumptions	13	2
	13	4

The weighted-average assumptions used to determine benefit obligations as of March 31, 2021 and March 31, 2020 are as follows :

in %

Particulars	As at March 31,	
	2021	2020
Discount rate	6.1%	6.2%
Weighted average rate of increase in compensation levels	7.5%	7.5%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2021 and March 31, 2020 are as follows :

Particulars	Year ended March 31,	
	2021	2020
Discount rate (in %)	6.2%	7.1%
Weighted average rate of increase in compensation levels (in %)	7.5%	7.5%
Weighted average duration of defined benefit obligation	5.9 years	5.9 years

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Sensitivity of significant assumptions used for valuation of defined benefit obligations

in ₹ crore

Impact of percentage point increase / decrease in	As at March 31,	
	2021	2020
Discount rate	3	3
Weighted average rate of increase in compensation level	3	2

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the Infosys BPM Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2021, and March 31, 2020, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2021 and March 31, 2020 were ₹ 8 crore and ₹ 7 crore respectively.

The Company expects to contribute ₹28 crore to the gratuity trusts during the fiscal 2022.

Maturity profile of defined benefit obligation :

in ₹ crore

Within 1 year	40
1-2 year	34
2-3 year	30
3-4 year	27
4-5 year	23
5-10 years	58

(b) Superannuation

The Company contributed ₹ 7 crore to the Superannuation Trust for the year ended March 31, 2021 (₹ 6 crore for the year ended March 31, 2020).

(c) Provident fund

The Company contributed ₹ 77 crore towards Provident Fund for the year ended March 31, 2021 (₹ 78 crore for the year ended March 31, 2020).

(d) Pension Fund

The Company contributed ₹ 12 crore to pension funds for the year ended March 31, 2021 (₹ 9 crore for the year ended March 31, 2020).

2.20 Reconciliation of basic and diluted shares used in computing earnings per share

Accounting policy

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually-issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

A reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share is as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Basic earnings per equity share – weighted average number of equity shares outstanding	3,38,27,751	3,38,27,751
Effect of dilutive common equivalent shares	–	–
Diluted earnings per equity share – weighted average number of equity shares and common equivalent shares outstanding	3,38,27,751	3,38,27,751

2.21 Contingent liabilities and commitments (to the extent not provided for)

Accounting policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Contingent liabilities :		
Claims against the Company, not acknowledged as debts [(1)]	234	126
[Amount paid to statutory authorities ₹ 61 crore (₹ 49 crore)]		
Commitments :		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits) [(2)]	82	34

(1) The claims against the Company majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of expenditure towards software being held as capital in nature, disallowance under Section 80G, disallowance on account of denial of certain foreign tax credit among others. The Company is contesting the demand and the Management including its tax advisors believes that its position will likely be upheld in the appellate process. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(2) Capital contracts primarily comprises of commitments for infrastructure, facilities and computer equipment.

Legal proceedings

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management reasonably expects that these legal actions, when ultimately concluded and determined, will not have a material and adverse effect on the Company's results of operations or financial condition.

2.22 Related party transactions

List of related parties :

Name of related parties	Country	Holding as at March 31,	
		2021	2020
Holding Company			
Infosys Limited	India	Holding Company	Holding Company
Subsidiaries			
Infosys (Czech Republic) Limited s.r.o. [(1)]	Czech Republic	100%	100%
Infosys Poland Sp z.o.o [(1)]	Poland	100%	100%
Infosys BPO Americas LLC. [(1)]	US	100%	100%
Infosys McCamish Systems LLC [(1)]	US	100%	100%
Portland Group Pty Ltd [(1)]	Australia	100%	100%
Infosys Consulting Sp. z.o.o [(24)] [(32)]	Poland	–	100%
Infosys BPM UK Limited [(1)] [(38)]	UK	–	–

Fellow subsidiaries

Name of related parties	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems) (44)	India
Kallidus Inc. (Kallidus) (45)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (3)	Saudi Arabia
Infosys Consulting Ltda. (2)	Brazil
Infosys CIS LLC (2) (19)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (48)	Canada
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (2)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (44)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (44)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (37)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (23)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (25)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (2)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia
Fluido Newco AB (12) (39)	Sweden
Infosys Compaz Pte. Ltd (10)	Singapore
Infosys South Africa (Pty) Ltd (9)	South Africa
WongDoody Holding Company Inc. (WongDoody) (2)	US
WDW Communications, Inc (11)	US
WongDoody, Inc (11)	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) (10) (13)	Japan
Stater N.V. (10) (14)	The Netherlands
Stater Nederland B.V. (15)	The Netherlands
Stater Duitsland B.V. (15) (41)	The Netherlands
Stater XXL B.V. (15)	The Netherlands

Name of related parties	Country
HypoCasso B.V. (15)	The Netherlands
Stater Participations B.V. (15)	The Netherlands
Stater Deutschland Verwaltungs-GmbH (16) (40)	Germany
Stater Deutschland GmbH & Co. KG (16) (40)	Germany
Stater Belgium N.V./S.A. (17) (42)	Belgium
Outbox systems Inc. dba Simplus (US) (20)	US
Simplus North America Inc. (21)	Canada
Simplus ANZ Pty Ltd. (21)	Australia
Simplus Australia Pty Ltd (22)	Australia
Sqware Peg Digital Pty Ltd (22)	Australia
Simplus Philippines, Inc. (21)	Philippines
Simplus Europe, Ltd. (21)	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) (12) (26)	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) (12) (26)	Ireland
Infosys Limited Bulgaria EOOD(2) (27)	Bulgaria
Kaleidoscope Animations, Inc. (30)	US
Kaleidoscope Prototyping LLC (31)	US
GuideVision s.r.o. (28)	UK
GuideVision Deutschland GmbH (29)	Germany
GuideVision Suomi Oy (29)	Finland
GuideVision Magyarország Kft (29)	Hungary
GuideVision Polska SP.Z.O.O (29)	Poland
GuideVision UK Ltd (29)	UK
Beringer Commerce Inc (33)	US
Beringer Capital Digital Group Inc (33)	US
Mediotype LLC (34)	US
Beringer Commerce Holdings LLC (34)	US
SureSource LLC (35)	US
Blue Acorn LLC (35)	US
Simply Commerce LLC (35)	US
iCiDIGITAL LLC (36)	US
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi (2) (43)	Turkey
Infosys Germany Holding Gmbh (2) (46) (47)	Germany

(1) Wholly-owned subsidiary of Infosys BPM Limited
(2) Wholly-owned subsidiary of Infosys Limited
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Liquidated effective November 17, 2019
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(15) Wholly-owned subsidiary of Stater N.V
(16) Wholly-owned subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Ltd.
(19) Liquidated effective January 28, 2021
(20) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(21) Wholly-owned subsidiary of Outbox Systems Inc.
(22) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(23) Liquidated effective October 31, 2019
(24) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(25) Liquidated effective July 17, 2020

[26] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

[27] Incorporated effective September 11, 2020

[28] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

[29] Wholly-owned subsidiary of GuideVision s.r.o.

[30] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

[31] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.

[32] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

[33] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

[34] Wholly-owned subsidiary of Beringer Commerce Inc

[35] Wholly-owned subsidiary of Beringer Commerce Holdings LLC

[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

[37] Liquidated effective November 19,2020

[38] Incorporated, effective December 9, 2020

[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020

[40] Merged into Stater Duitsland B.V., effective December 18, 2020

[41] Merged with Stater N.V., effective December 23, 2020

[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

[43] Incorporated on December 30, 2020.

[44] Under liquidation

[45] Liquidated effective March 9,2021

[46] Incorporated on March 23, 2021

[47] On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.

[48] Wholly-owned subsidiary of Infosys Public Services, Inc.

List of other related parties

Name of the Trust	Country	Nature of relationship
Infosys BPM Limited Employees' Superannuation Fund Trust (formerly Infosys BPO Limited Employees Superannuation Fund Trust)	India	Post-employment benefit plan of Infosys BPM (Formerly known as Infosys BPO)
Infosys BPM Limited Employees' Gratuity Fund Trust (formerly Infosys BPO Limited Employees' Gratuity Fund Trust)	India	Post-employment benefit plan of Infosys BPM (Formerly known as Infosys BPO)

The details of amounts due to or due from related parties as at March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	As at March 31,	
	2021	2020
Capital transactions :		
Trade receivables		
Infosys Limited	145	59
Infosys McCamish Systems LLC	3	2
Infosys BPO Americas	2	–
EdgeVerve	1	1
Infosys Public Services	1	1
Infosys China	–	1
Stater Nederland B.V.	–	1
Portland Group Pty Ltd	–	–
HIPUS Co., Ltd	–	–
Infosys Luxembourg S.à.r.l	–	–
Infosys Mexico	–	–
Infosys Poland Sp z.o.o	–	–
Infy Consulting Company Ltd	–	–
	152	65
Other financial assets :		
Infosys Limited	177	6
McCamish Systems LLC	6	–
HIPUS Co., Ltd	–	1
Infosys BPO Americas	–	–

Particulars	As at March 31,	
	2021	2020
EdgeVerve	–	–
Infosys Poland sp. z o o	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Mexico	–	–
	183	7
Trade payables :		
Infosys Limited	11	12
Infosys McCamish Systems LLC	8	9
Infosys Poland Sp z.o.o	2	5
HIPUS Co., Ltd	1	–
Infosys Consulting Ltda.	1	–
EdgeVerve	1	–
Infosys Management Consulting Pty Limited	–	1
Portland Group Pty Ltd	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys China	–	–
	24	27
Other financial liabilities :		
Infosys Limited	144	6
EdgeVerve	2	1
Infosys BPO Americas	–	–
Infosys Poland Sp.z.o.o	–	–
Infosys McCamish Systems LLC	–	–
Portland Group Pty Ltd	–	–
	146	7
Accrued expense :		
Stater N.V.	–	–
	–	–

The details of the related parties transactions entered into by the Company for year ended March 31, 2021 and March 31, 2020 are as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Capital transactions :		
Equity		
Infosys BPO Americas LLC	38	–
	38	–
Revenue transactions :		
Purchase of services		
Infosys Limited	110	121
Infosys McCamish Systems LLC	118	102
Infosys Poland Sp z.o.o	24	14
Portland Group Pty Limited	5	1
EdgeVerve	5	2
Infosys Management Consulting Pty Limited	2	6
Infosys (Czech Republic) Limited s.r.o.	1	6
Infosys China	3	2
Infy Consulting Company Ltd	–	3
Infosys Consulting Ltda.	1	–
HIPUS Co., Ltd	–	–
Infosys Consulting Pte. Ltd.	–	–
WDW Communications, Inc.	–	–
	269	257
Purchase of shared services including facilities and personnel		
Infosys Limited	24	25
	24	25

Particulars	Year ended March 31,	
	2021	2020
Sale of services		
Infosys Limited	1,322	733
Infosys McCamish Systems LLC	35	28
Infosys Public Services	8	14
Infosys BPO Americas	3	–
Portland Group Pty Ltd	3	2
EdgeVerve	4	4
Infosys Poland sp. z o o	1	–
Stater Nederland B.V.	2	2
HIPUS Co., Ltd	–	1
Infosys China	–	–
Infy Consulting Company Ltd	–	–
Infosys Luxembourg S.à.r.l	–	–
Infosys Mexico	–	–
Stater N.V.	–	1
	1,378	785
Sale of shared services including facilities and personnel		
Infosys Limited	3	3
	3	3
Dividend paid		
Infosys Limited	321	–
	321	–

List of key management personnel

Name of the related party	Designation
Anantharaman Radhakrishnan	Managing Director and Chief Executive Officer
Prof. Jayanth R. Varma [(1)]	Independent Director
Ravikumar Singisetti	Chairman and Director
Inderpreet Sawhney	Director
D.N. Prahlad [(2)]	Director
Prem Pereira	Chief Financial Officer
Bindu Raghavan	Company Secretary
Gopal Devanahalli [(3)]	Independent Director
Michael Nelson Gibbs [(3)]	Independent Director

[(1)]Retired as Director effective April 30, 2019

[(2)]Resigned as Director effective April 15, 2019

[(3)]Appointed as Independent director effective July 10, 2019

Transaction with key managerial personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows :

in ₹ crore

Particulars	Year ended March 31,	
	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers [(1)]	8	5
Commission and other benefits to non-executive/independent directors	–	–
Total	8	5

[(1)]Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.23 Segment reporting

The Company publishes these financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

2.24 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education and healthcare and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

in ₹ crore

Sl.No Particulars	In cash	Yet to be paid in cash	Total
(A) Gross amount required to be spent by the Company during the year	16	–	16
	16	–	16
(B) Amount spent during the year :			
(i) Construction / acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	16	–	16
	16	–	16

2.25 Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	Note no.	Year ended March 31,	
		2021	2020
Revenue from operations	2.16	5,450	4,595
Cost of sales		4,150	3,439
Gross profit		1,300	1,156
Operating expenses			
Selling and marketing expenses		212	219
General and administration expenses		349	337
Total operating expenses		561	556
Operating profit		739	600
Other income	2.17	207	290
Finance cost	2.2	(30)	(32)
Profit before tax		916	858
Tax expense :			
Current tax	2.15	218	244
Deferred tax	2.15	3	(34)
Profit for the year		695	648
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax		(9)	(3)
		(9)	(3)
Items that will be reclassified to profit or loss			
Fair value changes on investments, net of tax	2.3	(1)	6
		(1)	6
Total other comprehensive income, net of tax		(10)	3
Total comprehensive income for the year		685	651

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Anand Subramanian
Partner
Membership Number : 110815

for and on behalf of the Board of Directors of Infosys BPM Limited

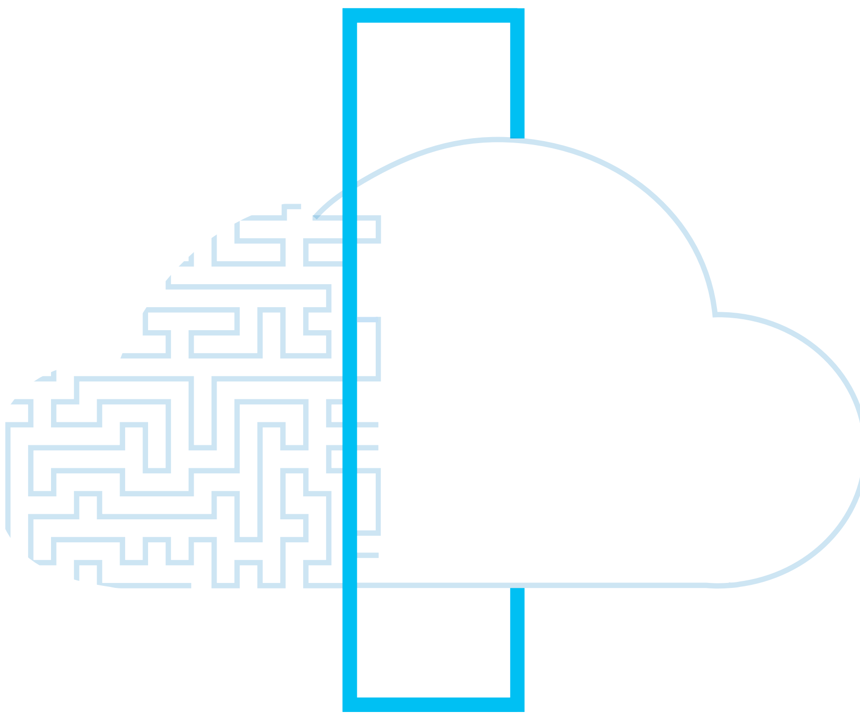
Ravikumar Singisetti
Chairman and Director

Anantharaman Radhakrishnan
Managing Director and Chief Executive Officer

Prem Pereira
Chief Financial Officer

Bindu Raghavan
Company Secretary

Bengaluru
April 12, 2021



Infosys (Czech Republic) Limited s.r.o.

Introduction

The nature of the services (business process outsourcing) provided by Infosys (Czech Republic) Limited s.r.o. are in line with the following trade licenses in the Czech Republic:

1. Production, trade and services not listed in annexes 1 to 3 of the Trade Licensing Act

Fields of activity:

- services in the area of administration and services of an organizational and economic nature,
- provision of software, information technology consulting, data processing, hosting and related activities and web portals,
- guidance and consulting activities, production of expert studies and opinions,
- research and development in the field of natural and technical sciences or social sciences,
- intermediation in trade and services.
- translation and interpretation activities

2. Activities of accounting advisors and accounts keeping

Description of activities:

Technical Contact Center

Providing technical support to Infosys clients' personnel and/or customers via phone, mail, or chat.

Support provided in most of European languages

Finance and Accounting

Providing expert accounting support in the following areas:

- Accounts payable
- Accounts receivable
- Travel and expense
- General ledger

Insurance services

Processes:

- Underwriting Support (end to end process – all stages of insurance policies)

Banking Services

Providing services to European clients of American banking institutions in the process of on-boarding new reporting software.

Digital Content Management

Analyzing, updating, and reporting on digital content for a major American Hi-Tech Manufacturer

Sales Support

Support of Sales and Quoting activities in the European Union for an American Hi-Tech Manufacturer

Other Services

Small client operations with the following processes:

- Translation & interpretation support
- Remote Warehouse software support
- Remote quality control
- Transition and due-diligence support
- Project Management support
- Process and Operation Consulting
- Application Development and Maintenance
- IT Services Management

Information according to Sec 21(2) of Act No. 563/1991, Act of Accountancy

- about facts which occurred after the Balance Sheet date and are material for the fulfilment of the purpose of this Annual Report

No such facts occurred after the Balance Sheet date.

- about forecasted development in activities of the reporting unit

The turnover for 2020-21 amounted to TCZK 530,698 compared to TCZK 512,708 for 2019-20. The number of employees as at March 31, 2021 (including employees on maternity and parental leave) amounted to 758 (March 31, 2020 – 702 employees).

It is expected that in 2021-2022 there will be 810 employees (excluding employees on maternity and parental leave) and turnover of TCZK 579,188.

The Executive Director of the Company is not aware of any other matter or circumstance that has occurred since the end of the financial period that would have significantly affected or may affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

- R&D activities: none
- acquisition of own shares or own ownership interests

The Company has acquired no own shares or ownership interests.

- activities in the area of environmental protection

The Company tries to achieve environmentally friendly and thrifty handling of raw materials, energy, water as well as other sources when providing services in order to improve the input efficiency.

- labor-law relations

The Company meets all duties stipulated by the Czech labor code.

- The Company does not have any branch or other component of its business enterprise abroad.

Enclosures:

1. Balance Sheet as at March 31, 2021
2. Profit and Loss Account for the period from April 1, 2020 to March 31, 2021
3. Notes to the Financial Statements
4. Report on Relations 2020-21
5. Audit Report

Date : May 18, 2021

Kapil Jain
Company Executive Director

Independent Auditor's Report

To the Partner of

Infosys (Czech Republic) Limited s.r.o.

Having its registered office at: Vlněna 526/1, Trnitá, 602 00 Brno

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the Balance Sheet as of March 31, 2021, and the Profit and Loss Account, Statement of Changes in Equity, and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber

of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Executive is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Executive and Supervisory Board for the Financial Statements

The Statutory Executive is responsible for the preparation and fair presentation of the financial statements in accordance with accounting regulations applicable in the Czech Republic and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Executive is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Executive either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Executive.
- Conclude on the appropriateness of the Statutory Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Executive and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague on May 18, 2021

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o.	Miroslav Zigáček
Rregistration no. 079	Registration no. 2222

Balance Sheet

In CZK thousand

	Particulars	As at March 31,			
		2021			2020
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	430,540	100,813	329,727	366,509
B.	Fixed assets	155,805	100,637	55,168	53,507
B.I.	Intangible fixed assets	3,092	1,374	1,718	2,336
B.I.2.	Valuable rights	3,092	1,374	1,718	2,336
B.I.2.1.	Software	3,092	1,374	1,718	2,336
B.II.	Tangible fixed assets	152,713	99,263	53,450	51,171
B.II.1.	Land and structures	55,102	26,813	28,289	21,398
B.II.1.2.	Structures	55,102	26,813	28,289	21,398
B.II.2.	Tangible movable assets and sets of tangible movable assets	97,611	72,450	25,161	28,372
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction				1,401
B.II.5.2.	Tangible fixed assets under construction				1,401
C.	Current assets	262,210	176	262,034	311,530
C.II.	Receivables	105,414	176	105,238	100,188
C.II.1.	Long-term receivables	16,970		16,970	16,180
C.II.1.4.	Deferred tax asset	4,531		4,531	3,123
C.II.1.5.	Receivables - other	12,439		12,439	13,057
C.II.1.5.2.	Long-term prepayments made	12,439		12,439	13,057
C.II.2.	Short-term receivables	88,444	176	88,268	84,008
C.II.2.1.	Trade receivables	73,623	176	73,447	65,756
C.II.2.4.	Receivables - other	14,821		14,821	18,252
C.II.2.4.3.	State - tax receivables	7,940		7,940	3,344
C.II.2.4.4.	Short-term prepayments made	50		50	7,683
C.II.2.4.5.	Estimated receivables	6,828		6,828	7,222
C.II.2.4.6.	Sundry receivables	3		3	3
C.IV.	Cash	156,796		156,796	211,342
C.IV.1.	Cash on hand				1,050
C.IV.2.	Cash at bank	156,796		156,796	210,292
D.	Other assets	12,525		12,525	1,472
D.1.	Deferred expenses	12,525		12,525	1,472

Liabilities

In CZK thousand

	Particulars	As at March 31,	
		2021	2020
	TOTAL LIABILITIES AND EQUITY	329,727	366,509
A.	Equity	254,819	252,472
A.I.	Share capital	18,750	18,750
A.I.1.	Share capital	18,750	18,750
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	231,847	214,846
A.IV.1.	Accumulated profits or losses brought forward (+/-)	231,847	214,846
A.V.	Profit or loss for the current period (+/-)	2,347	17,001
B.+C.	Liabilities	62,339	105,907
B.	Reserves	8,198	18,797
B.II.	Income tax reserve		4,135
B.IV.	Other reserves	8,198	14,662
C.	Payables	54,141	87,110
C.II.	Short-term payables	54,141	87,110
C.II.4.	Trade payables	2,411	32,193
C.II.8.	Other payables	51,730	54,917
C.II.8.3.	Payables to employees	25,257	23,506
C.II.8.4.	Social security and health insurance payables	8,521	9,746
C.II.8.6.	Estimated payables	17,646	21,385
C.II.8.7.	Sundry payables	306	280
D.	Other liabilities	12,569	8,130
D.1.	Accrued expenses	12,433	1,801
D.2.	Deferred income	136	6,329

Profit and Loss Account

In CZK thousand

	Particulars	Year ended March 31,	
		2021	2020
I.	Sales of products and services	530,698	512,708
A.	Purchased consumables and services	81,250	74,578
A.2.	Consumed material and energy	5,988	5,953
A.3.	Services	75,262	68,625
D.	Staff costs	395,301	363,664
D.1.	Payroll costs	288,547	266,119
D.2.	Social security and health insurance costs and other charges	106,754	97,545
D.2.1.	Social security and health insurance costs	98,573	89,988
D.2.2.	Other charges	8,181	7,557
E.	Adjustments to values in operating activities	27,047	12,500
E.1.	Adjustments to values of intangible and tangible fixed assets	27,002	12,448
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	27,002	12,448
E.3.	Adjustments to values of receivables	45	52
III.	Other operating income	185	
III.3.	Sundry operating income	185	
F.	Other operating expenses	(1,033)	10,794
F.1.	Net book value of sold fixed assets	823	76
F.3.	Taxes and charges	40	59
F.4.	Reserves relating to operating activities and complex deferred expenses	(6,464)	(32,730)
F.5.	Sundry operating expenses	4,568	43,389
*	Operating profit or loss (+/-)	28,318	51,172
IV.	Income from non-current financial assets - equity investments		17,929
IV.2.	Other income from equity investments		17,929
G.	Costs of equity investments sold		54,219
VI.	Interest income and similar income	11	2
VI.2.	Other interest income and similar income	11	2
VII.	Other financial income	9,563	21,713
K.	Other financial expenses	31,969	7,279
*	Financial profit or loss (+/-)	(22,395)	(21,854)
**	Profit or loss before tax (+/-)	5,923	29,318
L.	Income tax	3,576	12,317
L.1.	Due income tax	4,985	6,024
L.2.	Deferred income tax (+/-)	(1,409)	6,293
**	Profit or loss net of tax (+/-)	2,347	17,001
***	Profit or loss for the current period (+/-)	2,347	17,001
*	Net turnover for the current period	540,457	552,352

Statement of Changes In Equity

Year ended March 31, 2021

In CZK thousand

Particulars	Share capital	Gains or losses from the revaluation of assets and liabilities (+/-)	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Other profit or loss from prior years	TOTAL EQUITY
Balance at December 31, 2019	18,750	(19,767)	1,875	205,816	9,030	215,704
Distribution of profit or loss	–	–	–	9,030	(9,030)	–
Gains or losses from the revaluation of assets and liabilities	–	19,767		–	–	19,767
Profit or loss for the current period	–	–	–	–	17,001	9,030
Balance at December 31, 2020	18,750	–	1,875	214,846	17,001	252,472
Distribution of profit or loss	–	–	–	17,001	(17,001)	–
Profit or loss for the current period					2,347	2,347
Balance at December 31, 2021	18,750	0	1,875	231,847	2,347	254,819

Cash Flow Statement

Year ended March 31, 2021

In CZK thousand

	Particulars	Year ended March 31,	
		2021	2020
P.	Opening balance of cash and cash equivalents	211,342	160,178
	Opening balance of cash and cash equivalents after transformation		
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	5,923	29,318
A.1.	Adjustments for non-cash transactions	21,395	16,134
A.1.1.	Depreciation of fixed assets	27,002	12,448
A.1.2.	Change in provisions and reserves	(6,419)	(32,678)
A.1.3.	Profit/(loss) on the sale of fixed assets	823	36,366
A.1.5.	Interest expense and interest income	(11)	(2)
A.*	Net operating cash flow before changes in working capital	27,318	45,452
A.2.	Change in working capital	(37,166)	35,425
A.2.1.	Change in operating receivables and other assets	(8,637)	10,747
A.2.2.	Change in operating payables and other liabilities	(28,529)	24,678
A.**	Net cash flow from operations before tax	(9,848)	80,877
A.5.	Income tax paid from ordinary operations	(15,212)	(6,212)
A.***	Net operating cash flows	(25,060)	74,665
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(29,486)	(41,430)
B.2.	Proceeds from fixed assets sold		17,929
B.***	Net investment cash flows	(29,486)	(23,501)
	Cash flow from financial activities		
C.***	Net financial cash flows	–	–
F.	Net increase or decrease in cash and cash equivalents	(54,546)	51,164
R.	Closing balance of cash and cash equivalents	156,796	211,342

Notes to the Financial Statements (unconsolidated)

Year ended March 31, 2021
(in CZK thousand)

1. General Information and Description of the Business

Incorporation and Description of the Company

Infosys (Czech Republic) Limited s.r.o. (hereinafter the "Company") was incorporated on February 4, 2004 following its registration in the Register of Companies held by the Regional Court in Brno, Insert No. 45386, File C. The principal business activities of the Company include the production, trade and services not listed in Appendices 1 to 3 of the Trade Licencing Act, and accounting advisory, book-keeping and tax records keeping.

Reporting Period

April 1, 2020 – March 31, 2021

Company Owners

The Company's shareholder as of March 31, 2021:

Infosys BPM Limited 100 %

561229 Bangalore, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6 India

Registered Office of the Company

Infosys (Czech Republic) Limited s.r.o.

Vlněna 526/1, Trnitá

Postcode 602 00, Brno

Corporate ID

269 18 757

Statutory Body

The sole Executive Director of the Company as of March 31, 2021:

Kapil Jain
Acting on Behalf of the Company

The Executive Director acts independently on behalf of the Company.

Members of the Supervisory Board as of March 31, 2021:

Chairman of the Board of Directors:

Ritesh Gandhi
Member of the Board of Directors

Jan Skoták

The consolidated financial statements of the broadest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys Limited, based in Electronics City, Hosur Road, Bangalore, 560 100 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

The consolidated financial statements of the narrowest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys BPM Limited based at Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bangalore, 561229 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

Changes in the Corporate Records made in the Register of Companies:

In the year ended March 31, 2021, the following changes were recorded:

No changes were recorded.

Organizational Structure

The Company is managed by the Executive Director.

2. Significant Accounting Policies Applied by the Company

The financial statements were prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended (hereinafter the "Accounting Act") and Regulation No. 500/2002 Coll. of the Ministry of Finance of the Czech Republic, which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended (hereinafter the "Regulation").

The financial statements were prepared under the assumption of the Company's ability to operate as a going concern.

Estimation of uncertainties concerning the COVID-19 global pandemic in the area of health:

The Company assessed possible impacts on the carrying amounts of receivables and uninvoiced revenues that may arise from the COVID-19 pandemic. In developing assumptions concerning potential future uncertainties in the global economic conditions due to this pandemic, the Company used both internal and external information sources and related information and economic forecasts as of the date of approval of these financial statements. The Company expects to recover

the carrying amount of these assets and will continue to thoroughly monitor all significant changes of future economic conditions.

(a) Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are stated at cost. Tangible and intangible fixed assets with the acquisition cost of less than CZK 2.5 thousand are not presented on the face of the Balance Sheet and are expensed in the year of acquisition. The following table shows the depreciation methods and periods by asset type:

Asset	Depreciation method	Time of depreciation
Office equipment	straight-line	60 months
PC equipment	straight-line	30 - 60 months

Technical improvements on tangible assets held under a lease (buildings) are depreciated on

a straight-line basis over the shorter of the lease term or the estimated useful life.

(b) Non-Current Financial Assets

Non-current financial assets are valued in line with Sections 25 and 27 of the Accounting Act and Sections 48 and 51 of the Regulation.

In line with the Act and the Regulation, securities and equity investments are measured at acquisition cost. In the event of impairment of the financial assets, the Company recognizes a provision.

(c) Provisions and Reserves

Receivables

The Company establishes provisions against doubtful receivables based on an analysis of individual debtor's solvency.

Reserves

Reserve for Outstanding Vacation Days

The reserve for outstanding vacation days at the Balance Sheet date is established based on an analysis of the outstanding vacation days and the average payroll costs, including the costs of social security and health insurance payments per employee.

Income Tax Reserve

The income tax reserve is established due to the fact that the date of preparing the financial statements precedes the date at which the tax liability is determined. In the subsequent reporting period, the reserve is released, and the identified tax liability is recognized. The Company recognizes the income tax reserve in an amount corresponding to the created reserve net of income tax prepayments made if these are lower than the anticipated tax. If such prepayments are higher than or equal to the anticipated tax liability, no income tax reserve is recognized by the Company.

Reserve for Warranty Claims

The Company establishes a reserve for the risk of warranty claims arising from projects and engagements implemented in the prior reporting period.

Reserve for Other Risks

The reserve for other risks is established for sundry risks arising from other matters identified by the Company as of the Balance Sheet date.

(d) Foreign Currency Translation

Transactions denominated in foreign currencies are translated using a fixed monthly exchange rate determined based on the daily exchange rate promulgated by the Czech National Bank as of the first business day of each calendar month. The exchange rate is applicable for all transactions occurring in the relevant month. Customer invoices are translated using the exchange rate promulgated by the

Czech National Bank as of the date of the invoice issuance. Payments in CZK from a bank account maintained in a foreign currency (EUR, USD) are translated using an internal exchange rate of Citi Bank a.s, Deutsche Bank. During the reporting period, solely realized foreign exchange rate gains and losses are reported.

At the Balance Sheet date, the relevant assets and liabilities denominated in foreign currencies are translated at the Czech National Bank's exchange rate prevailing as of that date. Unrealized foreign exchange rate gains and losses are recognized in the profit or loss for the reporting period.

(e) Assets Held under Leases

The Company reports leasehold assets by including the lease payments in expenses on a straight-line basis over the lease period. Upon the expiry of the lease and exercise of the option to purchase the leased asset, the subject of the lease is reported as part of the Company's assets at purchase (replacement) cost.

(f) Income Taxation

The tax payable for the given period includes the tax currently payable and the change in the deferred tax balance.

The tax currently payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all additional taxes and tax refunds for prior periods.

The deferred tax is based on all temporary differences between the accounting and tax values of assets and liabilities, using the anticipated tax rate valid for the period in which the tax asset will be realized or the liability settled.

A deferred tax asset is recognized only if it is likely that it will be realized in the following reporting periods.

(g) Classification of Payables

The Company classifies a portion of long-term payables, bank loans and financial borrowings maturing within less than one year from the Balance Sheet date as short-term payables.

Accrued expenses and deferred income are recognized in Balance Sheet item D 'Other liabilities' as long-term. The presentation treatment corresponds to that of deferred expenses and accrued income in both the current and previous periods.

(h) Other Operating Income

The Company reports income arising from received grants in the reporting period in which the relevant authorities rule to provide the funding under the grants.

(i) Accruals and Deferrals Accounts

Deferred expenses include expenses relating to the costs of future reporting periods.

Accrued expenses include expenses relating the current reporting period but the respective cost has not yet been incurred. This principally relates to the impacts of rental/operating lease payments distributed evenly over the contract term on an accrual basis.

Deferred income consists of income relating to future reporting periods. Income from accrual contracts is recognized when the relating services are carried out and the unbilled income of the current reporting period is recognized as estimated items.

(j) Revenue Recognition

Revenues are recognized as of the date of realizing sales net of discounts and income taxes. With regard to long-term contracts for which the course of billing precedes the course of delivering services defined based on the proportion of the time spent to the total contract term, the Company recognizes a proportionate part of such billing on an accrual basis in the form of deferred income. Otherwise, when services are delivered prior to billing, the Company recognizes a proportionate part of such billing on an accrual basis in the form of estimated receivables.

Reserves for potential losses arising from contracts in progress are recognized in the period in which they are likely to be incurred based on estimated contracts as of the Balance Sheet date.

(k) Cash and Cash Equivalents

Cash on hand includes cash on hand and stamps and vouchers, or cash in transit relating to this item.

Cash on bank accounts relates to balances on accounts, especially bank accounts, or cash relating to this item.

Cash flows are recognized using the indirect method, with the profit for the period being adjusted by the impacts of non-cash transactions, deferrals, accruals or deferrals of past or future operating income or payments, and income and expense items relating to the investments of cash flows. Cash flows from the Company's operating, investment and financial activities are separated. All highly-liquid investments that are easily convertible into cash are considered known cash equivalents.

(l) Employee Benefits

The Company has prepared a policy on compensated cumulated absence. The estimated costs

of cumulated absence are determined based on an actuarial valuation conducted by an independent actuary as of each Balance Sheet date using the method of estimated unit time period.

(m) Related Party Transactions

The Company's Related Parties refer to:

- Parties that may exercise, directly or indirectly, a material or controlling influence over the Company and their subsidiaries; and
- Members of the statutory, supervisory and the Management bodies of the Company or its parent company and close persons of the aforementioned parties, including associates and subsidiaries of those members or persons.

The Company has entered into a transfer pricing agreement with the parent company and fellow subsidiaries. All related party transactions are recorded in line with this transfer pricing agreement.

(n) Subsequent Events

The impact of events which occurred between the Balance Sheet date and the date of preparing

the financial statements is presented in the financial statements when these events provided additional information on facts that existed as of the Balance Sheet date.

When significant post-Balance Sheet events occurred between the Balance Sheet date and the date

of preparing the financial statements, the impacts of those events are disclosed in the notes to

the financial statements but are not presented in the financial statements.

3. Changes in Accounting Principles and Policies

In the year ended March 31, 2021, no changes were made in the accounting principles and policies.

4. Tangible Fixed Assets

In CZK thousand

Particulars	Buildings	Machinery and equipment, Account No. 042	Total
Cost			
Balance at April 1, 2020	32,770	92,660	125,431
Additions	22,332	8,554	30,886
Disposals	–	3,604	3,604
Exchange rate difference	–	–	–
Reclassification	–	–	–
Balance at March 31, 2021	55,102	97,611	152,713
Accumulated depreciation			
Balance at April 1, 2020	11,372	62,888	74,260
Depreciation	15,441	11,764	27,205
Accumulated depreciation on disposals	–	2,202	2,202
Reclassification	–	–	–
Balance at March 31, 2021	26,813	72,450	99,263
Net book value at April 1, 2020	21,398	29,773	51,171
Net book value at March 31, 2021	28,289	25,161	53,450

Major additions to fixed assets in the reporting period primarily included new office premises equipment and also the purchase of IT equipment and computers.

None of the Company's assets have been pledged as security.

In CZK thousand

Particulars	Buildings	Machinery and equipment, Account No. 042	Fixed assets under construction	Total
Cost				
Balance at April 1, 2019	10,358	77,574	34,452	122,384
Additions	23,377	17,992	–	41,369
Disposals	965	2,905	34,452	38,322
Reclassification	–	–	–	–
Balance at March 31, 2020	32,770	92,660	–	125,431
Accumulated depreciation	–	–	–	–
Balance at April 1, 2019	10,013	56,272	–	66,285
Depreciation	2,324	9,521	–	11,845
Accumulated depreciation on disposals	965	2,905	–	3,870
Reclassification	–	–	–	–
Balance at March 31, 2020	11,372	62,888	–	74,260
Net book value at April 1, 2019	345	21,302	34,452	56,099
Net book value at March 31, 2020	21,398	29,773	–	51,171

5. Assets Held under Leases

Operating Leases

In the reporting period, the Company held non-residential premises under leases; the premises were located at the following address: Vlněna 526/1, Trnitá, Brno (new lease agreements were entered into with the validity from March 15, 2020 with the option of further extension). The validity of the lease agreement at Holandská 9, Brno, 639 00 was terminated as of March 15, 2020. The total lease expenses amounted to CZK 46,811 thousand and CZK 18,190 thousand in the years ended March 31, 2021 and 2020, respectively.

6. Trade Receivables and Payables

(a) Short-term trade receivables amounted to CZK 73,447 thousand (March 31, 2020 – CZK 65,887 thousand), of which CZK 24,226 thousand (March 31, 2020 – CZK 49,706 thousand) included past-due receivables. The provision against doubtful receivables amounted to CZK 176 thousand and CZK 131 thousand as of March 31, 2021 and 2020, respectively.

(b) Short-term trade payables amounted to CZK 2,411 thousand (March 31, 2020 – CZK 32,193 thousand), of which CZK 0 thousand (March 31, 2020 – CZK 14,055 thousand) included past-due payables. The Company records no payables with maturity of more than five years.

7. Advance Payments Made

Short-term advance payments made include prepayments for the lease of residential and non-residential premises in the amount of CZK 0 thousand (March 31, 2020 – CZK 7,683 thousand).

Long-term advance payments made include prepayments (deposit) for the lease of office premises in the amount of CZK 12,439 thousand (March 31, 2020 – CZK 13,057 thousand).

8. Statement of Changes in Equity

As of the date of signing the financial statements, no decision was made about the transfer of profit for 2020/2021. The Company's Management anticipates transferring the profit generated in the reporting period to retained earnings.

9. Reserves

In CZK thousand

	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at April 1, 2020	4,289	8,081	4,135	2,292	18,797
Change in reserves	983	(7,877)	(988)	430	(7,452)
Other adjustments	–	–	*(3,147)	–	(3,147)
Balance at March 31, 2021	5,272	204	–	2,722	8,198

*The income tax reserve in the amount of CZK 3,147 thousand (March 31, 2020 – CZK 9,500 thousand), the advance payments made in the amount of CZK 9,239 thousand (March 31, 2020 – CZK 5,365 thousand), and the resulting receivable are reported in the line 'State – tax receivables' in the amount of CZK 6,092 thousand (March 31, 2020 'Income tax reserve' in the amount of CZK 4,135 thousand).

The reserve for risks includes the costs of estimated losses and support subsequent to the sale/generation of income from the sale of services in the amount of CZK 204 thousand (March 31, 2020 – CZK 8,081 thousand) and the reserve for other risks amounts to CZK 2,722 thousand (March 31, 2020 – CZK 2,292 thousand). The reserve for outstanding vacation days amounts to CZK 5,272 thousand (March 31, 2020 – CZK 4,289 thousand).

10. Sales

In the reporting period, the sales of services were as follows:

In CZK thousand

Particulars	Year ended March 31,							
	2021				2020			
	In-country	Europe + USA	India	Total	In-country	Europe + USA	India	Total
Advisory, HW and SW consulting	69,022	86,787	374,908	530,698	59,935	118,248	334,525	512,708
Total	69,022	86,787	374,908	530,698	59,935	118,248	334,525	512,708

11. Related Party Transactions

(a) Trade Receivables and Payables

In CZK thousand

Particulars	Receivables at March 31, 2021	Receivables at March 31, 2020	Payables at March 31, 2021	Payables at March 31, 2020
Infosys Poland Sp.z.o.o	–	–	–	5
Infosys BPM Ltd	438	402	–	–
Infosys Technologies Limited	36,280	34,472	–	–
Balance at March 31, 2021	36,718	34,874	–	5

Sales of Goods and Services and Purchases thereof

In CZK thousand

Year ended March 31, 2021	Sales for the year	Purchases for the year
Infosys Poland Sp. z o.o.	–	–
Infosys BPM Ltd	4,260	–
Infosys Limited	375,448	–
Total	379,708	–

(in CZK thousand)

Year ended March 31, 2020	Sales for the year	Purchases for the year
Infosys Poland Sp. z o.o.	170	31
Infosys BPM Ltd	18,763	–
Infosys Limited	315,604	–
Total	334,537	31

Benefits and Loans Provided to the Members of Statutory and Supervisory Bodies

In the years ended March 31, 2021 and 2020, the Company did not provide any benefits and loans to the members of its statutory bodies.

12. Services

The total costs of services amounted to CZK 75,262 thousand (March 31, 2020 – CZK 68,625 thousand), which principally included the lease expenses in the amount of CZK 46,811 thousand (March 31, 2020 – CZK 18,190 thousand).

13. Other Operating Expenses

Other operating expenses primarily include insurance costs and the costs of a failed investment in fixed assets.

14. Employees and Managers

The average re-calculated number of employees and managers, and the staff costs for the years ended March 31, 2021 and 2020 were as follows:

In CZK thousand

Year ended March 31, 2021	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	715	285,632	97,861	8,169
Managers	1	2,915	712	12
Total	716	288,547	98,573	8,181

In CZK thousand

Year ended March 31, 2020	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	598	262,567	89,242	7,545
Managers	1	3,462	746	12
Total	599	266,119	89,988	7,557

15. Estimated Receivables

Total estimated receivables amounted to CZK 6,828 thousand (March 31, 2020 – CZK 7,222 thousand) and included estimated unbilled services of CZK 6,828 thousand (March 31, 2020 – CZK 7,222 thousand) and accrual contracts income.

16. Estimated Payables

Total estimated payables amounted to CZK 17,646 thousand (March 31, 2020 – CZK 21,385 thousand) and included estimated unbilled services as well as items included in remuneration of employees.

17. Accrued Expenses

Total accrued expenses amount to CZK 12,433 thousand (March 31, 2020 – CZK 1,801 thousand). Lease payments under operating leases are charged to expenses on a straight-line basis in the profit and loss account over the lease term. An outstanding part of the lease is recorded as an accrued expense.

18. Deferred Income

Total deferred income amounts to CZK 136 thousand (March 31, 2020 – CZK 6,329 thousand) and represents deferred income from long-term projects with customers.

19. Other Financial Expenses and Income

Other financial expenses in the amount of CZK 31,969 thousand (March 31, 2020 – CZK 7,279 thousand) and other financial income in the amount of CZK 9,563 thousand (March 31, 2020 – CZK 21,713 thousand) principally included realized and unrealized foreign exchange rate gains and losses.

20. Due Amounts Arising from Social Security and Health Insurance

The amounts due arising from social security and health insurance amounted to CZK 8,521 thousand (March 31, 2020 – CZK 9,446 thousand), of which the amount of CZK 6,265 thousand (March 31, 2020 – CZK 6,929 thousand) included estimated social security payments by the employer and the amount of CZK 2,256 thousand (March 31, 2020 – CZK 2,817 thousand) included estimated health insurance payments by the employer. None of these amounts were past their due dates.

21. Fees Paid to the Statutory Auditor

This information is presented in the notes to the consolidated financial statements prepared for the consolidation group in which the Company is included.

22. Income Taxation

(a) Tax Currently Payable

The income tax payable comprises the estimated tax amount for the taxation period ended March 31, 2021 in the amount of CZK 3,147 thousand (taxation period ended March 31, 2020 – CZK 9,500 thousand), and an adjustment of the estimated income tax for the taxation period ended March 31, 2020 of CZK 1,838 thousand (taxation period ended March 31, 2019 – CZK 3,285 thousand).

(b) Deferred Tax

In CZK thousand

Particulars	Asset			Liabilities
	Balance at March 31, 2021	Balance at March 31, 2020	Balance at March 31, 2020	Balance at March 31, 2019
Fixed assets	2,940	312	–	–
Receivables	33	25	–	–
Reserves	1,558	2,785	–	–
Other temporary differences	–	–	–	–
Deferred tax asset/(liability)	4,531	3,123	–	–

In line with the accounting policies presented in Note 2 (f) above, the Company recognized a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the result for the year ended March 31, 2021.

In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of March 31, 2021, the applied tax rate amounted to 19% (2020 – 19%).

23. Off Balance Sheet Commitments

The Company has no contractual liabilities reported off the Balance Sheet.

The Company is not aware of any contingent liabilities.

The Company is not aware of any off-Balance Sheet payables or payables arising from guarantees not reported on the Balance Sheet.

24. Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash on hand, cash in transit, cash at bank, and other financial assets, the value of which can be reliably determined and which are easily convertible into cash. The balance of cash and cash equivalents as of the Balance Sheet date was as follows:

In CZK thousand

Particulars	Balance at March 31,	
	2021	2020
Total current financial assets	156,796	211,342
Cash and cash equivalents	156,796	211,342

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

25. Significant Post Balance Sheet Events

As of the Balance Sheet date, the Company's Management is not aware of any significant post Balance Sheet events that would have a material impact on the financial statements as of March 31, 2021.

Prepared on: Signature of the statutory body or natural person who acts as the entity

May 18, 2021 KAPIL JAIN
Executive Director

Report on Relations

For the accounting period April 1, 2020 – March 31, 2021

The Executive Director of the Company has drawn up the following Report on Relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person in the sense of Section 82 of Act No. 90/2012 Coll., the Act on Business Corporations, for the period April 1, 2020 – March 31, 2021 (hereinafter referred to as the "Decisive Period"). Upon description of the relations, the obligation to keep trade secrets of the Company has been complied with.

1) Structure of the Relations

According to the information available to the Executive Director of the Company acting with due managerial care, during the Decisive Period the Company was a member of the Infosys BPM group, in which the controlling person was Infosys BPM Limited (hereinafter referred to as the "Infosys BPM Group"). Infosys BPM Limited is a majority owned and controlled subsidiary of Infosys Limited.

The information about the persons belonging to the Infosys BPM Group is stated as at March 31, 2021 and is based on the information available to the Executive Director of the Company acting with due managerial care. The structure of the relationships in the Infosys BPM Group is shown in the overview which forms Annex No. 1.

Controlling person:	Infosys BPM Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bangalore, 561229 India
Controlled person:	Infosys (Czech Republic) Limited s.r.o, Vlněna 526/1, Trnitá, 602 00 Brno, Czech Republic Corporate ID 269 18 757

Infosys BPM Limited is the founder and sole shareholder of the Company.

2) Role of the Company in the Infosys BPM Group

The Company is a majority owned and controlled subsidiary of Infosys BPM Limited. Like other companies within the Infosys BPM Group, the Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client business processes and thereby improves their competitive position by managing their business processes in addition to providing increased value. The Company is a leading provider of business process management services to organizations that outsource their business processes.

The Company provides services to these organizations (customers) mostly directly, partially also as a subcontractor of Infosys Poland Sp.z.o.o. or as a subcontractor of Infosys Limited or as a subcontractor of Infosys BPM Limited. In the latter cases, Infosys Poland Sp.z.o.o. or Infosys Limited or Infosys BPM Limited acts as the prime contractor to the customer and assumes all major risks in relation to the contract with the customer.

3) Manner and means of control of the Company

The Company is controlled in particular via decisions of its sole shareholder (i.e. Infosys BPM Limited) in the capacity of the general meeting of the Company. Infosys BPM Limited is the sole shareholder of the Company.

4) Overview of actions made by the controlled person in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person

In the Decisive Period, the Company made no actions in the interest or at the initiative of the controlling person or persons controlled by the controlling person which related to property exceeding 10 percent of the equity of the Company as stated in the most recent set of financial statements.

5) Overview of mutual contracts between controlled and controlling persons and between the controlled person and the persons controlled by the same controlling person

a) Contracts between the controlled and the controlling person:

During the entire Decisive Period, the subcontracting agreements between the Company (as vendor, respectively supplier) and Infosys BPM Limited (as customer) and Infosys Limited (as customer) were in effect.

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPM Limited	4,260	–
Infosys Limited	375,448	–

b) Contracts between the controlled person and the persons controlled by the same controlling person:

During the entire Decisive Period, the subcontracting agreement between the Company (as vendor, respectively supplier) and Infosys Poland Sp.z.o.o (as customer) was in effect.

(in CZK thousand)

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp.z.o.o.	–	–

6) Assessment of detriment and assessment of its settlement

On the basis of the contracts concluded between the Company and controlling person and between

the Company and the persons controlled by the same controlling person and on the basis of actions made by the Company in the interest or at the initiative of the controlling person or persons controlled by

the controlling person, no detriment arose to the Company.

7) Assessment of advantages, disadvantages and risks ensuing from the relations between the controlled person and the controlling person and between the controlled person and other persons controlled by the same controlling person

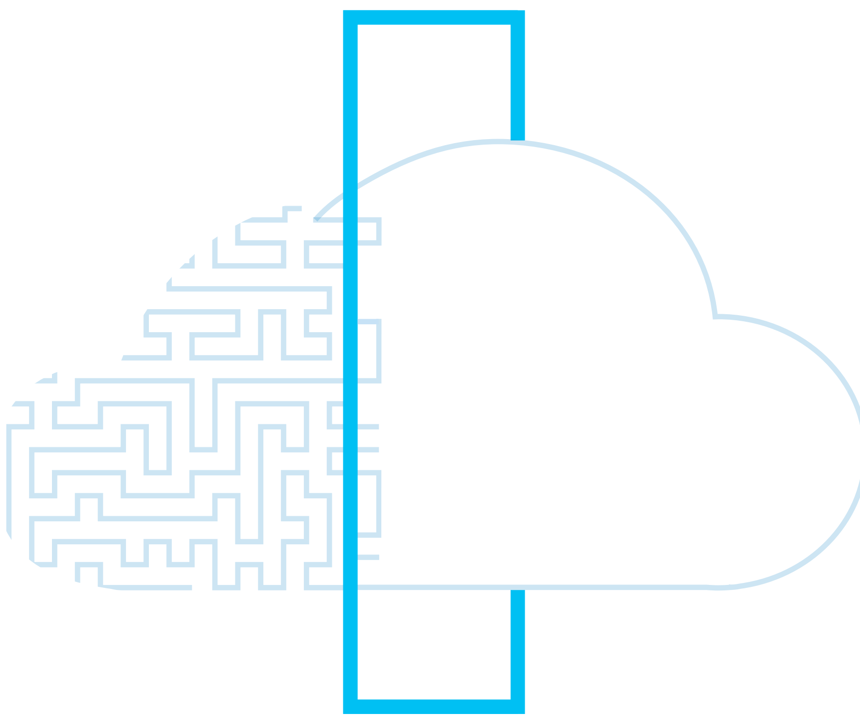
Participation in the Infosys BPM Group is advantageous for the Company as Infosys and Infosys BPM are global groups with strong brands and reputation among potential customers and employees which the Company utilizes in negotiations with customers and potential customers and in attracting qualified and motivated employees.

There are no disadvantages related to the Company's membership in the Infosys BPM Group.

No risks ensue from the Company's membership in the Infosys BPM Group.

On May 18, 2021

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o.



Infosys McCamish Systems, LLC

Independent Auditor's Report

To the Board Of Directors Of Infosys Mccamish Systems, LLC.

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of INFOSYS MCCAMISH SYSTEMS LLC ("the Company"), which comprise the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 1.2 of the special purpose financial statements, of the state of affairs of the Company as at December 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 1.2 of the special purpose financial statement.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Company's Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Basis of Accounting

We draw attention to Note 1.2 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on Use and distribution

Our report is intended solely for the use of Company's Management for the above purpose and should not be distributed to or used by any other parties.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm Registration number. No. 117366W/W-100018)

Gurvinder Singh
Partner
Membership Number: 110128
UDIN:21110128AAAABQ6930

Date: May 1, 2021
Place: Bengaluru

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,686,639	5,696,605
Right-of-use assets	2.2	11,170,611	–
Goodwill		696,400	696,400
Other intangible assets	2.3	1,968,219	185,133
Financial assets			
Loans	2.4	–	–
Other financial assets	2.5	64,094,052	22,738,717
Deferred tax assets (net)	2.15	2,496,394	1,716,045
Other non-current assets	2.8	3,816,252	11,971,125
Total non-current assets		88,928,567	43,004,025
Current assets			
Financial assets			
Trade receivables	2.6	33,808,453	40,706,238
Cash and cash equivalents	2.7	69,577,920	44,019,452
Loans	2.4	8,219	9,509
Other financial assets	2.5	70,052,687	30,904,694
Other current assets	2.8	35,003,752	21,841,938
Total current assets		208,451,031	137,481,831
Total assets		297,379,598	180,485,856
EQUITY AND LIABILITIES			
Equity			
Equity capital	2.10	36,070,038	36,070,038
Other equity		36,962,393	16,574,652
Total equity		73,032,431	52,644,690
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liability	2.2	12,532,185	–
Other financial liabilities	2.11	57,835,601	26,562,969
Other non-current liabilities	2.13	677,231	2,089,830
Total non-current liabilities		71,045,017	28,652,799
Current liabilities			
Financial liabilities			
Trade payables	2.12	15,933,246	22,251,795
Lease liability	2.2	1,277,641	–
Other financial liabilities	2.11	100,672,763	43,072,901
Other current liabilities	2.13	32,786,417	30,453,695
Provisions	2.14	821,233	705,620
Income tax liabilities (net)		1,810,850	2,704,356
Total current liabilities		153,302,150	99,188,367
Total equity and liabilities		297,379,598	180,485,856

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

Bengaluru
May 1, 2021

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

Statement of Profit and Loss

in US$

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations	2.16	297,061,836	223,943,567
Other income, net	2.17	96,422	395,735
Total income		297,158,258	224,339,302
Expenses			
Employee benefit expenses	2.18	40,466,274	37,266,146
Cost of technical sub-contractors and professional charges	2.18	34,268,841	54,353,610
Travel expenses		229,376	539,678
Cost of software packages		180,669,969	97,035,777
Rent	2.2	–	1,259,864
Depreciation and amortization expense	2.1, 2.2, 2.3	3,294,850	2,299,763
Finance cost	2.2, 2.20	351,114	4,897
Other expenses	2.18	11,487,486	6,884,034
Total expenses		270,767,910	199,643,769
Profit before tax		26,390,348	24,695,533
Tax expense :			
Current tax	2.15	6,427,984	5,812,696
Deferred tax	2.15	(780,349)	(708,991)
Profit for the year		20,742,713	19,591,828
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income / (loss), net of tax		–	–
Total comprehensive income for the year		20,742,713	19,591,828

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

Bengaluru
May 1, 2021

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity		Total equity
		Retained earnings	Other comprehensive income	
Balance as at January 1, 2019	36,070,038	(3,017,176)	–	33,052,862
Changes in equity for the year ended December 31, 2019				
Total comprehensive income for the year	–	19,591,828	–	19,591,828
Balance as at December 31, 2019	36,070,038	16,574,652	–	52,644,690
Balance as at January 1, 2020	36,070,038	16,574,652	–	52,644,690
Changes in equity for the year ended December 31, 2020				
Impact on account of adoption of Ind AS 116 (Refer to Note 2.2)	–	(354,972)		(354,972)
Total comprehensive income for the year	–	20,742,713	–	20,742,713
Balance as at December 31, 2020	36,070,038	36,962,393	–	73,032,431

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

for and on behalf of Infosys McCamish Systems, LLC

Gurvinder Singh
Partner
Membership Number : 110128

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Bengaluru
May 1, 2021

Thothathri V
Director

Statement of Cash Flows

in US$

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Cash flow from operating activities :			
Profit for the period		20,742,713	19,591,828
Adjustments to reconcile net profit to net cash provided by operating activities :			
Income tax expense	2.15	5,647,635	5,103,705
Depreciation and amortization	2.1, 2.2, 2.3	3,294,850	2,299,763
Loss on sale of plant and equipment		10,387	–
Foreign exchange (gains) / losses	2.17	47,489	5,597
Allowance for credit losses, doubtful loans and advances		3,119,699	806,315
Interest expense	2.20	351,114	4,897
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(75,056,856)	(31,742,813)
Loans and other financial assets and other assets		(2,129,832)	1,592,216
Trade payables		(6,318,549)	4,163,697
Other financial liabilities, other liabilities and provisions		80,914,365	33,718,378
Cash generated by operations		30,623,015	35,543,583
Income taxes paid		(7,321,491)	(3,775,433)
Net cash generated by operating activities		23,301,524	31,768,150
Cash flow from investing activities :			
Expenditure on property, plant and equipment including intangible assets net of sale proceeds, including changes in retention money and capital creditors		(2,923,496)	(5,546,357)
Payment under financing arrangement		(4,854,554)	–
Repayment under financing arrangement		261,820	–
Net cash used in investing activities		(7,516,230)	(5,546,357)
Cash flow from financing activities :			
Loan repaid		–	(5,721,130)
Receipt under financing arrangement		11,367,148	–
Repayment of lease liability		(1,593,974)	–
Net cash generated / (used) in financing activities		9,773,174	(5,721,130)
Net increase in cash and cash equivalents		25,558,468	20,500,663
Cash and cash equivalents at the beginning		44,019,452	23,518,789
Cash and cash equivalents at the end	2.7	69,577,920	44,019,452
Supplementary information :			
Restricted cash balance	2.7	5,787	5,000

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration Number : 117366W/ W-100018

Gurvinder Singh
Partner
Membership Number : 110128

Bengaluru
May 1, 2021

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

1. Overview

1.1 Company overview

Infosys McCamish Systems LLC, ("the Company") is a platform-based business process outsourcer (BPO) that provides end-to-end administrative services to the financial services industry in support of life insurance and annuity products, non-qualified retirement plans and the distribution organizations that sell these products. The Company leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS (Software as a Service), license and other hybrid service models. The Company's clients, which include many of the largest financial services companies in the United States of America ('United States' / 'USA' / 'US') and a growing number outside of the United States, hire the Company to support single products, a single line of business or the client's entire product portfolio. The Company is also a software reseller for various industry-specific clients.

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act (the Act), limited by member's interest. The Company was acquired by Infosys BPM Limited (formerly Infosys BPO Limited), a subsidiary of Infosys Limited, on December 4, 2009.

The financial statements are approved by the Company's Board of Directors on May 1, 2021.

1.2 Basis of preparation of financial statements

These special purpose financial statements are prepared for inclusion in the annual report of the Holding Company Infosys BPM Limited and Ultimate Holding Company Infosys Limited under the requirements of Section 129 (3) of the Companies Act 2013.

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) . The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The functional currency of the Company is United States Dollars ("US Dollars") and the financial statements are also presented in US Dollars. All amounts included in the financial statements are reported in US Dollars, unless otherwise stated.

Accounting policies have been applied consistently to all periods presented in these financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

1.4 Critical accounting estimates

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and the Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management revenues services requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. The use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. Also, refer to Note 2.16.

b. Income taxes

The Company's tax jurisdiction is the United States of America. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.15.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Also, refer to Note 2.1.

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. Also, refer to Note 2.2.

e. Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

2.1 Property, plant and equipment

Accounting policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Office equipment [(1)]	5 years
Leasehold improvements	Over the lease term or 5 years whichever is lower

[(1)] Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Impairment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generated unit ("CGU") to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows :

in US$

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2020	3,829,483	351,371	8,598,206	1,541,251	14,320,311
Additions	11,291	173,309	606,438	–	791,038
Deletions	(49,426)	(16,943)	(789,932)	(459,969)	(1,316,270)
Gross carrying value as at December 31, 2020	3,791,348	507,737	8,414,712	1,081,282	13,795,079
Accumulated depreciation as at January 1, 2020	708,791	261,092	6,736,501	917,322	8,623,706
Depreciation	774,302	94,507	780,070	141,738	1,790,617
Accumulated depreciation on deletions	(49,426)	(16,943)	(789,932)	(449,582)	(1,305,883)
Accumulated depreciation as at December 31, 2020	1,433,667	338,656	6,726,639	609,478	9,108,440
Carrying value as at December 31, 2020	2,357,681	169,081	1,688,073	471,804	4,686,639
Carrying value as at January 1, 2020	3,120,692	90,279	1,861,705	623,929	5,696,605

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 were as follows :

in US$

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2019	394,481	340,732	6,798,992	869,933	8,404,138
Additions	3,435,002	10,639	1,841,787	671,318	5,958,746
Deletions	–	–	(42,573)	–	(42,573)
Gross carrying value as at December 31, 2019	3,829,483	351,371	8,598,206	1,541,251	14,320,311
Accumulated depreciation as at January 1, 2019	193,634	217,436	5,888,341	809,672	7,109,083
Depreciation	515,157	43,656	890,733	107,650	1,557,196
Accumulated depreciation on deletions	–	–	(42,573)	–	(42,573)
Accumulated depreciation as at December 31, 2019	708,791	261,092	6,736,501	917,322	8,623,706
Carrying value as at December 31, 2019	3,120,692	90,279	1,861,705	623,929	5,696,605
Carrying value as at January 1, 2019	200,847	123,296	910,651	60,261	1,295,055

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

2.2 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as cash generating unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a financing or operating lease by reference to the ROU asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Transition

Effective January 1, 2020, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual financial statements for year ended December 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of US$ 12,457,930 and a lease liability of US$ 15,052,686. Further, upon transition, the Company reclassified deferred rent accounted under 'Other liabilities' and prepaid rent accounted under 'Other assets' to retained earnings. The cumulative effect of applying the standard of US$ 354,972 was adjusted in retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application :

1. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
2. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
3. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 disclosed under Note 2.2 of the 2019 Annual financial statements and the value of the lease liability as of January 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 2.4%

The changes in the carrying value of right of use assets for the year ended December 31, 2020 are as follows :

in US$

Particulars	ROU asset on buildings
Balance as of January 1, 2020	12,457,930
Additions	–
Deletions	–
Amortization	(1,287,319)
Balance as of December 31, 2020	11,170,611

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at December 31, 2020 is as follows :

in US$

Particulars	Amount
Non-current lease liabilities	12,532,185
Current lease liabilities	1,277,641
Total	13,809,826

The movement in lease liabilities during the year ended December 31, 2020 is as follows :

in US$

Particulars	Amount
Balance as of Janaury 1, 2020	15,052,686
Additions	–
Deletions	–
Finance cost accrued during the period	351,114
Payment of lease liabilities	(1,593,974)
Balance as of December 31, 2020	13,809,826

The details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis are as follows :

in US$

Particulars	Amount
Less than one year	1,597,608
One to five years	5,704,655
More than five years	8,354,034
Total	15,656,297

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

2.3 Other intangible assets

Accounting policy

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Impairment

Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization) had no impairment loss been recognized for the asset in prior years.

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2020 are as follows :

in US$

Particulars	Software
Gross carrying value as of January 1, 2020	1,300,000
Additions during the year	2,000,000
Deletions during the year	–
Gross carrying value as of December 31, 2020	3,300,000
Accumulated amortization as of January 1, 2020	1,114,867
Amortization expense	216,914
Deletion during the year	–
Accumulated amortization as of December 31, 2020	1,331,781
Carrying value as of December 31, 2020	1,968,219
Carrying value as of January 1, 2020	185,133
Total estimated useful life (in years)	5

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 were as follows :

in US$

Particulars	Software
Gross carrying value as of January 1, 2019	1,300,000
Additions during the year	–
Deletions during the year	–
Gross carrying value as of December 31, 2019	1,300,000
Accumulated amortization as of January 1, 2019	372,300
Amortization expense	742,567

Particulars	Software
Deletion during the year	–
Accumulated amortization as of December 31, 2019	1,114,867
Carrying value as of December 31, 2019	185,133
Carrying value as of January 1, 2019	927,700
Total estimated useful life (in years)	2

The amortization expense has been included under depreciation and amortization expense in the Statement of profit and loss.

2.4 Loans

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured, considered doubtful		
Loans to employees	22,961	18,075
Less : Allowance for doubtful loans to employees	(22,961)	(18,075)
Total non-current loans	–	–
Current		
Unsecured, considered good		
Loans to employees	8,219	9,509
Total current loans	8,219	9,509
Total loans	8,219	9,509

2.5 Other financial assets

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Security deposits [1]	127,260	127,260
Financial asset under financing arrangement [1]	3,621,823	–
Unbilled revenues [1] [3]	60,344,969	22,611,457
Total non-current other financial assets	64,094,052	22,738,717
Current		
Financial asset under financing arrangement [1]	970,911	–
Unbilled revenues [1] [3]	69,034,766	30,789,931
Others [1] [2]	47,010	114,763
Total current other financial assets	70,052,687	30,904,694
Total other financial assets	134,146,739	53,643,411

[1] Financial assets carried at amortized cost

[2] Includes dues from related parties (Refer to Note 2.20)

[3] Classified as financial asset as right to consideration is conditional upon passage of time.

2.6 Trade receivables

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured		
Considered good [1]	33,808,453	40,706,238
Considered doubtful	2,862,500	458,616
	36,670,953	41,164,854
Less : Allowances for credit losses	(2,862,500)	(458,616)
Total trade receivables	33,808,453	40,706,238

[1] Includes dues from related parties (Refer to Note 2.20)

2.7 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	69,577,920	44,019,452
	69,577,920	44,019,452

Cash and cash equivalents as at December 31, 2020 and December 31, 2019 include restricted bank balance of US$ 5,787 and US$ 5,000 respectively. This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

2.8 Other assets

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Prepaid expenses	3,816,252	11,971,125
Total non-current other assets	3,816,252	11,971,125
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	20,904	11,470
Others		
Prepaid expenses	30,961,100	20,837,602
Withholding taxes and others	215,795	905
Unbilled revenues [1]	3,804,329	990,337
Others [2]	1,624	1,624
Total current other assets	35,003,752	21,841,938
Total other assets	38,820,004	33,813,063

[1] Classified as non-financial asset as contractual right to consideration is dependent on completion of contractual milestones.

[2] Includes dues from related parties (Refer to Note 2.20)

2.9 Financial instruments

Accounting policy

2.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.9.2 Subsequent measurement

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.9.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.9.4 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.9.5 Impairment

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows :

in US$

Particulars	As at December 31,	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note 2.7)	69,577,920	44,019,452
Trade receivables (Refer to Note 2.6)	33,808,453	40,706,238
Loans (Refer to Note 2.4)	8,219	9,509
Other financial assets (Refer to Note 2.5)	134,146,739	53,643,411
Total	237,541,331	38,378,610
Liabilities		
Trade payables (Refer to Note 2.12)	15,933,246	22,251,795
Other financial liabilities (Refer to Note 2.11)	157,634,382	69,070,366
Total	173,567,628	91,322,161

All the above financial assets and financial liabilities are carried at amortized cost and the carrying values approximates their fair values.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US$ 33,808,453 and US$ 40,706,238 as at December 31, 2020 and December 31, 2019. Trade receivables are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

The details in respect of percentage of revenues generated from top ten customers are as follows :

in %

Particulars	Year ended December 31,	
	2020	2019
Revenue from top customer	11	22
Revenue from top ten customers	55	68

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is US$ 2,862,500 and US$ 458,616 for the year ended December 31, 2020 and December 31, 2019, respectively.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings as at December 31, 2020. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2020, the Company has a working capital of US$ 55,148,881 including cash and cash equivalents of US$ 69,577,920. As of December 31, 2019, the Company had a working capital of US$ 38,293,464 including cash and cash equivalents of US$ 44,019,452.

2.10 Equity

As at December 31, 2020, the Company had one member, Infosys BPM Limited ("the Member"). The Member owns 100% of the interests of the Company. Upon liquidation, dissolution or winding-up of the Company, the Member is entitled to receive 100% of the available net assets of the Company. No contribution was made during the year ended December 31, 2020.

2.11 Other financial liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Accrued expenses [(1)]	48,803,427	26,562,969
Financial liability under financing arrangement [(1)]	9,032,174	–
Total non-current other financial liabilities	57,835,601	26,562,969
Current		
Accrued compensation to employees [(1)]	1,848,548	2,505,805
Accrued expenses [(1)]	95,407,618	39,760,190
Compensated absences	873,982	565,504
Financial liability under financing arrangement [(1)]	2,334,974	–
Capital creditors [(1)]	–	132,458
Other payables [(1)] [(2)]	207,641	108,944
Total current other financial liabilities	100,672,763	43,072,901
Total other financial liabilities	158,508,364	69,635,870

(1) Financial liability carried at amortized cost

(2) Includes dues to related parties (Refer to Note 2.20)

2.12 Trade payables

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Trade payables [(1)]	15,933,246	22,251,795
Total trade payables	15,933,246	22,251,795

(1) Includes dues to related parties (Refer to Note 2.20)

2.13 Other liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Deferred rent [(1)] [(2)]	–	2,089,830
Withholding taxes payable	677,231	–
Total non-current other liabilities	677,231	2,089,830
Current		
Unearned revenue	31,403,488	29,932,512
Others		
Withholding taxes and others	1,382,929	241,180
Deferred rent [(1)] [(2)]	–	280,003
Total current other liabilities	32,786,417	30,453,695
Total other liabilities	33,463,648	32,543,525

(1) Includes unamortized leasehold improvement allowance of US$ 1,702,402 received in respect of Cumberland, Atlanta lease, of which US$ 258,593 is classified as current as on December 31, 2019.

(2) On adoption of Ind AS 116, the balance in deferred rent has been adjusted in retained earnings (Refer note 2.2).

2.14 Provisions

Accounting Policy

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post-sales client support

The Company provides its clients with a fixed-period post sales support on its fixed-price, fixed-timeframe and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in Statement of Profit or Loss. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

The provision for post sales client support and others as at December 31, 2020 and December 31, 2019 is as follows:

In US$

Particulars	As at December 31,	
	2020	2019
Others		
Post-sales client support and others	821,233	705,620
Total Provisions	821,233	705,620

Provision for post-sales client support and others

The movement in the provision for post-sales client support and others is as follows :

In US$

Particulars	As at December 31,	
	2020	2019
Balance at the beginning	705,620	941,614
Provision recognised/ (reversed)	130,605	(229,642)
Provision utilised	(14,992)	(6,352)
Balance at the end	821,233	705,620

2.15 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Income tax expense in the statement of profit and loss comprises :

in US$

Particulars	Year ended December 31,	
	2020	2019
Current taxes	6,427,984	5,812,696
Deferred taxes	(780,349)	(708,991)
Income tax expense	5,647,635	5,103,705

Entire deferred income tax for the year ended December 31, 2020 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below :

in US$

Particulars	Year ended December 31,	
	2020	2019
Profit before incomes taxes	26,390,348	24,695,533
Statutory tax rate	21%	21%
Computed expected tax expense	5,541,973	5,186,062
State taxes	963,222	1,369,569
Withholding taxes	147,582	50,505
Disallowed items	6,313	11,661
Base erosion and anti-abuse tax (BEAT) liability (1)	–	(1,477,520)
Effect of true up of previous year taxes	(503,021)	67,574
Other adjustments	(508,434)	(104,146)
Income tax expense	5,647,635	5,103,705

(1) Internal Revenue Service ("IRS") issued final regulation on December 6, 2019 providing further clarification on 'base erosion and anti-abuse tax' ("BEAT") computation. Consequent to the issuance of the final regulation, there has been reversal of tax expenses pertaining to the prior period in year ended December 31, 2019

The applicable US federal tax rates for 2020 and 2019 is 21% and 21% respectively.

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liability as of December 31 are as follows :

in US$

Particulars	Year ended December 31,	
	2020	2019
Deferred tax assets :		
Accruals	505,525	598,908
Accrued compensation	301,131	233,840
Property, plant and equipment and intangible assets	1,030,683	553,016
Accrued vacation	218,496	141,376
Unearned revenue	1,897,618	2,245,082
Trade receivables	1,007,856	277,934
Others	(64,913)	65,889
	4,896,394	4,116,045
Deferred tax liability :		
Accruals including contingent consideration reversal	(2,400,000)	(2,400,000)
Total deferred tax liability	(2,400,000)	(2,400,000)
Deferred tax asset / (liability), net	2,496,394	1,716,045

The ultimate realization of deferred tax assets is dependent upon the Management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not the Company will realize the benefit of any deductible differences at December 31, 2020.

2.16 Revenue from operations

Accounting policy

The Company is a leading developer of solutions and services in the insurance industry. The Company offers flexible solutions through business process management, software-as–a-service, and license models. The Company leverages its proprietary VPAS®, PMACS®, NGIN and Deferral+® platforms, as well as VPAS® BPA, to offer the retirement and financial services industries integrated sales and administration support solutions. The Company is also a software reseller for various industry-specific clients.

Arrangements with customers are either on a fixed-timeframe or on a time-and-material basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material contracts are recognized as the related services are performed. Fixed-price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Arrangements to deliver software products generally have three elements : license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Company uses the expected cost-plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for year ended December 31, 2020 and December 31, 2019 by offerings. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in US$

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core services	69,954,048	67,284,889
Sale of third-party software and services	227,107,788	156,658,678
Total	297,061,836	223,943,567

The Company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not significant based on these estimates. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed-timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

2.17 Other income, net

Accounting policy

2.17.1 Other income

Other income is comprised primarily of interest income, exchange gain/loss on translation of other assets and liabilities.

2.17.2 Foreign currency

a. Functional currency

The functional currency of the Company is the United States Dollars. The financial statements are presented in United States Dollars.

b. Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Other income for the year ended December 31, 2020 and December 31, 2019 is as follows :

in US$

Particulars	Year ended December 31,	
	2020	2019
Interest on deposits with banks	98,000	393,112
Exchange gains / (losses) on translation of other assets and liabilities	(47,489)	(5,597)
Miscellaneous income	45,911	8,220
	96,422	395,735

2.18 Expenses

in US$

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	40,394,368	37,157,691
Staff welfare	71,906	108,455
	40,466,274	37,266,146
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	33,219,498	53,189,334
Legal and professional	924,661	848,618
Recruitment and training	124,682	315,658
	34,268,841	54,353,610
Other expenses		
Consumables	97,249	67,058
Rates and taxes	140,094	192,731
Communication expenses	773,380	565,794
Office maintenance	496,477	1,184,946
Bank charges and commission	93,563	75,049
Impairment loss recognized / (reversed) under expected credit loss model	3,114,813	800,406
Provision for doubtful loans and advances	4,886	5,909
Provision for service level risk on revenue contracts, post-sales client support and others	(125,180)	125,835
Postage and couriers	3,692,069	2,867,155
Insurance	59,140	67,742
Auditor's remuneration		
Statutory audit fees	37,000	35,000
Reimbursement of expenses	2,775	5,447
Donations	3,050,000	775,000
Professional membership and seminar participation fees	9,745	43,224
Others	41,475	72,738
	11,487,486	6,884,034

2.19 Contingent liabilities and commitments (to the extent not provided for)

in US$

Particulars	Year ended December 31,	
	2020	2019
Contingent liabilities [1]	–	–
Commitments :		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	301,880	489,370

[1] The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no such pending matters that are expected to have material effect on these financial statements.

2.20 Related party transactions

List of related parties :

Name of subsidiaries	Country	Holding as at December 31,	
		2020	2019
Ultimate Holding			
Infosys Limited	India	Ultimate Holding Company	Ultimate Holding Company
Holding			
Infosys BPM Limited	India	Holding company	Holding company

Fellow subsidiaries	Country
Infosys BPO Americas LLC [1]	US
Infosys Public Services Inc	US
WDW Communications, Inc [3]	US
WongDoody, Inc [3]	US

[1] Wholly owned subsidiary of Infosys BPM

[3] Wholly-owned subsidiary of WongDoody Holding Company, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

in US$

Particulars	As at December 31,	
	2020	2019
Trade payables		
Infosys Limited	4,686,753	16,462,101
Infosys BPM Limited	419,343	293,016
	5,106,096	16,755,117
Trade receivables		
Infosys Limited	55,565	61,743
Infosys BPM Limited	1,371,008	1,516,756
	1,426,573	1,578,499
Other financial assets		
Infosys Limited	523	18,640
Infosys BPM Limited	18,786	23,360
Infosys BPO Americas LLC	25,211	25,211
	44,520	67,211
Other assets		
Infosys Limited	1,624	1,624
	1,624	1,624
Other financial liabilities		
Infosys Limited	181,172	102,250
Infosys BPM Limited	19,752	312
	200,924	102,562

The details of the related parties transactions entered into by the Company for year ended December 31, 2020 and December 31, 2019 are as follows :

in US$

Particulars	Year ended December 31,	
	2020	2019
Capital transactions :		
Repayment of loan to Infosys Public Services Inc.	–	5,716,233
	–	5,716,233
Revenue transactions :		
Purchase of services		
Infosys Limited	25,048,405	45,376,237
Infosys BPM Limited	4,191,215	4,023,670
WDW Communications, Inc.	–	89,351
Wongdoody Inc.	–	119,981
	29,239,620	49,609,239
Sale of services		
Infosys Limited	671,512	883,063
Infosys BPM Limited	16,447,099	13,059,159
	17,118,611	13,942,222
Finance cost		
Infosys Public Services Inc.	–	4,897
	–	4,897

List of key Management personnel

Name of the related party	Designation
Richard Magner	Chief Executive Officer and Director
Kapil Jain	Director
Thothathri V	Director

Transaction with key Management personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows :

in US$

Particulars	Year ended December 31,	
	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers	603,476	561,807
Commission and other benefits to non-executive / independent directors	–	–
Total	603,476	561,807

2.21 Compensated absences

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

2.22 Segment reporting

Based on the 'Management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. The Company's operations are considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner	Kapil Jain	Thothathri V
Chief Executive Officer	*Director*	*Director*

Bengaluru

May 1, 2021

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Portland Group Pty Ltd

Independent Auditor's Report to the Board of Directors

Opinion

We have audited the financial report of Portland Group Pty Ltd "the Company" which comprises the statement of financial position as at March 31, 2021, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at March 31, 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended March 31, 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

Harsh Shah

Partner

Chartered Accountants

Place : Sydney

Date : May 25, 2021

Directors' report

For the year ended March 31, 2021

The Directors present their report together with the financial report of Portland Group Pty Ltd ("the Company"), for the financial year ended March 31, 2021 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are :

Andrew James Jarvis

Andrew Stewart Groth

Abhay Harigobind Das Chauhan

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Principal activities

The principal activities of the Company include provision of sourcing and category management service, project-based consultancy support and ongoing management services. The Company offers complete clients' procurement and supply chain functions from innovative, high-end strategy to effective, low cost transactional processing and resale of software.

There were no significant changes in the nature of the activities of the Company during the year. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

3. Dividends

The Board of Directors, in their meeting on April 16, 2021, declared a final dividend of $13,000,000 (not franked) for the financial year ended March 31, 2021 (2020 : Nil)

4. Operating and financial review

The profit after tax for the year ended March 31, 2021 amounted to $2,332,588 (2020 : profit after tax of $1,119,335). This was primarily a result of increase of revenue from $19,263,624 for the year ended March 31, 2020 to $23,099,753 for the year ended March 31, 2021.

5. Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory. However, the Board believes that the Company has adequate systems in place for the Management of its environmental requirements, and is not aware of any breach of those environmental requirements as they apply to the Company.

6. Events subsequent to reporting date

No matters or circumstances, except as mentioned in note 26 have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7. Likely developments

The Company will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

8. Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

9. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out and forms part of the directors' report for the financial year ended March 31, 2021.

10. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

This report is made with a resolution of the directors :

Andrew Jarvis
Managing director and Chief Executive officer

Dated at Sydney this 25th day of May 2021

Statement of Financial Position

In Australian dollars

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
Assets			
Current assets			
Cash and cash equivalents	12a	30,814,212	28,229,346
Trade and other receivables	10	6,481,904	9,508,458
Other current assets	12c	23,604	25,771
Prepayments	11	321,691	1,899,737
Total current assets		37,641,411	39,663,312
Non-current assets			
Deferred tax assets	16a	544,421	537,910
Property, plant and equipment	13	76,779	149,496
Right-of-use assets	19	704,720	705,342
Other receivables	10	2,334,838	–
Prepayments	11	778	251,940
Total non-current assets		3,661,536	1,644,688
Total assets		41,302,947	41,308,000
Liabilities			
Current liabilities			
Trade and other payables	14	337,856	1,578,202
Lease liabilities	19	144,986	430,792
Other current liabilities	15	7,310,158	8,478,289
Current tax liabilities		476,034	396,579
Provisions	17	76,033	74,930
Employee benefit obligations	18	2,566,654	3,023,373
Total current liabilities		10,911,721	13,982,165
Non-current liabilities			
Lease liabilities	19	624,134	411,694
Employee benefit obligations	18	565,382	602,220
Other non-current liabilities	15	2,479,301	1,922,100
Total non-current liabilities		3,668,817	2,936,014
Total liabilities		14,580,538	16,918,179
Net assets		26,722,409	24,389,821
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		23,333,360	21,000,772
Total equity		26,722,409	24,389,821
Non-controlling interests		–	–
Total equity		26,722,409	24,389,821
Total liabilities and equity		41,302,947	41,308,000

The accompanying notes form an integral part of the financial statements

Statement of Profit or Loss and other comprehensive income

In Australian dollars

Particulars	Note no.	For the year ended March 31,	
		2021	2020
Revenue	5	23,099,753	19,263,624
Cost of sales	6	(18,311,475)	(16,249,077)
Gross profit		4,788,278	3,014,547
Selling and distribution expenses		(12,187)	(27,278)
Administrative expenses		(1,389,676)	(1,584,246)
Operating profit		3,386,415	1,403,023
Finance income	7	9,995	282,473
Finance costs	19	(25,996)	(32,187)
Net finance income		(16,001)	250,286
Profit before tax		3,370,414	1,653,309
Income tax expense	16b & c	(1,037,826)	(533,974)
Profit after tax		2,332,588	1,119,335
Other comprehensive income			
Items that will never be reclassified to profit or loss :		–	–
Items that are or may be reclassified subsequently to profit or loss :		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		2,332,588	1,119,335

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity

In Australian dollars

Particulars	Share capital	Retained earnings	Total equity
Balance as on April 1, 2019	3,389,049	19,960,335	23,349,384
Total other comprehensive income	–	–	–
Impact on account of adoption of AASB 116		(78,898)	(78,898)
Profit for the year	–	1,119,335	1,119,335
Total comprehensive income	–	21,000,772	24,389,821
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance as at March 31, 2020	3,389,049	21,000,772	24,389,821
Balance as on April 1, 2020	3,389,049	21,000,772	24,389,821
Profit for the year	–	2,332,588	2,332,588
Total comprehensive income	3,389,049	23,333,360	26,722,409
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance as at March 31, 2021	3,389,049	23,333,360	26,722,409

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

In Australian dollars

Particulars	Note no.	For the year ended March 31,	
		2021	2020
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		33,338,391	20,726,053
Cash paid to suppliers and employees		(29,314,089)	(14,099,053)
Cash generated from operations		4,024,302	6,627,000
Interest received		26,428	250,348
Net Income taxes and GST received / (paid)		(958,372)	(3,697,911)
Net cash from operating activities	12b	3,092,358	3,179,437
Cash flows from Investing activities			
Purchase of plant equipment	13	(15,101)	(105,760)
Net cash used in investing activities		(15,101)	(105,760)
Cash flows from financing activities :			
Payment of lease liability	19	(492,391)	(663,391)
Net cash used in financing activities		(492,391)	(663,391)
Net increase / (decrease) in cash and cash equivalents		2,584,866	2,410,286
Cash and cash equivalents at April 1		28,229,346	25,819,060
Cash and cash equivalents as at March 31	12a	30,814,212	28,229,346

The accompanying notes form an integral part of the financial statements

Notes to the financial statements

1. Reporting entity

Portland Group Pty Ltd ("the Company") is a Company domiciled in Australia. The Company's registered office and principal place of business is Suite 9.01, Level 9, 130 Pitt Street, Sydney NSW 2000, Australia. The parent of the Company is Infosys BPO Ltd. India and the ultimate parent is Infosys Limited, India. The Company is a for-profit entity and primarily is involved in provision of project-based consultancy support and ongoing management services to improve the Company's profitability in the long term.

2. Basis of preparation

(a) Statement of compliance

The Company is for profit entity and the financial statements have been prepared as a general-purpose financial report to satisfy the directors' reporting requirements under Corporations Act 2001. Reduced disclosure regime has been adopted in the preparation of these financial statements.

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The financial report of the Company has been drawn up as a financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The annual financial statements were approved by the Board of Directors on May 25, 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

In preparing these financial statements, the Management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(e) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending March 31, 2021 are :

- Recognition of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets : availability of future taxable profit against which carry forward tax losses can be used.
- The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.
- AASB 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts. Also, refer to Note 19.
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

The Company's main source of income is from provision of sourcing and category management service, project-based consultancy support and ongoing management services. The entity recognizes revenue using the output method i.e. right to invoicing based on the consultants being provided and costs being incurred as per AASB 15.

Fixed price :

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

Time and material :

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Uncertainty :

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance :

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Unbilled / unearned :

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenues) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Licenses :

Revenue from licenses where the customer obtains a "right-to-use" the licenses is recognized at the time the license is made available to the customer. Arrangements to deliver software products generally have three elements : license, implementation and Annual Technical Services (ATS). The Company has applied the principles under AASB 115 to account for revenues from these performance obligations. ATS revenue is recognized ratably over the period in which the services are rendered.

Agency Revenue

Where the company acts as an agent on behalf of any group company, the revenue is recognized on net basis – Revenue less costs. (Refer Note 5). During the year, the company has adjusted the Revenue and Expenses line items (comparative amounts) to reflect the correct presentation, as an agent, on revenue recognition for relevant contracts consistent with the current year presentation.

Contract modification :

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax :

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

(b) Contracts in progress

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

Contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs plus profits recognized to date less progress billings and recognized losses.

Contracts in progress are presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings and recognized losses. If progress billings and recognized losses exceed costs incurred plus recognized profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the repay date on Australian corporate bonds that have maturity dates approximately the term of the Company's obligations. Remeasurements are recognized in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(e) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful lives of property, plant and equipment are as follows :

Particulars	2021
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Financial instruments

AASB 9 Financial Instruments : Classification and Measurement (effective for annual periods beginning on or after January 1, 2018) – AASB 9 was issued by the IASB in November 2009 and amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in July 2014 mainly to include, a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. This standard has not impacted the Company's financial position or performance, as the Company does not have any financial instruments which are designated through profit or loss category.

The Company classifies non-derivative financial assets into the following categories : financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss :

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognized in profit or loss.

Held-to-maturity financial assets :

These are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables :

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Cash and cash equivalents :

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

(iv) Share capital

Ordinary shares :

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

(h) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes :

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security.

(ii) Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Other current assets

Other current assets include rental deposits made to lease vendors as per lease agreement and interest accrued but not due on fixed deposits made to bank. Once the interest amount is received, the asset account is decreased.

(j) Prepayments

Prepaid expenses are future expenses that are paid in advance and hence recognized initially as an asset. As the benefits of the expenses are recognized, the related asset account is decreased and expensed

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. The average credit period on purchases is 30 days from the date of invoice. No interest is charged on overdue payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(l) Other current and non-current liabilities

Other current and non-current liabilities consist of accrued expenses and deferred revenue relating to contract revenue majorly. Other liabilities are classified as current if payment is due within 12 months.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Post-sales client support

A provision for post-sales client support is recognized when the underlying services are sold, based on historical post sales client support data and a weighting of all possible outcomes against their associated probabilities.

(n) Capital management

The Directors' policy is to maintain strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes to the Company's capital management during the year.

(o) Goods and service tax

Revenue, expenses and assets are recognized net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as CGU to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

(q) Finance income

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and reclassifications of amounts previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(r) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress is estimated as the present value of future cash flows, discounted at the market rate of interest. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Other non-derivative financial liabilities

Fair value, which is calculated based on the present value of future principal and interest cash flows, is discounted at the market rate of interest at the reporting date.

(s) Comparatives

Comparatives have been reclassified for consistency with the current period presentation.

4. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended March 31, 2021. These standards become mandatory for the Company's 2022 financial statements. The Company has not yet assesed any material impact of these the new or amended Accounting Standards and Interpretations.

5. Revenue

in Australian dollars

Particulars	Year ended March 31,	
	2021	2020
Related party revenue	6,997,206	5,039,913
Third-party revenue (principal)	15,495,784	14,086,581
Third-party revenue (agent)	606,763	137,130
	23,099,753	19,263,624

At March 31, 2021 the Company has deferred revenue of $1,447,426 (2020 : $1,642,447), which represents the fair value of that portion of the revenue and the Company has unbilled revenue of 5,489,046 (2020 : $6,241,154).

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by contract-type for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Revenues by contract type

in Australian dollars

	Year ended March 31,	
	2021	2020
Fixed price	17,192,005	11,379,494
Time and materials	5,907,748	7,884,130
Total	23,099,753	19,263,624

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed-price development contracts is based on percentage-of-completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed-price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

6. Cost of sales

in Australian dollars

Particulars	Year ended March 31,	
	2021	2020
Employee benefit expense	10,274,284	11,967,812
Cost of third-party software	6,785,236	1,064,958
External contractor expense and others	1,251,955	3,216,307
	18,311,475	16,249,077

7. Finance income

in Australian dollars

Particulars	Year ended March 31,	
	2021	2020
Interest income from deposits with banks	9,995	227,170
Other miscellaneous income	–	55,303
	9,995	282,473

8. Auditors' remuneration

in Australian dollars

Particulars	Year ended March 31,	
	2021	2020
Audit of financial statements – Deloitte Touche Tohmatsu	23,650	21,000
	23,650	21,000

9. Expenses by nature

in Australian dollars

Particulars	Year ended March 31,	
	2021	2020
Depreciation	87,818	90,352
Employee benefits	10,894,721	12,683,012
Rental expenses	8,731	1,339
Amortization on ROU assets	393,651	442,587
Interest expenses on leases liability	25,996	32,187

10. Trade and other receivables

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Current		
Trade receivables	3,075,570	2,822,434
Unbilled revenue	3,154,208	6,095,004
	6,229,778	8,917,438
Amounts due from related party (Trade receivables, other receivables and unbilled revenue. (Refer to Note 23)	252,126	591,020
	6,481,904	9,508,458
Non-current		
Unbilled revenue	2,334,838	–
	2,334,838	–

The average credit period is 30 days. No interest is charged on trade receivables. Based on the Management's best estimate, impairment in trade receivables amounting to AUD 136,068 and AUD 138,964 exist as on March 31, 2021 and March 31, 2020 respectively. Also, an exposure to credit risk from trade receivables and unbilled revenue amounting to AUD 74,736 and AUD 80,916 exist as on March 31, 2021 and March 31, 2020 respectively.

11. Prepayments

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Current		
Prepaid expenses	301,610	1,875,867
Loans and advances to employees	20,081	23,870
	321,691	1,899,737
Non-current		
Prepaid expenses	778	251,940
	778	251,940

12. Cash and cash equivalents

a. Cash and cash equivalents

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Cash at bank	30,814,212	28,229,346
	30,814,212	28,229,346

b. Cash flows from operating activities

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Reconciliation of cash flow from operations with profit after income tax	2,332,588	1,119,335
Adjustments for :		
Depreciation and amortization	481,469	532,939
Deferred tax assets	(6,511)	3,174,104
Net tax assets (liabilities)	79,455	(3,163,937)
Finance cost	25,996	32,187
	2,912,997	1,694,628
Changes in :		
Trade and other receivables	3,026,554	(1,972,365)
Other current and non current assets	(2,332,671)	4,883,443
Prepayments	1,829,208	(1,090,018)
Trade and other payables	(1,240,346)	219,515
Other current and non current liabilities	(610,930)	(1,429,305)
Provisions	1,103	(115,530)
Employee benefits obligation	(493,557)	989,069
Net cash from operating activities	3,092,358	3,179,437

c. Other current assets

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Electricity and other deposits	20,000	9,338
Advances to PF trust	1,515	–
Vat account	2,089	–
Interest accrued but not received	–	16,433
	23,604	25,771

13. Property, plant and equipment

in Australian dollars

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at April 1, 2019	75,811	317,834	549,108	942,753
Additions	736	–	105,024	105,760
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	76,547	317,834	568,775	963,156
Balance at April 1, 2020	76,547	317,834	568,775	963,156
Additions	3,205	–	11,896	15,101
Disposals	(57,293)	(225,417)	(10,667)	(293,377)
Balance at March 31, 2021	22,459	92,417	570,004	684,880
Accumulated depreciation				
Balance at April 1, 2019	70,586	297,021	441,057	808,664
Depreciation	4,397	9,423	76,533	90,353
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	74,983	306,444	432,233	813,660
Balance at April 1, 2020	74,983	306,444	432,233	813,660
Depreciation	1,473	8,835	77,510	87,818
Disposals	(57,293)	(225,417)	(10,667)	(293,377)
Balance at March 31, 2021	19,163	89,862	499,076	608,101
Carrying amounts				
At March 31, 2020	1,564	11,390	136,542	149,496
At March 31, 2021	3,296	2,555	70,928	76,779

14. Trade and other payables

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Trade payables	222,668	1,472,952
Amounts due to related party	115,188	105,250
	337,856	1,578,202

15. Other current liabilities

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Accrued expenses – cost of third-party software	5,361,979	5,814,259
Accrued expenses – others	463,052	950,245
Deferred revenue	1,447,426	1,642,447
Withholding taxes payable	37,701	71,338
	7,310,158	8,478,289
Non-current		
Accrued expenses – cost of third-party software	2,479,301	1,685,537
Accrued expenses – others	–	236,563
	2,479,301	1,922,100

16. Tax assets and liabilities

(a) Deferred tax assets

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Deferred tax assets due to timing differences :		
Provision for doubtful debts	63,493	66,424
Provision for Employee benefits	458,118	454,146
Provision for post-sale customer support	22,810	22,270
Deferred tax liabilities	–	(4,930)
Net deferred tax assets	544,421	537,910

(b) Reconciliation of effective tax rate

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Profit before tax	3,370,414	1,653,309
Tax using the Company's domestic tax rate of 30% (2020 : 30%)	1,011,124	495,993
Adjustments in respect of prior years	13,980	(3,224,862)
Other temporary timing difference and non-deductible expenses	12,722	3,262,843
Income tax expense for the period	1,037,826	533,974

(c) Income tax expense

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Corporation income tax		
Current year	1,030,357	584,733
Adjustments in respect of prior years	13,980	(3,224,862)
	1,044,337	(2,640,129)
Deferred tax expense		
Origination and reversal of temporary differences	(6,511)	(186,493)
Write down of previously recognized deferred tax assets	–	3,360,596
Income tax expense for the period	(6,511)	3,174,103
Total income tax expense	1,037,826	533,974

17. Provisions

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Provision for post service client support	76,033	74,930
	76,033	74,930

The movement in provisions is as follows :

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	74,930	190,460
Provision recognized / (reversed)	1,103	(115,530)
Balance at the end	76,033	74,930

18. Employee benefit obligations

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Current		
Provision for employee bonuses	1,604,974	2,111,775
Annual leave	737,014	667,669
Long service leave	224,666	243,929
	2,566,654	3,023,373
Non-current		
Long service leave	565,382	602,220
	565,382	602,220

19. Leases

Leases as lessee

Following are the changes in the carrying value of right-of-use assets :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Opening balance	705,342	1,147,929
Additions	393,029	–
Deletions	–	–
Amortization	(393,651)	(442,587)
Closing balance	704,720	705,342

The following is the movement in lease liabilities during the year :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Opening balance	842,486	1,473,690
Additions	393,029	–
Deletions	–	–
Finance cost accrued during the year	25,996	32,187
Payment of lease liabilities	(492,391)	(663,391)
Closing balance	769,120	842,486

The following is the break-up of current and non-current lease liabilities :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Current lease liabilities	144,986	430,792
Non-current lease liabilities	624,134	411,694
Total	769,120	842,486

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Less than one year	164,676	448,258
One to five years	652,156	349,068
More than five years	7,272	94,539
Total	824,104	891,865

20. Key management personal compensation

The key Management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors of the Company are considered as the key Management personnel of the Company.

The employee compensation is as follows :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Short-term employee benefits	573,702	479,472

21. Financial instruments

Financial instruments by Category

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Financial assets		
Cash and cash equivalents	30,814,212	28,229,346
Trade and other receivables	8,816,742	9,508,458
Other current assets	23,604	25,771
	39,654,558	37,763,575
Financial liabilities		
Trade and other payables	337,856	1,578,202
Other financial liabilities	8,342,033	8,757,942
	8,679,889	10,336,144

22. Contingent liabilities and financing facilities

a. Contingent liabilities

In the opinion of the Management, there are no contingent liabilities as at March 31, 2021 (2020 : Nil)

b. Financing facilities

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Unsecured bank guarantee facility reviewed annually and payable at call – Amount used	435,086	442,104
	435,086	442,104

23. Related party transactions

The details of the related party transactions entered into by the Company during the year ended March 31, 2021 and March 31, 2020 are as follows :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Purchase of services		
Infosys BPM Limited	474,920	508,241
	474,920	508,241
Sale of services		
Infosys Limited	6,077,333	4,670,193
Infosys BPM Limited	902,522	223,570
Hipus Co., Ltd	17,351	146,150
	6,997,206	5,039,913

The details of the amount due to or due from the related parties as at March 31, 2021 and March 31, 2020 are as follows :

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Trade receivables		
Infosys Limited	130,262	419,775
Infosys BPM Limited	83,620	–
Hipus Co., Ltd	26,273	–
	240,155	419,775

Particulars	As at March 31,	
	2021	2020
Other receivables		
Infosys Limited	10,900	18,845
Infosys Management Consulting Pty Limited	1,071	1,072
Infosys BPM Limited	–	5,178
	11,971	25,095
Unbilled revenues		
Hipus Co., Ltd	–	146,150
	–	146,150
Trade payables		
Infosys BPM Limited	53,265	36,455
	53,265	36,455
Other payables		
Infosys Limited	61,923	68,795
	61,923	68,795

Other receivables and other payables consist of cross charges from the related parties mentioned above.

24. Capital risk management

The Company manages its capital to ensure it continues as a going concern. The capital structure comprises issued capital, cash and retained earnings. There are no externally imposed capital requirements on the Company.

25. Capital and reserves

(a) Share capital

Ordinary shares

in Australian dollars

Particulars	As at March 31,	
	2021	2020
On issue at April 1 (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at March 31 (17,450,000 number of shares)	3,389,049	3,389,049

All shares rank equally with regard to the Company's residual assets.

Ordinary shares

The Company does not have authorized capital or par value in respect of its issued shares. Holders of these shares are entitled to dividends as declared from time-to-time and are entitled to one vote per share at meetings of the Company.

(b) Dividends

in Australian dollars

Particulars	As at March 31,	
	2021	2020
Dividend paid	–	–
	–	–

Dividend franking account

in Australian dollars

Particulars	As at March 31,	
	2021	2020
30 per cent franking credits available to shareholders of Portland Group Pty Ltd for subsequent financial years	8,980,463	8,015,588
	8,980,463	8,015,588

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for :

a. franking credits / debits that will arise from the payment / receipts of the current tax liabilities / assets;
b. franking debits that will arise from the payment of dividends recognized as a liability at the yearend;
c. franking credits that will arise from the receipt of dividends recognized as receivables by the tax consolidated company at the year-end; and
d. franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

26. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than above. Refer to Note 2 (e) 'Assumptions and estimation uncertainties' for the COVID-19 pandemic disclosure'.

The Board of Directors, in their meeting on April 16, 2021, declared a final dividend of $13,000,000 (not franked) for the financial year ended March 31, 2021.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' declaration

In the opinion of the directors of the Portland Group Pty Ltd ("the Company") :

(a) The Company is not publicly accountable nor a reporting entity;

(b) The financial statements and notes, are in accordance with the Corporations Act 2001, including :

(i) giving a true and fair view of the financial position of the Company as at March 31, 2021 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Corporations Regulations 2001; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

Signed in accordance with a resolution of directors.

Andrew Jarvis
Managing director and Chief Executive officer

Dated at Sydney this 25th day of May 2021

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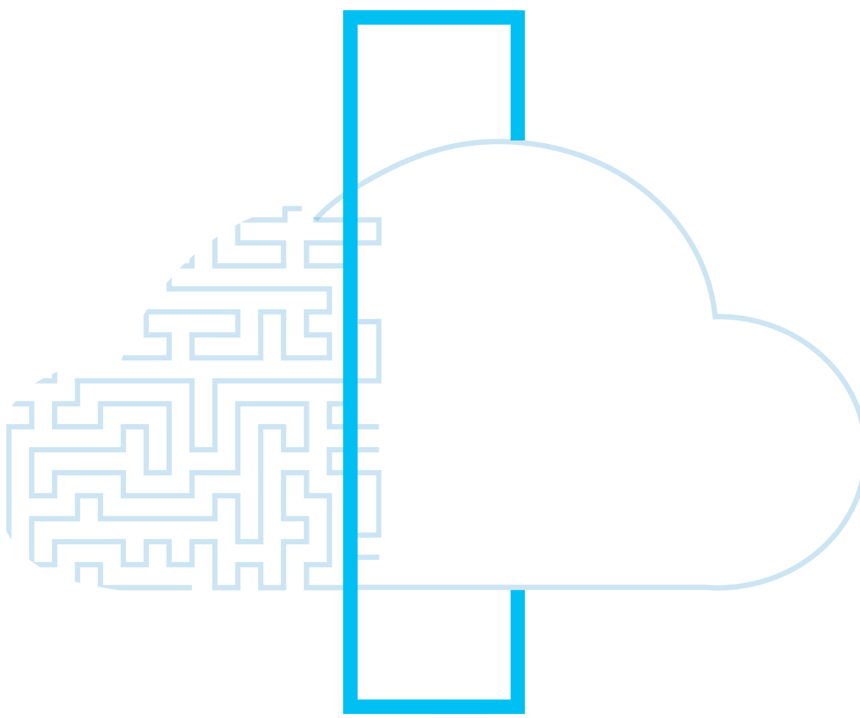

Infosys BPO Americas, LLC

Independent Auditors' Report

To,

The Board of Directors

Infosys BPO Americas, LLC

We have audited the accompanying financial statements of Infosys BPO Americas, LLC (a Delaware corporation) which comprise the Balance Sheets as of March 31, 2021 and 2020, and the related statements of operations, changes in member's equity, and cash flows for the years ended March 31, 2021 and 2020 and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infosys BPO Americas, LLC as of March 31, 2021 and 2020, the results of its operations and its cash flows for the years ended March 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Sudhir Pai, CPA PLLC
Certified Public Accountants

Plano, TX, United States

Date: May 10, 2021

Balance Sheet

in US$

Particulars	As at March 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	408,205	981,734
Accounts receivables, net of doubtful balances	3,426,009	244,402
Unbilled revenue	2,702,430	763,424
Prepayments and other assets	92,491	92,951
Total current assets	6,629,135	2,082,511
Non-current assets		
Plant and equipment	26,567	18,080
Total non-current assets	26,567	18,080
Total assets	6,655,702	2,100,591
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	1,363,396	150,204
Provisions	52,607	4,643
Other liabilities	4,156,971	799,395
Total current liabilities	5,572,974	954,242
Total liabilities	5,572,974	954,242
Member's equity		
Member's equity	8,000,000	3,000,000
Accumulated deficit	(6,917,272)	(1,853,651)
Total member's equity	1,082,728	1,146,349
Total liabilities and member's equity	6,655,702	2,100,591

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 10, 2021

Statements of Comprehensive Income

in US$

Particulars	Year ended March 31,	
	2021	2020
Revenue	18,352,791	3,059,634
Cost of revenue	23,232,426	3,082,499
Gross loss	(4,879,635)	(22,865)
Other expenses:		
Selling and marketing expenses	–	237
Administrative expenses	184,072	266,285
Total other expenses	184,072	266,522
Operating loss	(5,063,707)	(289,387)
Interest expense	–	4,329
Miscellaneous income	(86)	(21,373)
Loss before income taxes	(5,063,621)	(272,343)
Income tax expense	–	–
Net Loss	(5,063,621)	(272,343)
Other comprehensive income	–	–
Total comprehensive loss	(5,063,621)	(272,343)

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 10, 2021

Statements of Changes in Member's Equity

in US$

Particulars	Member's Equity	Additional paid-in capital	Accumulated deficit	Total Member's equity
Balance as at April 1, 2019	1,000,000	2,000,000	(1,581,308)	1,418,692
Changes in members equity for the period ended March 31, 2020				
Net loss for the period	–	–	(272,343)	(272,343)
Balance as at March 31, 2020	1,000,000	2,000,000	(1,853,651)	1,146,349
Balance as at April 1, 2020	1,000,000	2,000,000	(1,853,651)	1,146,349
Changes in members equity for the period ended March 31, 2021				
Shares issued to member	–	5,000,000	–	5,000,000
Net loss for the period	–	–	(5,063,621)	(5,063,621)
Balance as at March 31, 2021	1,000,000	7,000,000	(6,917,272)	1,082,728

The accompanying notes form an integral part of the financial statements.

Prem Pereira
Authorized Signatory

Date: May 10, 2021

Statement of Cash Flows

in US$

Particulars	Year ended March 31,	
	2021	2020
Cash flows from operating activities		
Net Loss for the period	(5,063,621)	(272,343)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Provision for service level risk on revenue contracts	47,964	(851)
Allowance for doubtful accounts	65,216	8,103
Depreciation	7,285	4,669
Exchange difference	17	2
Interest expense	–	4,328
Cash operating loss	(4,943,139)	(256,092)
Changes in assets and liabilities		
Accounts receivable	(3,203,223)	(129,228)
Prepayments and other assets	460	(57,404)
Unbilled revenues	(1,982,623)	(628,392)
Trade payables	1,213,192	5,838
Other liabilities and provisions	3,357,576	311,715
Net cash used in operating activities	(5,557,757)	(753,563)
Cash flows from investing activities		
Expenditure on property, plant and equipment	(15,772)	(22,749)
Net cash used in investing activities	(15,772)	(22,749)
Cash flows from financing activities		
Capital Infusion	5,000,000	–
Repayment of loan to related parties	–	(517,924)
Net cash generated/(used) in financing activities	5,000,000	(517,924)
Net changes in cash and cash equivalents	(573,529)	(1,294,235)
Cash and cash equivalents at the beginning of the period	981,734	2,275,969
Cash and cash equivalents at the end of the period	408,205	981,734
Supplementary information:		
Interest paid during the period	–	17,925

The accompanying notes form an integral part of the financial statements.

Prem Pereira
Authorized Signatory

Date: May 10, 2021

Notes to the financial statements

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Americas, LLC, ("the Company") is a mortgage fulfillment services-based business that provides end-to end mortgage fulfillment services .

The Company was formed in November 2015 as a limited liability company under the provisions of the Delaware Limited Liability Company Act (the Act). The Company was formed by Infosys BPM Limited(formerly known as Infosys BPO Limited), a subsidiary of Infosys Limited.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with US Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with US Generally Accepted Accounting Principles (US GAAP) requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information and related information and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

1.4 Revenue recognition

Revenue from mortgage fullfillment services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Deposits paid towards the acquisition of these long lived assets outstanding at each Balance Sheet date and the cost of assets not put to use before such date are disclosed under "Capital work-in-progress". Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance cost are charged to earnings when incurred. The cost and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, the Management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the income statement of the period of change.

2. Member's equity

At March 31, 2021, the Company had one member, Infosys BPM Limited (the"Member"). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

in US$

Particulars	As at March 31,	
	2021	2020
Current Account	408,205	981,734

4. Cost of Revenue

in US$

Particulars	For the year ended March 31,	
	2021	2020
Salaries	14,766,973	1,587,350
Subcontractor charges	7,261,265	1,078,110
Others	1,204,188	417,039
Total	23,232,426	3,082,499

5. Other Expenses

in US$

Particulars	For the Year ended March 31,	
	2021	2020
Legal & Professional charges	61,858	78,647
Others(Salaries,Insurance & Rates and taxes)	122,214	187,874
Total	184,072	266,522

6. Related party transactions

Name of the related party and their relationships:

Holding Company – Infosys BPM Limited (formerly known as IBPO Limited)

The details of the related party transactions entered into by the company during the year ended March 31, 2021 and March 31, 2020 as as follows:

Other receivables

in US$

Particulars	As at March 31,	
	2021	2020
Infosys BPM Limited	8,985	–
	8,985	–

Trade payables

in US$

Particulars	As at March 31,	
	2021	2020
Infosys BPM Limited	196,440	–
Infosys Limited	999,465	–
	1,195,905	–

Other payables

in US$

Particulars	As at March 31,	
	2021	2020
Infosys BPM Limited	18,844	–
Infosys McCamish	25,211	50,421
	44,055	50,421

The details of related party transactions as at March 31, 2021 and March 31, 2020 as as follows

Capital Transactions :

Loan repayment

in US$

Particulars	For the year ended March 31,	
	2021	2020
Infosys Public Services Limited	–	517,925
	–	517,925

Capital Infusion

in US$

Particulars	For the year ended March 31,	
	2021	2020
Infosys BPM Limited	5,000,000	–
	5,000,000	–

Revenue Transactions:

Purchase of services

in US$

	For the year ended March 31,	
	2021	2020
Infosys BPM Limited	354,279	–
Infosys Limited	2,957,099	–
	3,311,378	–

Purchase of shared services

in US$

	For the year ended March 31,	
	2021	2020
Infosys McCamish	335,494	271,231
	335,494	271,231

7. Subsequent events

The Company has evaluated all events or transactions that occurred after the Balance Sheet date through the date that the financial statements were available for issue. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

For

Infosys BPO Americas, LLC

Prem Pereira
Authorized Signatory

Date: May 10, 2021

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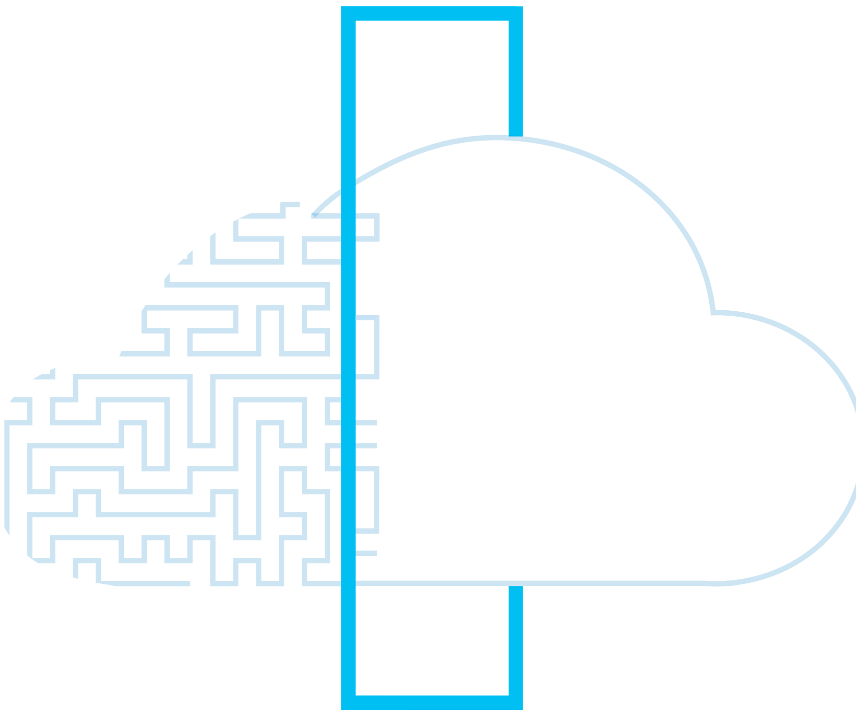

Infosys Consulting Holding AG

Report of the Statutory Auditor

To the General Meeting of
Infosys Consulting Holding AG

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Infosys Consulting Holding AG, which comprise the Balance Sheet as at December 31, 2020, and the income statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Fabien Lussu
Licensed Audit Expert
Auditor in Charge

Claudia Schmid
Licensed Audit Expert

Zurich, 20 April 2021
FLU/CSC/axh

Balance Sheet

in CHF

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
Assets			
Cash and cash equivalents		15,500,036.87	3,127,095.47
Other short-term receivables from third parties		84,588.35	514,911.93
Other short-term receivables from subsidiaries		565.73	4,869.99
Other short-term receivables		13,666.15	0.00
Total current assets		15,598,857.10	3,646,877.39
Loans to subsidiaries		2,113,426.54	3,409,324.87
Loans to affiliates		20,031,561.64	11,557,864.71
Investments	2.1	29,872,226.97	14,540,433.39
Total non-current assets		52,017,215.15	29,507,622.97
TOTAL ASSETS		67,616,072.25	33,154,500.36
Liabilities and equity			
Trade accounts payable to third parties		654.68	514.83
Other short-term liabilities to third parties		137.69	77.85
Other short-term liabilities to entities in which the entity holds a participation		1,978.79	6,003,244.33
Accrued expenses and deferred income		64,831.13	134,368.52
Total short-term liabilities		67,602.29	6,138,205.53
Loans from subsidiaries		18,181,153.67	0.00
Total long-term liabilities		18,181,153.67	0.00
Total liabilities		18,248,755.96	6,138,205.53
Share capital	2.2	25,696,000.00	25,696,000.00
Statutory retained earnings		1,521,200.00	1,521,200.00
(Accumulated losses) / voluntary retained earnings		(200,905.17)	5,385,633.36
Net result for the year		22,351,021.46	(5,586,538.53)
Total equity		49,367,316.29	27,016,294.83
TOTAL LIABILITIES AND EQUITY		67,616,072.25	33,154,500.36

Income statement

in CHF

Particulars	Note no.	Year ended December 31,	
		2020	2019
Dividends		12,534,638.55	9,011,561.65
Gross profit		12,534,638.55	9,011,561.65
Office and administration expenses		(25,259.64)	(28,977.92)
Consulting expenses		(115,662.58)	(174,470.39)
Depreciation	2.3	(2,195,932.58)	(18,346,549.11)
Operating expenses		(2,336,854.80)	(18,549,997.42)
Earnings before interest and tax (EBIT)		10,197,783.75	(9,538,435.77)
Financial expenses		(4,515,099.08)	(1,984,771.60)
Financial income		2,562,567.86	3,230,949.66
Net financial result		(1,952,531.22)	1,246,178.06
Extraordinary expenses	2.4	0.00	0.00
Extraordinary income	2.5	14,123,121.41	2,717,058.18
Net extraordinary result		14,123,121.41	2,717,058.18
Earnings before tax (EBT)		22,368,373.94	(5,575,199.53)
Tax expenses		(17,352.48)	(11,339.00)
Net result for the year		22,351,021.46	(5,586,538.53)

Notes to the financial statements

1. Summary of significant accounting policies

1.1 Basis of preparation

The financial statements of Infosys Consulting Holding AG ("the Company") have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It is furthermore noted that to ensure the long-term prosperity of the Company, these financial statements may be influenced by the creation and release of hidden reserves.

The Company's ultimate parent, Infosys Limited, incorporated in India, prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which include the financial statements of the Company. In accordance with the Swiss Code of Obligations, the Company is therefore exempt from preparing a management report, a cash flow statement and certain additional disclosures in the notes to the financial statements.

1.2 Foreign currency

The Company's functional currency is the Swiss Franc (CHF) as this is assessed to be the principal currency of the economic environment in which it operates.

Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities in foreign currency outstanding at the Balance Sheet date are converted at the Balance Sheet date exchange rate, whereby unrealized losses are recorded in the income statement and unrealized profits are deferred. Non-monetary assets and liabilities in foreign currency are translated at the historical foreign exchange rate at the date of the transaction.

1.3 Investments

Investments are initially recorded at acquisition cost. Investments are annually assessed for impairment and are adjusted to their recoverable value, if required, on an individual or grouped basis as appropriate.

2. Information on Balance Sheet and income statement

2.1 Investments

Particulars	Currency	Year ended December 31,	
		2020	2019
Company : Infosys Consulting GmbH			
Location : Garching b. München, Germany			
Share capital :	EUR	2,086,000.00	2,086,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Lodestone Management Consultants Portugal, Unipessoal, LDA			
Location : Lissabon, Portugal			
Share capital :	EUR	0.00	1,450,000.00
Directly held percentage of ownership and voting rights:		0%	100.00%
Company : Infosys Consulting AG			
Location : Kloten, Switzerland			
Share capital :	CHF	120,000.00	120,000.00
Directly held percentage of ownership and voting rights:		100.00%	100.00%
Company : Infosys Consulting Sp. z o.o.			
Location : Wroclaw, Poland			
Share capital :	PLN	0.00	1,000,000.00
Directly held percentage of ownership and voting rights :		0%	100.00%
Company : Infosys Management Consulting Pty Ltd			
Location : Pyrmont, Australia			
Share capital :	AUD	3,500,300.00	3,500,300.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infy Consulting Company Ltd.			
Location : London, UK			
Share capital:	GBP	14,050,000.00	50,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infosys Consulting (Belgium) SA			
Location : Brüssel, Belgium			
Share capital :	EUR	489,326.00	489,326.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%

Particulars	Currency	Year ended December 31,	
		2020	2019
Company : Infosys Consulting s.r.o.			
Location : Prag, Czech Republic			
Share capital :	CZK	200,000.00	200,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infy Consulting B.V.			
Location : ‘s-Gravenhage, Netherlands			
Share capital :	EUR	90,000.00	90,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infosys Consulting SAS			
Location : Paris, France			
Share capital :	EUR	80,000.00	80,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Lodestone Management Consultants China Co., Ltd.			
Location : Shanghai, China			
Share capital :	USD	8,990,000.00	6,930,000.00
Directly held percentage of ownership and voting rights :		100.00%	100.00%
Company : Infosys Consulting S.R.L.			
Location : Buenos Aires, Argentina			
Share capital :	ARS	30,000,000.00	18,060,000.00
Directly held percentage of ownership and voting rights :		98.17%	96.95%
Indirectly held percentage of ownership and voting rights :		1.83%	3.05%

Business purpose of the companies : Management consulting

2.2 Share capital

As at December 31, 2020, the share capital consists 23,050 common shares of CHF 1,000 / par value and 26,460 preferred shares of CHF 100 / par value.

2.3 Depreciation

Certain prior-year numbers have been reclassified to be consistent with the current year's presentation.

2.4 Extraordinary expenses

Certain prior-year numbers have been reclassified to be consistent with the current year's presentation.

2.5 Extraordinary income

Certain prior-year numbers have been reclassified to be consistent with the current year's presentation.

in CHF

Particulars	Year ended December 31,	
	2020	2019
Other income	–	568,838.23
Profit on sales of investment	14,123,121.41	2,148,219.95
Total extraordinary income	14,123,121.41	2,717,058.18

2.6 Leasing liabilities

in CHF

Particulars	Year ended December 31,	
	2020	2019
Off-balance leasing liabilities	–	–

2.7 Guarantees

Particulars		Year ended December 31,	
		2020	2019
Rental guarantee on behalf of Infosys Consulting AG	CHF	503,200.00	503,200.00
Payment guarantee on behalf of Infosys Consulting AG	CHF	50,000.00	50,000.00
Payment guarantee on behalf of Infosys Consulting GmbH	EUR	–	48,616.29

2.8 Full-time equivalents

The Company does not have any employees (2019 : no employees).

2.9 Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these Standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

Proposal on the appropriation of voluntary retained earnings

The Board of Directors proposes to appropriate the voluntary retained earnings as follows:

in CHF

Particulars	Year ended December 31, 2020
Voluntary retained earnings (brought forward)	(200,905.17)
Net profit for the year	22,351,021.46
Total voluntary retained earnings	22,150,116.29
Allocation to legal reserve (5 %)	1,117,551.07
Dividend	–
To be carried forward	21,032,565.22

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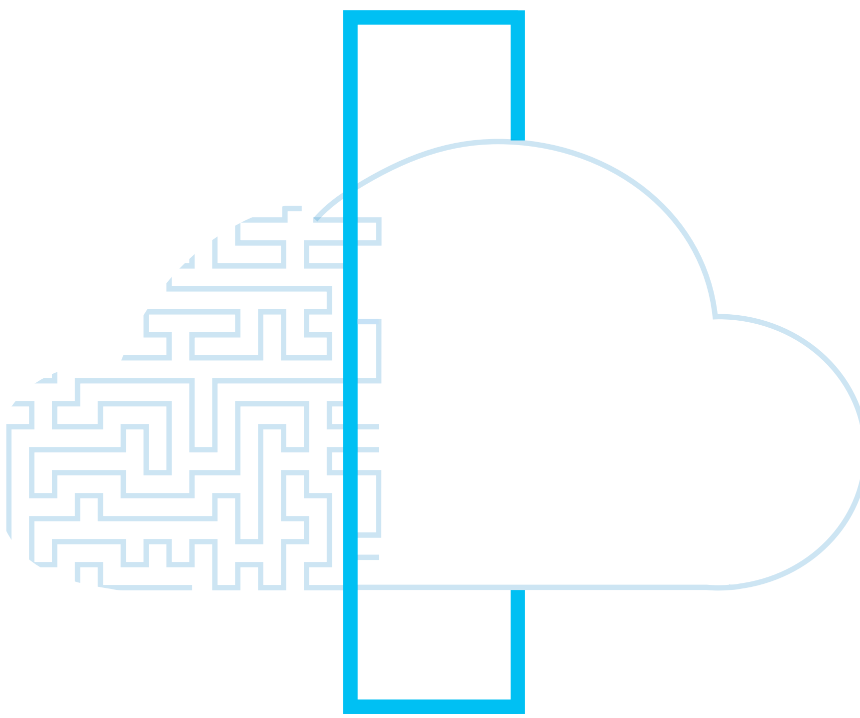


Infosys Management Consulting Pty Limited

Independent Auditors' Report

To the Board of Directors of Infosys Management Consulting Pty Limited

68 Pitt Street

Sydney NSW 2000

March 25, 2021

Dear Board Members

In accordance with section 307C of the·Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Infosys Management Consulting Pty Limited.

As lead audit partner for the audit of the financial statements of Infosys Management Consulting Pty Limited for the financial year ended December 31, 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit

Opinion

We have audited the financial report of Infosys Management Consulting Pty Limited ("the Company") which comprises the statement of financial position as at December 31, 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at December 31, 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards . Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirement of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended December 31, 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Yours sincerely

Deloitte Touche Tohmatsu

Harsh Shah

Partner
Chartered Accountants

Sydney, 25 March 2021

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Geoffrey Anton Leong, appointed May 16, 2016

Roger Gibson, appointed August 9, 2019

2. Company Secretary

Roger Gibson was appointed as Company Secretary on August 9, 2019.

3. Principal activities

Infosys Management Consulting Pty. Ltd. supports clients in designing and delivering simple and pragmatic solutions to their complex business problems. The focus is set on processes, data and systems, enabling operating models which work pragmatically and efficiently in today's complex and global business environment.

The strategy of the business is remaining cost competitive and to increase the market share by owning our client's business challenges, identifying new opportunities and reimagine business solutions to help create new markets and disrupt existing ones.

There were no other significant changes in the nature of the activities of the Company during the year.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

4. Dividends

No dividends were paid during the year and the directors do not recommend the payment of a dividend.

5. Operating and financial review

The profit after tax for the year ended December 31, 2020 amounted to AUD $ 1,206,498 (2019 profit after tax of AUD $ 1,152,719). This was primarily a result of a decrease of revenue from AUD $ 24,055,475 in year 2019 to AUD $ 23,322,860 in year 2020, decrease of cost of sales from AUD $ 20,379,471 in year 2019 to AUD $ 19,713,084 in 2020, decrease of admin cost from AUD $ 863,285 in year 2019 to AUD $ 798,461 in year 2020 and decrease of tax expense from AUD $ 567,781 in year 2019 to AUD $ 509,163 in year 2020.

6. Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory. However, the Board believes that the Company has adequate systems in place for the Management of its environmental requirements, and is not aware of any breach of those environmental requirements as they apply to the Company.

7. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. Likely developments

The Company will continue to pursue its policy of profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

9. Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

10. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 27 and forms part of the Directors' Report for the financial year ended December 31, 2020.

11. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company expects to recover the carrying amount of the assets and will continue to closely monitor any material changes to future economic conditions.

The Company has concluded that the impact is not material on any of the estimates, including the revenue forecast, in preparing the financial statements.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the company, the results of those operations or the state of affairs of the company in subsequent financial years.

This report is made with a resolution of the directors:

Roger Gibson
Director

Sydney

March 25, 2021

Statement of Financial Position

In AUD

Particulars	Note no.	As at December 31,	
		2020	2019
Assets			
Cash and cash equivalents	8	7,975,336	4,745,923
Trade and other receivables	9	1,988,372	2,716,081
Other assets		27,258	25,393
Total current assets		9,990,966	7,487,397
Property, plant and equipment	10	9,269	19,929
Net deferred tax assets	7a	1,059,653	811,003
Total non-current assets		1,068,922	830,932
Total assets		11,059,888	8,318,329
Liabilities			
Trade payables	11	(662,004)	(69,311)
Other payables	12	(1,130,220)	(791,830)
Current tax liabilities		(207,154)	(237,695)
Provisions	13	(2,823,944)	(2,283,939)
Total current liabilities		(4,823,322)	(3,382,775)
Provisions	13	(603,980)	(509,466)
Total non-current liabilities		(603,980)	(509,466)
Total liabilities		(5,427,302)	(3,892,241)
Surplus in net assets		5,632,586	4,426,088
Equity			
Share capital	14	3,500,300	3,500,300
Accumulated profit		2,132,286	925,788
Surplus in equity		5,632,586	4,426,088

The notes on pages 404 to 414 are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

In AUD

Particulars	Note no.	As at December 31,	
		2020	2019
Revenue	5	23,322,860	24,055,475
Cost of sales	6b	(19,713,084))	(20,379,471)
Gross profit		3,609,776	3,676,004
Administrative expenses	6d	(798,461))	(863,285)
Other expenses	6c	(1,095,487)	(1,075,760)
Operating profit		1,715,828	1,736,959
Finance costs	6a	(167))	(16,459)
Net finance costs		(167))	(16,459)
Profit before tax		1,715,661	1,720,500
Income tax expense	7b	(509,163)	(567,781)
Profit for the year		1,206,498	1,152,719
Other comprehensive income, net of tax		-	-
Total comprehensive income		1,206,498	1,152,719

The notes on pages 404 to 414 are an integral part of these financial statements.

Statement of Changes in Equity

In AUD

Particulars	Share capital	Accumulated losses	Surplus / (Deficiency) in equity
Balance at January 1, 2019	3,500,300	(226,931)	3,273,369
Total other comprehensive income	-	-	-
Profit for the year	-	1,152,719	1,152,719
Total comprehensive income for the year	-	1,152,719	1,152,719
Transactions with owners of the Company			
Issue of ordinary shares	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at December 31, 2019	3,500,300	925,788	4,426,088
Balance at January 1, 2020	3,500,300	925,788	4,426,088
Total other comprehensive income	-	-	-
Profit for the year	-	1,206,498	1,206,498
Total comprehensive income for the year	-	1,206,498	1,206,498
Transactions with owners of the Company			
Issue of ordinary shares	-	-	-
Total transactions with owners of the Company	-	-	-
Balance at December 31, 2020	3,500,300	2,132,286	5,632,586

Statement of Cash Flows

In AUD

Particulars	Note no.	As at December 31,	
		2020	2019
Cash flows from operating activities			
Cash receipts from customers		24,048,331	23,446,618
Cash paid to suppliers and employees		(20,019,087)	(21,533,405)
Cash (used in) / generated from operations		4,029,244	1,913,213
Interest (paid) / received net		(11,477)	(8,841)
Income tax (paid) / refund received		(788,354)	(604,131)
Net cash (used in) / from operating activities	16	3,229,413	1,300,241
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(15,880)
Net cash used in investing activities		-	(15,880)
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		3,229,413	1,284,361
Cash and cash equivalents at January 1		4,745,923	3,461,562
Cash and cash equivalents as at December 31		7,975,336	4,745,923

The notes on pages 404 to 414 are an integral part of these financial statements.

Notes to the Financial Statements

1 Reporting entity

Infosys Management Consulting Pty Limited ("the Company"), is a company domiciled in Australia. The address of the Company's registered office is Level 10, 77 Pacific Highway. PO Box 1885 North Sydney, NSW 2060 Australia and moved to new address at Level 3, 100 Arthur Street, PO Box 1885, North Sydney, NSW 2060 with effective from May 1, 2020. The financial statements of the Company are as at and for the year ended December 31, 2020. The Company is a for-profit entity and is primarily involved in specialized IT consulting service.

2 Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

In the opinion of the directors, the Company is not publicly accountable nor a reporting entity. The financial report of the Company has been drawn up as a financial report for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001.

The financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The annual financial statements were authorized by the directors on March 25, 2021.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASB requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(e) Assumptions and estimation uncertainties

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. The Company expects to recover the carrying amount of the assets and will continue to closely monitor any material changes to future economic conditions.

The Company has concluded that the impact is not material on any of the estimates, including the revenue forecast, in preparing the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Company.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity, otherwise the exchange difference is recognized in profit or loss.

(b) Financial Instruments

AASB 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1, 2018) – AASB 9 was issued by the IASB in November 2009 and amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in July 2014 mainly to include,

a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'Fair Value Through Other Comprehensive Income' (FVTOCI) measurement category for certain simple debt instruments. In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. This standard has not impacted the Company's financial position or performance, as the Company does not have any financial instruments which are designated through profit or loss category.

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments in the current liabilities on the Balance Sheet.

(ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method. Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvement / installation five years or lease term, whichever is earlier

IT equipment	3 years
Office machine	2 years
Furniture	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets

(i) Other intangible assets – software

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software 3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Impairment

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or a group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or a group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(ii) Non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for financial assets measured at amortized cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables.

Interest on the impaired asset continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(f) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee expense in profit and loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bond rates that have maturity dates approximating the terms of the Company's obligations.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

If the amount of the leave is expected to be settled beyond 12 months from the reporting date, the amount is measured in accordance with a long-term benefit. Refer to Note 3(f)(ii).

(v) Employee stock compensation

The employees of the Company are given stock options of the ultimate parent entity and the cost is charged to the Profit and Loss account based on the recharges from the ultimate parent entity.

(g) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(h) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract.

(i) Services

Revenue is derived from providing local marketing and client liaison functions for clients based in Australia as well as performing onsite software development / implementation services on the basis of agreed mark-up on cost incurred.

(j) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In the case of the Company, all leases are short term leases and hence are exempted from the recognition and measurement requirements of AASB 16 Leases.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.
- The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.
- The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
- The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under AASB 137. To the extent that the costs relate to a ROU asset, the costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The ROU assets are presented as a separate line in the Consolidated Statement of Financial Position.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss. Refer to Note 6c.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

(k) Finance income and finance costs

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and reclassifications of amounts previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and changes in the fair value of financial assets at fair value through profit or loss (except impairment on trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(l) Tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Goods and Service tax

Revenue, expenses and assets are recognized net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company. These standards become mandatory for the Company's 2020 or 2021 financial statements. The Company does not plan to adopt these standards early.

4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress is estimated as the present value of future cash flows, discounted at the market rate of interest. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Other non-derivative financial liabilities

Fair value, which is calculated based on the present value of future principal and interest cash flows, is discounted at the market rate of interest at the reporting date.

5 Revenue

In AUD

Particulars	As at December 31,	
	2020	2019
Related party revenue	23,322,860	24,055,475
Total	23,322,860	24,055,475

6a Finance income and finance costs

In AUD

Particulars	As at December 31,	
	2020	2019
Finance income		
Interest received	89	–
	89	–
Finance costs		
Bank charges	(11,566)	(10,485)
Net unrealized / realized foreign currency loss	11,310	(5,974)
	(256)	(16,459)
Net finance	(167)	(16,459)

6b Cost of sales

In AUD

Particulars	As at December 31,	
	2020	2019
Travel	496,818	1,676,883
Employee benefits expense	16,037,239	17,369,212
External contractor expense	3,179,027	1,333,376
	19,713,084	20,379,471

6c Other expenses

In AUD

Particulars	As at December 31,	
	2020	2019
Depreciation expense	10,660	16,288
Other expense	1,084,827	1,059,472
	1,095,487	1,075,760

6d Administrative expenses

In AUD

Particulars	As at December 31,	
	2020	2019
Communications	98,754	132,356
Legal and accounting	97,084	47,973
Back office expense	23,659	121,769
Employee benefit expense	578,964	561,187
	798,461	863,285

6e Employee expense

In AUD

Particulars	As at December 31,	
	2020	2019
Employee salary	12,622,016	14,140,584
Employee bonus	1,390,827	942,841
Annual leave and long service leave	328,623	170,007
Superannuation	1,278,975	1,390,803
Other employee-related expenses	995,762	1,286,164
	16,616,203	17,930,399

7 Tax expense

In AUD

(a) Deferred tax asset

Particulars	As at December 31,	
	2020	2019
Deferred tax assets – timing differences	(1,075,958)	(819,757)
Deferred tax liabilities	16,305	8,754
	(1,059,653)	(811,003)

(b) Reconciliation of effective tax rate

In AUD

Particulars	As at December 31,	
	2020	2019
Profit / (Loss) before tax	1,715,661	1,720,500
Tax using the Company's domestic tax rate of 30% (2019: 30%)	514,698	516,150
Catch-up deferred tax accounted	(17,150)	(9,021)
Non-deductible tax expenses	11,615	60,652
Income tax (reversal) / expense for the year	509,163	567,781

8 Cash and cash equivalents

In AUD

Particulars	As at December 31,	
	2020	2019
Cash and cash equivalents	7,975,336	4,745,923

9 Trade and other receivables

In AUD

Particulars	As at December 31,	
	2020	2019
Trade receivable due from related party	1,896,465	2,672,071
Other receivables	91,907	44,010
	1,988,372	2,716,081

Allowance for expected credit losses – Based on the Management's best estimate, there is no impairment of receivables and exposure to credit risk from trade receivables. The average credit period on sale is 30 days. No interest is charged on trade receivables.

10 Property, plant and equipment

In AUD

Particulars	Leasehold improvement / installation	IT equipment / Office machines	Furniture	Total
Cost				
Balance at January 1, 2019	205,163	251,377	42,019	498,559
Additions	-	15,880		15,880
Disposals / write-off	-	-	(2,993)	(2,993)
Balance at December 31, 2019	205,163	267,257	39,026	511,446
Depreciation and impairment losses				
Balance at January 1, 2019	(205,163)	(236,641)	(36,417)	(478,221)
Depreciation for the year	-	(14,393)	(1,896)	(16,289)
Disposals / write-off	-	-	2,993	2,993
Balance at December 31, 2019	(205,163)	(251,034)	(35,320)	(491,517)
Carrying amounts				
As at January 1, 2019	-	14,736	5,602	20,338
As at December 31, 2019	-	16,223	3,706	19,929

In AUD

Particulars	Leasehold improvement / installation	IT equipment / Office machines	Furniture	Total
Cost				
Balance at January 1, 2020	205,163	267,257	39,026	511,446
Additions	-	-	-	-
Disposals / write-off	-	(23,454)	-	(23,454)
Balance at December 31, 2020	205,163	243,803	39,026	487,992
Depreciation and impairment losses				
Balance at January 1, 2020	(205,163)	(251,034)	(35,320)	(491,517)
Depreciation for the year	-	(8,756)	(1,904)	(10,660)
Disposals / write-off	-	23,454	-	23,454
Balance at December 31, 2020	(205,163)	(236,336)	(37,224)	(478,723)
Carrying amounts				
At January 1, 2020	-	16,223	3,706	19,929
At December 31, 2020	-	7,467	1,802	9,269

11 Trade payables

In AUD

Particulars	As at December 31,	
	2020	2019
Trade payables due to related party	25,321	39,985
Other trade payables	636,683	29,326
	662,004	69,311

The average credit period on purchases is 30 days from the date of invoice. No interest is charged on overdue payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

12 Other payables

In AUD

Particulars	As at December 31,	
	2020	2019
Accrued superannuation expense	145,405	146,942
Accrued subcontractor expenses	459,851	53,062
Other accruals	524,964	500,940
Payroll tax	-	90,886
	1,130,220	791,830

13 Provisions

Employee benefits

In AUD

Particulars	As at December 31,	
	2020	2019
Current		
Annual leave	1,056,250	892,566
Long service leave outstanding	172,883	102,458
Incentive provision	70,454	314,119
Accrued bonus	1,524,357	974,796
Total current	2,823,944	2,283,939
Non-current		
Long service leave outstanding	603,980	509,466
Total non-current	603,980	509,466
Total employee provisions	3,427,924	2,793,405

14 Capital and reserves

Share capital

in shares

Particulars	As at December 31,	
	2020	2019
In shares		
On issue at January 1	3,500,300	3,500,300
Add: shares issued during the year	-	-
On issue at December 31	3,500,300	3,500,300

Ordinary shares

The Company does not have authorized capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Company, all rights are suspended until those shares are reissued.

No dividend was paid during the year, and no proposed dividend has been made or anticipated at the date of this Report (2019: AUD $nil).

Dividend franking account

In AUD

Particulars	As at December 31,	
	2020	2019
30 per cent franking credits available to shareholders of Infosys Management Consulting Pty. Ltd for subsequent financial years	2,280,019	1,491,665
	2,280,019	1,491,665

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits / debits that will arise from the payment / receipts of the current tax liabilities / assets;
- franking debits that will arise from the payment of dividends recognized as a liability at the yearend;
- franking credits that will arise from the receipt of dividends recognized as receivables at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.
- The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

15 Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors of the Company are considered as key management personnel of the Company.

The employee compensation is as follows:

In AUD

Particulars	As at December 31,	
	2020	2019
Short-term employee benefits	1,018,950	1,453,107

16 Reconciliation of cash flow from operating activities

In AUD

Particulars	As at December 31,	
	2020	2019
Reconciliation of cash flow from operations with profit after income tax paid		
Profit / (Loss) for the year after tax	1,206,498	1,152,719
Adjustments for :		
Depreciation expense	10,660	16,288
Income tax expense	509,163	567,781
Operating profit / (loss) before changes in working capital	1,726,321	1,736,788
Decrease / (increase) in trade and other receivables	725,843	(594,295)
(Decrease) / increase in trade and other payables	687,792	563,205
(Decrease) / increase in provision and employee benefits	878,184	198,644
Increase / (decrease) in deferred income	(373)	30
Income tax paid	(788,354)	(604,131)
Net cash from / (used in) operating activities	3,229,413	1,300,241

17 Related party transactions

The details of the related party transactions entered into by the Company during the year ended December 31, 2020 and December 31, 2019 are as follows:

In AUD

Particulars	As at December 31,	
	2020	2019
Revenue transactions		
Sale of services		
Infosys Limited	22,496,013	22,039,214
Infosys Consulting GmBH	-	492,470
Infosys BPM Limited	567,267	1,262,248
Infosys Compaz Pte Ltd	259,580	257,327
Portland Group Pty Ltd	-	4,216
	23,322,860	24,055,475
Purchase of services		
Infosys Consulting Pte Ltd	135,081	120,441
Infy Consulting BV	24,533	39,719
Infosys Consulting AG	114,254	135,618
	273,868	295,778
Employee stock compensation	105,142	106,297

The details of the amount due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

In AUD

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Infosys Limited	1,734,917	2,152,090
Infosys Consulting AG	32,148	-
Infosys Consulting BV	12,893	-
Infosys Compaz Pte Ltd	116,315	257,301
Infosys BPM Limited	192	262,680
	1,896,465	2,672,071
Trade Payables		
Infosys Consulting Pte Ltd	24,249	21,114
Portland Group Pty Ltd	1,071	-
Infy Consulting BV	18	15,332
Infosys Consulting AG	(17)	3,539
	25,321	39,985
Provision expense		
Employee stock compensation	124,501	134,327

18 Financial instruments

Financial instruments by category

In AUD

Particulars	As at December 31,	
	2020	2019
Financial assets		
Cash and cash equivalents	7,975,336	4,745,923
Receivables	1,896,465	2,672,071
Financial liabilities at amortized cost:		
Trade payables	(662,004)	(69,311)
Other payables	(970,059)	(795,282)

19 Auditors' remuneration

In AUD

Particulars	As at December 31,	
	2020	2019
Audit of financial reports [1]	27,500	25,000
Total	27,500	25,000

[1]The audit fees for 2020 is payable to Deloitte Touche Tohmatsu.

20 Ultimate parent entity

As at, and throughout the financial year ending December 31, 2020, the parent entity of the Company was Infosys Consulting Holding AG, incorporated in Switzerland, and the ultimate parent is Infosys Limited, India.

21Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years, other than above. Refer to Note 2 (e), Assumptions and estimation uncertainties for the COVID-19 pandemic disclosure.

22 Capital management

The Board's policy is to improve its capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors will continue to monitor the return on capital, and level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security offered by a sound capital position. There were no changes to the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements, other than any requirements that exist by way of arrangements entered into by the Company's ultimate parent entity.

In the opinion of the directors of Infosys Management Consulting Pty. Ltd ("the Company"):

(a) the Company is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 400 to 414, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company as at December 31, 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date in accordance with the statement of compliance and basis of preparation described in Note 2;

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Corporations Regulations 2001; and

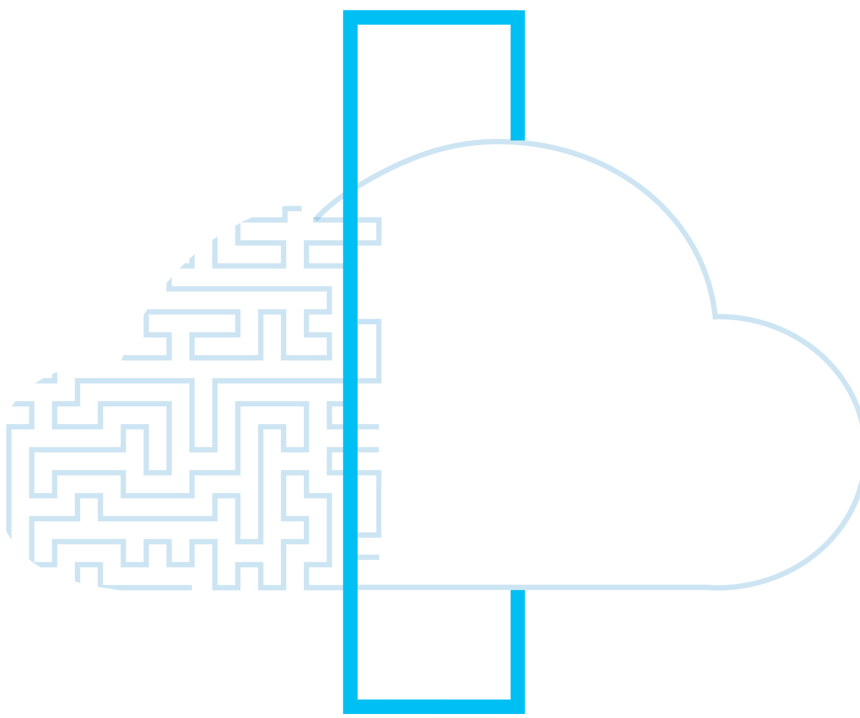
(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Place : Sydney

Date : March 25, 2021

Roger Gibson
Director



Infosys Consulting AG

Report of the Statutory Auditor

To the General Meeting of

Infosys Consulting AG

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Infosys Consulting AG, which comprise the Balance Sheet as at December 31,2020, and the income statement and notes for the year then ended. Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2020 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Fabien Lussu
Licensed Audit Expert

Auditor in Charge

Claudia Schmid
Licensed Audit Expert

Zurich, April 20, 2021
FLU/CSC/nmn

Enclosures

- Financial statements (Balance Sheet, income statement and notes)
- Proposed appropriation of available earnings

Balance Sheet

in CHF

Particulars	Note no.	As at December 31,	
		2020	2019
Assets			
Cash and cash equivalents		5,480,482.19	6,877,752.79
Receivables from third parties		3,539,863.78	5,696,444.30
Receivables from other group companies		2,704,338.66	7,909,422.27
Receivables from subsidiaries		211,904.55	170,435.05
Other short-term receivables from shareholder		–	6,000,603.26
Prepaid expenses and accrued income		915,131.62	4,627,783.08
Total current assets		12,851,720.80	31,282,440.75
Loans to other group companies		–	1,684,394.00
Loans to parent company		9,390,401.18	–
Investments	2.1	65,118.06	65,118.06
Tangible assets	2.2	105,024.99	142,059.32
Right-of-use assets	2.3	7,590,076.16	8,370,404.22
Total non-current assets		17,150,620.39	10,261,975.60
TOTAL ASSETS		30,002,341.19	41,544,416.35
Liabilities and equity			
Accounts payable to third parties		241,886.17	589,638.93
Accounts payable to other group companies		204,194.42	401,465.04
Other short-term liabilities		827,819.35	1,132,956.03
Accrued expenses and deferred income		6,006,023.63	9,417,476.83
Total short-term liabilities		7,279,923.57	11,541,536.83
Lease liability	2.3	7,412,588.56	8,184,665.23
Total long-term liabilities		7,412,588.56	8,184,665.23
Total liabilities		14,692,512.13	19,726,202.06
Share capital	2.4	120,000.00	120,000.00
Statutory retained earnings		60,000.00	60,000.00
Voluntary retained earnings		12,638,214.29	14,075,744.53
Net result for the year		2,491,614.77	7,562,469.76
Total equity		15,309,829.06	21,818,214.29
TOTAL LIABILITIES AND EQUITY		30,002,341.19	41,544,416.35

Income statement

in CHF

Particulars	Note no.	Year ended December 31,	
		2020	2019
Consulting revenue		13,592,282.20	30,416,355.94
Other service revenue		24,064,615.95	27,894,651.28
Revenue discounts / reversals		(391,872.96)	(1,262,487.94)
Trade revenue (net)		37,265,025.19	57,048,519.28
Total cost of services		(11,789,980.16)	(22,490,031.59)
Gross profit		25,475,045.03	34,558,487.69
Personnel expenses		(20,034,813.33)	(24,170,538.27)
Office rent and maintenance		(133,151.10)	(152,244.93)
Administration and general expenses		(120,341.39)	(163,938.04)
Consulting (Accounting, tax, legal) expenses		(296,501.19)	(280,158.78)
Marketing expenses		(90,679.07)	(108,139.85)
Depreciation and amortization	2.3	(849,215.00)	(760,641.89)
Total operating expenses		(21,524,701.08)	(25,635,661.76)
Earnings before interest and taxes (EBIT)		3,950,343.95	8,922,825.93
Financial expenses	2.3	(1,289,945.40)	(558,839.74)
Financial income		78,163.96	146,134.64
Net financial result		(1,211,781.44)	(412,705.10)
Extraordinary expenses		(34,875.06)	–
Net extraordinary result		(34,875.06)	–
Earnings before tax (EBT)		2,703,687.45	8,510,120.83
Tax expenses		(212,072.68)	(947,651.07)
Net result for the year		2,491,614.77	7,562,469.76

Notes to the financial statements

Infosys Consulting AG is a wholly-owned subsidiary of Infosys Consulting Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1.Principles

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the Company's going concern, the Company's financial statements may be influenced by the creation and release of hidden reserves.

1.3 Revenue recognition

The method for recognizing revenues and cost depends on the nature of the services rendered and on the substance of the contractual agreement. Revenues and costs generated under time-and-material contracts are recognized as services are rendered. An expected project loss is recognized as an expense immediately. Revenue from fixed-price, fixed-timeframe contracts is recognized as per the percentage-of-completion method. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenue comprises the invoiced value for the services and expense reimbursements, net of value added tax.

1.4 Tangible assets

Tangible assets are valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, tangible assets are depreciated using the straight-line method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

1.5 Leases

As of calendar year - as of January 1, 2019 and onwards, leasing and rental agreements will be disclosed by the principle of right-of-use in accordance with IFRS 16.

1.6 Foregoing a cash flow statement and additional disclosures in the notes

As Infosys limited, the owner of Infosys Consulting Holding AG, has prepared its consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement and management report in accordance with swiss law.

2. Information on Balance Sheet and Income Statement items

2.1 Investments

Company : Infosys Consulting S.R.L.

Location : Buenos Aires, Argentina

in CHF

Particulars	Year ended December 31,	
	2020	2019
Share capital:	30,000,000.00	18,060,000.00
Directly held percentage of ownership and voting rights :	1.83%	3.05%

2.2 Tangible assets

in CHF

Particulars	Year ended December 31,	
	2020	2019
Installations and equipment	105,024.99	80,904.29
Vehicles	–	61,155.03
TOTAL	105,024.99	142,059.32

2.3 Right-of-use assets (ROU) and lease liabilities

As a result of accounting for lease and rental agreements in accordance with the principle of ROU, the following accounts were affected :

in CHF

Particulars	Year ended December 31,	
	2020	2019
Balance Sheet		
Rent office – 7 years	7,590,076.16	8,370,404.22
Lease liability	(7,412,588.56)	(8,184,665.23)
Income statement		
Amortization – ROU building	780,328.06	778,196.01
Interest expense on lease liability	15,822.85	17,319.39
Cashflow		
Cashflow (January 1 to December 31)	848,567.76	848,567.76

2.4 Share capital

As at December 31, 2020, the share capital consists of 1,200 equity shares of CHF 100 / par value.

3. Other Information

3.1 Full-time equivalents

The annual average number of full-time equivalents was below 250 similar to the previous reporting year.

3.2 Summary of hidden reserves

in CHF

Particulars	Year ended December 31,	
	2020	2019
Accounts receivable	4,310.28	13,188.00
Fixed assets	–	–
Provisions / Accruals	–	–
Total	4,310.28	13,188.00
Increase / (dissolution) of hidden reserve :	(8,877.72)	(457,712.00)

3.3 Estimation of uncertainties relating to the global health pandemic COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these Standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

The Group has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

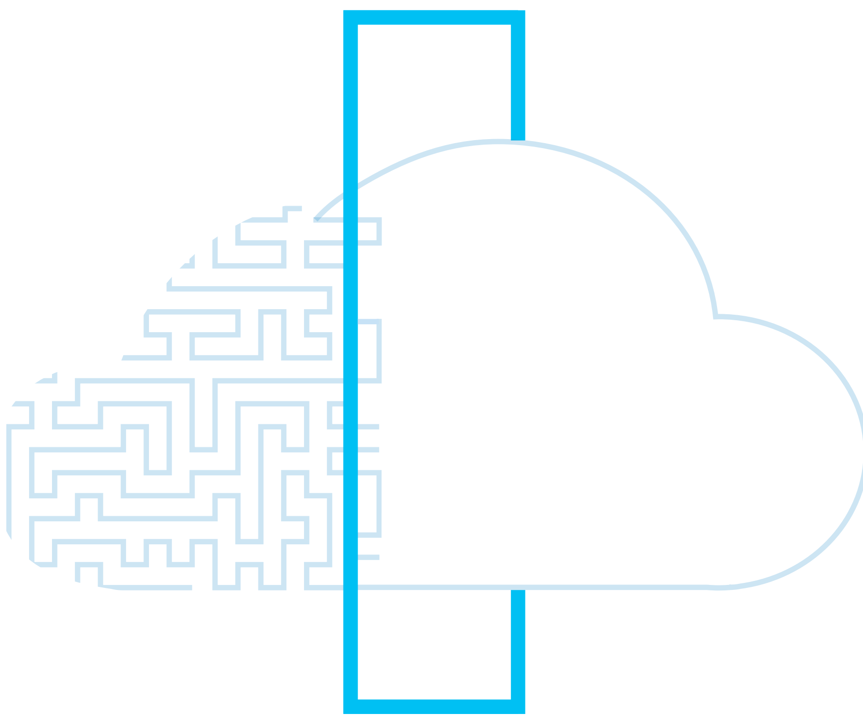
Proposal on the appropriation of voluntary retained earnings

The Board of Directors propose to appropriate the voluntary retained earnings (available earnings) as follows :

in CHF

Particulars	Year ended December 31, 2020
Voluntary retained earnings (brought forward)	12,638,214.29
Net result for the year	2,491,614.77
Total voluntary retained earnings	15,129,829.06
Dividend	9,000,000.00
To be carried forward	6,129,829.06

The dividend of CHF 9,000,000.00 will be set-off against the loan towards Infosys Consulting Holding AG.



Infosys Consulting GmbH

Indipendent Auditor's Report

1. Audit Engagement

By resolution of the Shareholders' Meeting held on June 3, 2020 of

Infosys Consulting GmbH,

Garching near Munich, Germany

hereafter also referred to as "Infosys" or "Company"-

We were elected as independent auditors for the financial year from January 1 to December 31, 2020. Based on this resolution, the executive directors engaged us to conduct the audit of the annual financial statements and of the Management report for the financial year ended December 31, 2020 in accordance with Section 317 German Commercial Code (HGB).

In accordance with Section 321 (4a) HGB, we confirm that our audit was conducted in compliance with the applicable regulations on independence.

Our long-form audit report has been prepared in accordance with the German Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – Auditing Standard IDW AuS 450 (Revised).

The scope of the engagement and our responsibilities thereunder, towards both the Company and third parties, are governed by the agreement dated 12/29 January 2021 and complementarily by the enclosed "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms) as of January 1, 2017.

This long-form audit report has been prepared solely to document the audit work performed to the Company and not for any purposes of third parties. In accordance with the legal position pursuant to Sec. 323 HGB, we do not accept or assume liability to third parties.

2. Fundamental Findings

Statement on the executive directors' assessment of the Company's position

We draw attention to the following aspects of the annual financial statements and the Management report prepared by the executive directors as well as the other audited documents which are of particular relevance in assessing the Company's position:

- Revenue decreased by mEUR 25.2 or 38.9% to mEUR 39.7 in the reporting period. This is due in particular to the loss of an important client mandate in the life science sector and the streamlining of the client portfolio to remove unprofitable mandates.
- Personnel expense amounted to mEUR 21.3, and thus mEUR 2.7 or 11.0% below the prior year's level. The Company employed 154 persons (prior year: 175) on average in the financial year. Furthermore, the expenses for purchased services could be clearly reduced by mEUR 18.1 and/or 55.4% to now mEUR 14.6.
- Following the decline in revenue, the profit for the year decline from mEUR 4.0 in the prior year to mEUR 0.8.
- For the executive directors, the outbreak and the ongoing global COVID-19 pandemic, depending on the duration and extent of the impact, poses a risk to the Company. Due to the dynamic development, the risk is difficult to assess conclusively. In particular, the risk of project and customer losses resulting from the COVID-19 pandemic is still present according to the assessment of the executive directors. In their overall risk assessment, however, the executive directors do not assume any risks that could threaten the existence of the Company.
- Under consideration of the COVID-19 crisis, the executive directors forecast an almost unchanged revenue of mEUR 40 to mEUR 41 and a slightly improved profit of the year of mEUR 1.25 to mEUR 1.75 for the financial year 2021.

In conclusion, we state, in accordance with Section 321 (1) sentence 2 HGB, that we deem the executive directors' assessment of the Company's position, notably the use of the going concern basis of accounting and their assessment concerning the future development of the Company as expressed in the annual financial statements and in the Management report, to be realistic.

3. Copy of the Independent Auditor's Report

We have issued the following Independent Auditor's Report, signed on May 26, 2021, on the annual financial statements and the Management report of Infosys Consulting GmbH, Garching near Munich/Germany, for the financial year ended December 31, 2020 as set out in appendix 1:

Indipendent Auditor's Report

To Infosys Consulting GmbH, Garching near Munich/Germany

Audit Options

We have audited the annual financials statement of Infosys Consulting Gmbh, Garching near Munich/Germany, which comprise the Balance Sheet as at December 31, 2020, and the statements of profit and loss for the financial year from January 1 to December 31, 2020, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In Addition, we have audited the Management report of Infosys Consulting GmbH, Garching near Munich/Germany for the financial year from 1st January to December 31,2020.

In our opinion, on the basis of the knowledge obtained in the audit,

- The accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as at December 31, 2020 and of its financial performance for the financial year from January 1 to December 31, 2020 in compliance with German Legally Required Accounting Principles, and
- The accompanying the Management report as a whole provides an appropriate view of the company's position, in all material respects, this Management report is consistent with the annual financial statements, complies with German legal requirements and appropriate presents the opportunities and risk of future requirement development.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservation relating to the legal compliance of the annual financial statements and of the Management report.

Basis for the audit options

We conducted our audit of the annual financial statements and of the Management report in accordance with the Section 317 HGB and in compliance with German Generally Accepted Standards for Financials statements Audit promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles and further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements and the Management report.

Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities and financial position of the financial performance of the Company in compliance with German Legally Required Accounting Principles, In addition, The executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the annual financial statements that are free from material misstatement whether due to fraud or error.

In preparing the annual financial statements the executive directors are responsible for accessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the going concern, in addition, they are responsible for the financial reporting based on the going concern basis of accounting, provided no actual legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the Management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents that opportunities and risk of future development. In addition, the executive directors are responsible for such arrangements and measured (systems) as they have considered necessary to enable the preparation of a Management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Management report.

Auditor 's responsibilities for the audit of the Annual Financial statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Management report as a whole provides an appropriate view of the company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, compiles with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on Management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally accepted Standards for Financial Statements Audits promulgated by Institute der Wirtschaftsprufer (IDW) will always detect material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these annual financial statements and this Management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the Management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk is not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of annual financial statements and of arrangements and measures relevant to the audit of the Management report in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the company.
- Evaluate the appropriateness of accounting policies used by executive directors and the reasonableness of estimates made by executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the Management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the Management report with the annual financial statements, its conformity with German Law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the Management report. On the basis of sufficient audit evidence, we evaluate in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that the future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit."

4. Subject, nature and scope of the audit

Subject of the audit

Our audit covered

- the accounting records,
- the annual financial statements (comprising the Balance Sheet, the statement of profit and loss and the notes to the financial statements), and
- the Management report of the Company.

The executive directors of the Company are responsible for the accounting records and the preparation of the annual financial statements and the Management report in accordance with German commercial law; this also applies to the information which was provided to us concerning these documents. Further information is provided in the section "Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report" in the above copy of our auditor's report.

Our responsibility is to express an opinion in these documents and this information based on our audit conducted with the professional auditing standards. Our responsibilities in this context are described in the sections "Audit Opinions" and "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" of our auditor's report.

Nature and scope of the audit

Our audit was based on the prior year's annual financial statements audited by us, on which we issued an unqualified Independent Auditor's Report dated April 13, 2020; these annual financial statements were adopted on June 3, 2020.

We conducted our audit in accordance with Section 317 HGB and with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprufer (IDW).

Concerning the main features of our audit approach, we refer to the Section "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report' in the above copy of our auditor's report in chapter 3. In order to meet these requirements, we apply our risk and process-based approach; for this purpose, we use our Engagement Management System (EMS) auditing software. It supports the planning, performing and documentation of the audit.

In accordance with Sec. 317 (4a) HGB, the scope of the audit does not include assurance on the future viability of the audited Company or on the effectiveness or efficiency with which the executive directors have conducted or will conduct the affairs of the Company.

We conducted the audit – with interruptions – in December 2020 (interim audit) and from January to May 2021 (main audit).

In accordance with our audit plan, we tested the appropriateness and, if applicable, the operating effectiveness of the identified controls relevant to the audit. Based on the results of these tests, we determined the nature and scope of our substantive procedures (substantive analytical procedures and teste of details of selected transactions and account balances). Tests of details were performed on the basis of judgmental selections of specific items and/or by applying sampling methods.

Our audit focused on:

- completeness and valuation of provisions, and
- substantiation, completeness and cut-off of revenue.

In order to assess the appropriateness of the Company's accounting records, as part of the interim audit, we obtained an overview of the organization of the accounting record and an understanding of the controls relevant to the audit, and performed appropriate teste of design and implementation, and operating effectiveness, in particular with regard to the relevant internal controls implemented.

The Company has outsourced its accounting function to Infosys Limited, Bengaluru/India. To assess the appropriateness of the outsourced accounting function, we performed tests of controls at the service provider.

In auditing accounts receivable, bank balances and provisions, we requested external confirmations from selected customers as well as from all banks and all lawyers and tax accountants of the Company concerning its debits, claims, rights, credits and obligations.

We did not request external confirmations of account payables recorded in lists of accounts balances at the Balance Sheet date because accounts payable were recorded, maintained and processed in such a way that they could be substantiated reliably by other means.

Considering the disclosures in the annual financial statements, we evaluated the prospective information in the Management report for the plausibility and consistency with our audit evidence in respect of the annual financial statements.

The executive directors provided all the information and evidence requested and on May 26, 2021 issued a written letter of representation in accordance with professional standards. In this letter of representations, the executive directors notably confirm that all transactions which require recognition in the accounting records are recorded in the books presented and that in compliance with the applicable accounting principles the annual financial statements reflect all assets, liabilities (obligations, risks, etc.), accruals and special items, all expenses and income as well as all required disclosures.

5. Findings and explanations on the financial reporting

5.1 Appropriateness of the financial reporting

5.1.1 Accounting records and other audited documents

The accounting records comply with the legal requirements including the German Legally Required Accounting Principles. The information derived from the other audited documents is, in all material respects, appropriately presently within the accounting records, the annual financial statements and the Management report.

5.1.2 Annual financial statements

The annual financial statement for the financial year ended December 31, 2020 are enclosed as appendices 1.2 to 1.4 to this long-form audit report.

The annual financial statements have been properly derived from the accounting records and the other audited documents. The Company complies, in all material respects, with the legal requirements on classification, recognition and valuation and on the notes to the financial statements. The disclosures on the total remuneration of the executive directors have been omitted, as permitted by Section 286 (4) HGB.

5.1.3 Management Report

The Management report for the financial year ended December 31, 2020 is enclosed as appendix 1.1 to this long form audit report.

According to the results of our audit, the Management report complies, in all material respects, with German legal requirements.

5.2 Overall presentation of the annual financial statements

The annual financial statements taken as a whole i.e. the combined presentation of the Balance Sheet, the statement of profit and loss and the notes to the financial statements, give a true and fair view of the assets and liabilities, financial position and financial performance of the company compliance with German Legally required Accounting Principles.

5.3 Information on the assets, liabilities, financial position and financial performance

Multi-year data overview

		2020	2019	2018	2017	2016
Revenue	kEUR	39,659	64,946	86,197	90,312	75,369
Cost of materials	kEUR	14,577	32,712	50,570	47,478	31,440
Cost of materials to operating income ratio	%	36.8	50.4	58.7	52.6	41.7
Personnel expenses	kEUR	21,312	23,956	26,444	29,449	35,919
Personnel expenses to operating income ratio	%	53.7	36.9	30.7	32.6	47.7
Profit/loss for the period	kEUR	777	4,031	-439	-1,214	-6,244
Trade receivables	kEUR	3,320	7,156	12,357	17,937	14,552
Equity	kEUR	5,393	4,617	2,086	-975	239
Balance Sheet total	kEUR	13,822	17,517	23,012	27,786	26,363

Information on the economic and legal environment of the company is provided in appendix 3 to this long-forum audit report.

6. Concluding remark

The above long-from report on our audit of the annual financial statements and of the Management report of Infosys Consulting GmbH, Garching near Munich/Germany, for financial year from January 1 to December 31, 2020 complies with legal requirements and the German Generally Accepted Standards for the issuance of Long-form Audit reports for the Audit of Financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) – Auditing Standard IDW AuS 450 (Revised).

Concerning the unqualified Independent Auditor's Report issued by is we refer to Chapter 3, "Copy of the Independent Auditor's Report".

Munich/Germany, May 26, 2021

Deloitte GmbH

Wirtschaftsprufungsgesellschart

Signed: Franz Klinger

Wirtschaftsprufer
(German Public Auditor)

Signed: Marco Farrenkrof

Wirtschaftsprufer
(German Public Auditor)

Management Report for the Financial Year 2020

I. General information about the Company

Infosys Consulting GmbH, hereinafter referred to as "IC Deutschland", is an entity of Infosys Consulting Holding AG. The parent company Infosys Consulting Holding AG, Kloten, is based in Switzerland and has numerous subsidiaries worldwide. IC Deutschland is included in the consolidated financial statements of Infosys Limited, Bengaluru/India (Infosys). IC Deutschland designs and implements value-adding consultancy services/ solutions to optimally align and future-proof our customers' position in worldwide competition. In particular, this involves business process optimizations and IT transformations as well as measures supporting the Management of change, which take into account the respective corporate culture within the customer organizations and successfully operationalize business transformations. In the course of these transformation projects, IC Deutschland supports the entire value chain along the complete product life cycle; from product development, sales, purchasing, logistics, production and distribution through to after-sales and service. IC Deutschland supports its international customers starting with the analysis of vulnerabilities, the detection of optimization opportunities, the calculation of profitability as well as the re-design of strategy, organization, processes and IT systems, all the way to the responsible and fair implementation of restructuring and efficiency enhancement projects.

What sets IC Deutschland apart from the competition is, firstly, it is very well qualified, customer-orientated consultants with extensive expertise in their respective industries. Secondly, IC Deutschland offers optimum support in realizing customers' digital agendas coupled with tried-and-tested IT solutions of Infosys Limited, particularly in the field of automation, cloud, ERP and artificial intelligence.

At IC Deutschland, process and IT experts work together closely. Their common objective to create value unites them in their daily project work on site at the customer's premises.

Infosys and Infosys Consulting Group complement each other in a variety of ways. Consistent customer orientation as well as the inspiration to "create value together with the customer" unites the both. To this end, both contribute essential characteristics to the Group, such as global presence, financial stability, innovative strength, optimum leverage of onsite, nearshore and offshore competence ("global delivery model"), sophisticated management and IT consulting as well as consultants with extensive experience in creating customer value. Above all, our geographical reach based on a global delivery model as well as the broad consulting and customer portfolio offer outstanding differentiation and growth potential.

II. Economic report

1. Macroeconomic and industry-related framework conditions

The German economy in 2020

Due to the COVID-19 pandemic, German economy faced a severe recession in the year 2020. In 2020, the gross domestic product (GDP) declined by 5.0%, after previously increasing year after year for ten years. In the end, however, the minus is significantly lower than many experts had expected in the course of last year. In addition to the resilience of the German economy, this is also due to the very extensive packages of measures taken by the federal government to support the economy and stabilize incomes. After the historic slump of 9.8% in the second quarter, a remarkable catch-up process was observed with the gradual withdrawal of restrictions. After still recording a strong plus of 8.5% in the third quarter, the gross domestic product in the fourth quarter of 2020 practically did not grow any more compared to the previous quarter (+0.1% due to price, calendar and seasonal factors). The significant recovery process that had resumed after the end of the first lockdown in spring of last year has largely come to a standstill for the time being in the wake of the second lockdown.

In the first quarter of the current year, too, the extension and tightening of the measures are weighing on the German economy. Its further development now de-pends to a large extent on how quickly the infection incidence, which increased in the winter, can be contained again. What is clear is this: Without a real containment of the COVID-19 pandemic, there can be no sustainable economic recovery.

Despite the lockdown, the labor market has been stable until recently. Adjusted for seasonal effects, employment increased slightly in December and unemployment fell considerably again in January. However, the applications for short-time work in January and December indicate that the number of people in short-time work could still increase somewhat.

Consulting sector 2020

The business climate index for the consulting sector has grown in December for the fourth time in a row. Since the sensitive and COVID-19-induced crash of the Mood Barometer published by the German Association of Business Consultants (BDU) in March 2020, the index value for the overall market has risen again from 70.4 in March to 94.5 in December.

However: The trend is very inconsistent. "The large business consulting firms defy the COVID-19 crisis in a remarkable way. Smaller market participants, on the other hand, have to fight hard in some cases. Some individual consultants are struggling for their existence due to the effects of the pandemic," analyses BDU President Ralf Strehlau. While the index slumped by 30 points in March 2020 in course of only one quarter, the increase to the current December value took seven months. About one-third of the market participants assess the current business situation as good. However, 27 percent also complain about a poor business situation. Of the large consulting firms, 41 percent report a good business situation, while only one in ten is under budget. Among the small business consultancies with less than 250,000 euros annual turnover, the share with poorly performing business is currently around 50 percent (business situation good: 19%).

Demand from the consultants' important client sectors, vehicle construction and mechanical engineering, shows a slight upward trend. The transportation and hospitality industry continues to place only few consulting orders and again brings up the rear. This also has an impact on the uneven development in market activity.

IT consultants recorded the largest upswing in mood. The business climate value here rose from 4.0 in September to 15.0 in December 2020. The drivers are the requirements for digitalization in the companies, which have increased again due to COVID-19, and the recognizable development that the investment backlog is dissolving. Sentiment among organizational and process consultants is trending downwards (4.0 after 8.0 at the end of September). Human resources consultants and personnel consultants continue to face the greatest market challenges in a comparison of the individual consulting segments.

More than one third of the market participants expect a decline in turnover of at least 30% for the current year 2020. Looking at the development of the market as a whole, the forecast for the 2020 financial year is in the range of minus 5% to minus 10%. Depending on the revenue class, the differences are significant. For the large market participants, this results in a purely calculated minus of 4%; for the small consulting firms with annual revenues of less than EUR 250,000, the survey results suggest a minus of 24%. The BDU assumes that the overall market level of the end of 2019 will probably not be reached until 2022.

Around 600 companies from the entire consulting industry took part in the online survey "Business Climate Survey Consulting" among Management and HR consultants in the period from November 25 to December 2, 2020.

2. Business development

In the financial year 2020 (with the financial year of IC Deutschland corresponding to the calendar year), IC Deutschland realized a decline in revenue when compared to the prior year. The financial year ended with revenue totaling mEUR 39.7 (prior year: mEUR 64.9). This corresponds to a decrease of mEUR -25.2 (-38.9%) compared to the prior year and is mainly due to the loss of a client in the life science sector as well as the streamlining of the portfolio from unprofitable mandates.

Looking at 2020 as a whole, we continued to face a high level of competition. Our clients' willingness to invest in the digital agenda has remained stable thanks to the themes of 'Digital Transformation' and 'AI&A' despite the ongoing pandemic.

In order to continue to improve the competitive position of IC Deutschland, its Europe-wide structure to gain market access (go-to market), which was introduced in 2017, will be pursued by launching so-called verticals (industry segments) and establishing service and supply units: so-called horizontals. On the other hand, performance management on the client side was also continued to be actively pursued, in the process of which we discontinued unprofitable projects in a targeted manner and adjusted profit targets for new projects, thus boosting profitability overall.

Due to the ongoing pandemic and the loss of the Life Science client mandate, IC Germany began to diversify into other areas (Insurance, Retail, Manufacturing and Banking) within Germany and across Europe. As a result, IC Germany was able to win new projects in these areas and expand ongoing projects with existing clients. Furthermore, due to COVID-19, many clients were looking for ways to reduce their current expenses in 2020. IC Germany took advantage of this opportunity and opened new services around cloud and infrastructure management.

In the reporting year, IC Germany carried out a restructuring. For the future, the Company plans to selectively recruit qualified staff. This will be an important and equally challenging task.

IC pursues an active information and communication policy for its employees and intensive support through its so-called "coaches". Furthermore, the Company wants to strengthen employee retention/ support with the newly introduced "Cross European Operating Model".

The business development of IC Germany in the 2020 financial year is satisfactory despite the COVID-19 pandemic, as it was again possible to achieve a profit for the year despite lower revenue. Furthermore, the restructuring measures implemented in 2020 created the basis for a positive revenue development in the future.

3. Financial performance

In the financial year 2020, Infosys Consulting generated revenue of mEUR 39.7 (prior year: mEUR 64.9). This corresponds to a decline in revenue of mEUR -25.2 (prior year: mEUR -21.3 or -24.7%) or -38.9% when compared to the prior year. The fall in revenue exclusively relates to revenue with third parties, while intercompany revenue even showed an increase of mEUR 3.8 compared to the prior year.

Consulting services and auxiliary services accounted for mEUR 38.9 (prior year: mEUR 59.1) and mEUR 0.8 (prior year: mEUR 5.6) of the revenue, respectively. Germany accounted for 22.9% (prior year: 62.6%) of the revenue, while Europe made up 76.2% (prior year: 34.5%), with the remainder of 0.9% (prior year: 2.9%) being attributable to non-European countries.

Other operating income includes exchange gains of mEUR 0.4 (prior year: mEUR 0.2).

Personnel expenses totaled mEUR 21.3 (prior year: mEUR 24.0), having decreased by mEUR -2.7 (down by 11.0%) compared to the prior year.

The cost of purchased services declined by mEUR -18.1 (down by -55.4%) to mEUR 14.6 compared to the prior year's mEUR 32.7.

Other operating expenses declined by mEUR -4.5 (down by -57.4%) from mEUR 7.8 to mEUR 3.3 in comparison with the prior year. This development is mainly due to a sharp decrease in expenses for employee travel costs. In general, other operating expenses could be reduced in respect of most positions. The reduction in other operating expenses, among other factors, formed the basis for the successful continuation of the consolidation process despite the decrease in revenue in 2020.

Overall, IC Deutschland realized a profit for the year of mEUR 0.8 (prior year: profit for the year of mEUR 4.0) in the financial year 2020.

4. Assets and liabilities

As at December 31, 2020, the Company's equity amounted to mEUR 5.4 (prior year: mEUR 4.6) at a Balance Sheet total of mEUR 13.9 (prior year: mEUR 17.5).

The Balance Sheet total decreased by mEUR -3.6 year on year, with other assets rising by mEUR 0.5 in the reporting period. Receivables from affiliated companies, on the other hand, were up by mEUR 4.6, while trade receivables experienced a reduction of mEUR -3.8. As of December 31, 2020, the cash and cash equivalents declined by mEUR -5.0 to mEUR 2.5. On the liabilities side, liabilities to affiliated companies and trade payables decreased by mEUR -0.1 and mEUR -1.4, respectively. The other provisions declined by mEUR -1.0 and the tax provisions by mEUR -0.4 in the reporting year.

5. Financial position

The main objective of the financial management is to ensure the Company's solvency in order to meet its payment obligations on time and to reduce financial risks. The Company's capital requirements are generally to be covered by the funds generated from operating activities.

For the purpose of strengthening its financial performance, the Company had carried out a capital increase in the the year 2018. The shareholder's contribution to the capital reserves amounted to mEUR 3.5. This capital contribution was reduced by mEUR -1.5 to now mEUR 2 in the prior year. Further, the loan agreement concluded with the parent in the financial year 2016 continues to apply in order to compensate for any liquidity fluctuations the Company might experience. Under this loan agreement, a credit line of a maximum of mEUR 15.0 has been granted to the Company. In the reporting period 2020, no funds were drawn under this credit line.

Due to the good financial situation of IC Deutschland and the negative interest rate policy of the European Central Bank (ECB), a loan of mEUR 6.5 was granted to the parent company.

As at the reporting date, cash and cash equivalents totaling mEUR 2.5 declined by mEUR -5.0 when compared to the prior year (mEUR 7.5).

Despite difficult conditions in the past financial year, the Company's economic position can be described as overall stable according to the Management, taking into account the Company's assets, liabilities, financial position and financial performance. Although revenue fell by almost 40% in the year under review, an application by IC Deutschland for Corona aid was rejected by the German state because the Company is part of a large group.

6. Financial and non-financial performance indicators

Profitability and performance of the Company were generally assessed based on the following performance indicators:

As regards revenue, we budgeted an amount in the range of mEUR 65 for the reporting period. With mEUR 39.7 realized, we unfortunately missed this target. This is mainly due to the loss of a client mandate. As a measure to increase the profitability of the Company, individual mandates are checked for their profitability. Non-profitable mandates are closed, or corrective measures are taken, which leads to a short-term decline in revenue, but also to a margin adjustment in a positive sense.

We are confident that there will be no further decline in turnover in the following financial year 2021, despite the recession. We expect revenues to be at the same or slightly higher level than in the prior financial year. We expected revenue in a range between mEUR 40 and mEUR 41. In the medium to long-term, the Company follows a clear path of revenue growth.

The earnings before taxes (EBT) of mEUR 0.8 developed more negatively than expected (mEUR 4.5 to 5.0). This is due in particular to the significant decline in turnover that deviated from the planning as described above. For the 2021 financial year, we expect earnings before taxes (EBT) in the range of mEUR 1.25 to mEUR 1.75. The goal is to increase the operating margin to 10%. We moreover refer to our explanations given in the outlook.

In terms of staff, we aim towards a total headcount of 230 heads by the end of the financial year. As of December 31, 2020, we actually only had a number of 146 employees. The deviation is due to the restructuring carried out in 2020 and as an effect of the decline in revenue.

IC Deutschland takes the following approach in steering its present and future ordinary business operations:

- revenue and earnings planning per financial year (top down and bottom up) at project and customer level as well as on an aggregated level within the context of industry segments (medium-term planning), and transitioning towards defined personal objectives for Partners/Associate Partners;
- budget planning for the business development by industry segment (so-called verticals) and definition of individual capacity utilization targets per thematic focus (so-called horizontals);
- monitoring of revenue and profit development per month/quarter/half year, degree of target achievement distinguished by project, customer, industry segment, country/region;
- comparison of planned and actual revenue figures per project/customer/industry segment
- active sales funnel management along the various phases/ phase transitions in the sales process through to the closing of the contract and start of the project (in the GOM system);
- measurement of sales efficiency by contrasting compliance with the so-called customer account planning, the agreed business development budget for each individual sales opportunity or industry segment as well as the win/loss ratio;

- analysis of new orders and root-cause analysis for lost sales opportunities;
- monthly monitoring of invoicing and receipt of payment (effected and still open), including customer interaction triggered by the Account Partner;
- consistent monitoring of planned and realized billable employee utilization as well as utilization adjusted by time off;
- capacity utilization forecast per employee/community (technical, topic-specific assignment of employees according to areas of competence such as Strategy Transformation, Digital Transformation, Product Transformation, etc.);
- comparison of plan and actual recruiting targets and actual additional employees at the respective competence levels; analysis of employee turnover and rejections of job offers by consultants sought after;
- analysis and monitoring of project profitability (planned project margin versus current project margin, planned travel costs versus actual travel costs); and
- analysis and monitoring of non-project-related expenses (leasing, telephone costs, travel costs for internal activities such as community work, recruitment of employees, business development).

Moreover, we carry out so-called project health checks for larger and more significant client projects in order to identify project risks and take corrective measures at an early stage.

We consider the development of revenue and the profit for the period the most important financial performance indicators. In terms of non-financial performance indicators, the number of staff mainly determines the approach we adopt.

III. Reporting on opportunities and risks

Risks

The operational risk management of IC Deutschland focuses on:

- receivables management;
- potential capacity utilization risks and a dedicated resource planning process on a weekly and cross-country basis;
- identification of critical projects and measures to improve these;
- improvement of productivity and margins; and
- intensive staff support.
- Monitoring and minimizing possible negative effects of the COVID-19 crisis

As in the prior years, the main performance risks lie in the following areas:

from an internal perspective –

- the successful acquisition of new customers and sustainable development of existing customers;
- an efficient cost and project profitability management;
- the efficient management of employee secondments (e.g. posting employees from foreign firms and branches to Germany versus posting German consultants abroad – especially Switzerland); and

from an external perspective –

- a fiercer competition through substantial expansion within the consulting market; and
- the perception of IC Deutschland as IT service provider as opposed to a management and transformation consultant.

In view of financial risks, IC Deutschland is in the position to draw on a solvent customer base. Bad debts on receivables have not yet been occurred to a significant extent. Moreover, we have been working with the majority of our customers for many years. Liabilities are settled within the agreed payment periods.

The outbreak and ongoing global COVID-19 pandemic poses a risk to the Company depending on the duration and extent of the impact. Due to the dynamic development, the risk is difficult to assess conclusively. This risk is monitored as part of the operational risk management. The macroeconomic risk due to the COVID-19 pandemic and the resulting risk for the loss of customers or projects continues to exist and is difficult to assess at the time of the preparation of the management report, but is monitored through close contact with all customers and mitigated to the extent possible for the Company.

We as a Company, as well as the entire Infosys Group, are carefully monitoring the consequences of the United Kingdom's exit from the European Union (BREXIT) and would promptly consider any consequences for our customer projects with our affected business partners and adjust resource planning if necessary. Since our business model, as mentioned above, has also adapted strongly to the virtual world in the past year, we do not see any major direct risks at this point in time.

Summary risk presentation

The cumulative occurrence of risks, particularly those related to the COVID-19 pandemic, may adversely affect the future development of the Company. According to the current state of knowledge, the Management does not assume any risks that could threaten the existence of the Company in its overall assessment.

Opportunities

Although the German economy experienced a severe recession in 2020, we expect that our clients will continue to invest in improving their profitability and productivity. The topics Industry 4.0, digitalization and artificial intelligence/ automation are in the process of taking very concrete forms, and Infosys Consulting, together with Infosys Limited, are excellently positioned in view of these challenges. Our capacities in the area of SAP S/4HANA have attracted particular interest in the industry segments life sciences/ pharma, the manufacturing sector and financial services, and are now being transferred to other business areas such as retail and energy. IC Deutschland has established an innovative consulting portfolio that in particular covers the field of AI/ automation and cloud, which gained even more breadth and attractiveness through the integration with Infosys Limited. Our global presence will once again considerably improve our standing due to the global transformation programmes.

Based on the initial situation described above, it is the objective of IC Deutschland to further expand its client base in the financial year 2021. By doing so, it continues to reduce the risk of dependency on few large clients (or projects).

In addition, there are considerable opportunities for positive business development in 2021:

1. a positive economic environment for German companies, provided that the coronavirus crisis can be overcome rapidly;
2. sustained demand for IT and SI services;
3. strong growth fields (digitalization, artificial intelligence, SAP S/4HANA, CIO Advisory (incl. Cloud))
4. expansion of the existing and new customer base through new and innovative segments (artificial intelligence & automation, digital transformation, supply chain management);
5. expanded portfolio through intensified corporation with Infosys in the field of AI/automation and cloud; and
6. further expansion of the nearshore and global delivery model and a global client management.

IV. Outlook

The second wave of the COVID-19 pandemic deals a noticeable blow to the German economy, but does not knock it over. The recovery is interrupted for half a year, but then comes back strongly. The IfW Kiel lowers its forecast for the increase in gross domestic product (GDP) in 2021 significantly by 1.7 percentage points to 3.1%. The forecast assumes that the pandemic will be over by next autumn. In line with the overall development, the recovery on the labor market will also be delayed. As a result, the unemployment rate will rise to 6.1% on average in 2021, slightly above the prior year's level (5.9%). The partial shutdown since November and the tightening of measures in mid-December should cause short-time work to rise again and employment to fall; the extent should nevertheless be significantly lower than in spring 2020. Towards the end of 2021, the recovery in employment should then also gain momentum. According to the IfW forecast, the unemployment rate will fall to 5.5 percent in 2022. The state budget will be additionally burdened on the revenue side by the economic weakness and on the expenditure side by further aid packages. The Kiel economic researchers now expect a deficit of 4.9 percent in relation to GDP for 2020. Despite the second wave, the deficit will remain below the 5.1% expected in the autumn, because the emergency and bridging aid in particular was used to a much lesser extent than planned. In the coming year, however, the deficit will be much higher at 4.1% than previously expected (3.1%) and will fall to 1.8% in 2022, provided that the expected upswing occurs in mid-2021. According to the researchers, the federal government and the majority of the Länder will then be able to comply with the debt brakes again.

The course of the pandemic currently outshines everything else in terms of economic development. This also means that a successful containment of the pandemic will have a significant positive impact on the outlook for next year. We were already able to observe last summer what a strong effect the scaling back of regulations has. Policymakers can best support the recovery with a clearly communicated pandemic strategy and precisely structured aid programmes for companies that protect equity," said IfW President Gabriel Felbermayr.

As of April 27, 2021, the federal government forecasts economic growth (GDP) of 3.5% for 2021 and 3.6% for 2022.

After the Corona shock and temporarily declining sales, the signs in the Bitkom industry are pointing to growth again in 2021. The German market for IT, telecommunications and consumer electronics is expected to grow by 2.7% to bEUR 174.4 this year. The COVID-19 crisis has accelerated digitalization in many areas. Business, the state and consumers are investing in digital technologies, and investments that were postponed in the meantime are now being made up for. The Bitkom industry has come through the crisis well so far. For 2021, the signs are pointing to growth again. After temporary losses, the information technology segment will gain more weight again in 2021 and expand its importance as the largest industry segment. Turnover of bEUR 98.6 is expected in information technology in 2021 – this is a growth of 4.2% compared to 2020. IT hardware will see the greatest growth in this segment with an expected 8.6% growth to bEUR 31.6. With a volume of bEUR 40.0, IT services will still account for the largest share of the IT market in 2021 (+1.1%), ahead of IT hardware. Expenditure on software will rise by 4.1% to bEUR 27.0 in the current year.

From management's point of view, the standing of IC Deutschland as a high-quality consulting firm in the areas of management, transformation and IT consulting following a "value integration" approach remains a strategic opportunity. In mid-2019, the "Infosys Knowledge Institute" and the "AI/Automation" division were placed under the management of Infosys Consulting. This underlines Infosys Group's ambition and will have a positive impact on the development of our Company.

Despite the current coronavirus crisis, we anticipate revenue for our Company for the financial year 2021 to be on a par with the prior year (revenue 2021: mEUR 40 to mEUR 41). In principle, we still consider our overall planning to be realistic. We do not expect the average daily rates for IT services to deteriorate further with talent in digital transformation and in view of SAP S/4HANA reaching availability limits. Nearshoring (the provision of certain services by the Eastern European subsidiaries of IC Deutschland) will continue to make a significant contribution to our overall success, together with our dedicated Indian consulting team, which is exclusively assigned to our service and solution portfolio and works closely together with our Account Partners.

We expect the annual result for 2021 to improve slightly compared to the prior year due to the successfully implemented restructuring measures – also against the backdrop of the current COVID-19 crisis (annual result before taxes 2021: mEUR 1.25 to mEUR 1.75).

In the area of personnel development, we assume that the number of employees will remain stable at the end of the financial year – depending on new business and increases in orders on hand.

Since, however, a realistic assessment of the final repercussions in the context of the coronavirus crisis cannot yet be given and its duration can hardly be foreseen at this point, we do, of course, acknowledge that the objectives set out above for the financial year 2021 are subject to certain uncertainties.

Ann Kathrin Sauthoff Bloch
Executive director

Place: Garching near Munich/Germany
Date: April 30, 2021

Balance Sheet

	Particulars	EUR	EUR	December 31, 2020 EUR	Prior year kEUR
	Assets				
A.	Fixed assets				
	Property, plant and equipment				
	Other assets, operating and office equipment			127,891.89	175
B.	Current assets				
I.	Inventories				
	Work in progress		–		1
II.	Receivables and other current assets				
1.	Trade receivables	3,320,227.47			7,156
2.	Receivables from affiliated companies	6,886,121.07			2,327
3.	Other assets	790,248.42			253
			10,996,596.96		9,736
III.	Cash-in-hand and bank balances		2,480,308.92		7,454
				13,476,905.88	17,191
C.	Prepaid expenses			217,017.53	151
				13,821,815.30	17,517

	Particulars	EUR	December 31, 2020 EUR	Prior year kEUR
	Equity and liabilities			
A.	Equity			
I.	Subscribed capital	86,000.00		86
II.	Capital reserves	2,000,000.00		2,000
III.	Net retained profits	3,307,359.70		2,531
			5,393,359.70	4,617
B.	Provisions			
1.	Tax provisions	1,379,019.26		1,765
2.	Other provisions	5,969,913.09		7,025
			7,348,932.35	8,790
C.	Liabilities			
1.	Payments received on account of orders	300,001.50		300
2.	Trade payables	274,899.91		1,647
3.	Liabilities to affiliated companies	129,149.64		243
4.	Other liabilities	375,472.20		1,920
	thereof taxes: EUR 61,172.90 (prior year: kEUR 695)			
			1,079,523.25	4,110
			13,821,815.30	17,517

Statement of Profit and Loss

S.No.	Particulars	EUR	2020	Prior year
			EUR	kEUR
1.	Revenue		39,659,237.12	64,946
2.	Decrease in work in progress		(1,169.79)	(47)
3.	Other operating income		447,337.76	4,039
4.	Cost of materials			
	Cost of purchased services		(14,576,769.86)	(32,712)
5.	Personnel expenses			
a)	Wages and salaries	(18,644,760.55)		(21,165)
b)	Social security and post-employment costs	(2,666,782.42)		(2,791)
	thereof post-employment costs EUR 575,320.47 (prior year: kEUR 612)			
			(21,311,542.97)	(23,956)
6.	Depreciation and write-downs of property, plant and equipment		(48,793.10)	(71)
7.	Other operating expenses		(3,323,893.59)	(7,799)
8.	Other interest and similar income		10,837.14	–
	thereof from affiliated companies EUR 10,773.97			
	(prior year: kEUR 0)			
9.	Interest and similar expenses		(9,695.29)	–
10.	Income taxes		(68,826.92)	(369)
11.	Earnings after taxes = profit for the year		776,720.50	4,031
12.	Retained profits brought forward (prior year: accumulated losses brought forward)		2,530,639.20	(1,500)
13.	Net retained profits		3,307,359.70	2,531

I. General information on the annual financial statements

The Balance Sheet and the Statement of Profit and Loss have been prepared in accordance with the regulations of the German Commercial Code (HGB).

As at the Balance Sheet date, the Company is a large firm business corporation within the meaning of Section 267 (2) HGB.

With regard to the disclosure of emoluments paid to management, the Company makes use of the safeguard clause under Section 286 (4) HGB.

The statement of profit and loss has been prepared according to the nature of expense method in accordance with Section 275 (2) HGB.

II. Recognition and measurement policies

The annual financial statements for the year ended December 31, 2020 have been prepared in accordance with the recognition and measurement principles of the Third Book of the HGB as well as the supplementary provisions of the Law on German Limited Liability Companies (GmbHG).

The following recognition and measurement policies were applied:

Property, plant and equipment (including low-value items) are measured at historic acquisition or production cost less depreciation.

The option to fully depreciate low-value items with acquisition or production costs of up to EUR 800.00 was exercised for additions to low-value items.

Depreciation is conducted according to the estimated useful life of the assets that ranges between 3 to 15 years on a straight-line basis. Write-downs are made to the required extent.

Work in progress was measured at production cost in accordance with Section 255 (2) HGB. Interest on borrowed capital is not capitalized. Work in progress is written down to the lower fair value.

Receivables and other assets are stated at nominal value less necessary allowances. Identifiable default risks are taken into account by making appropriate allowances on specific receivables. A general allowance has been made in order to cover the general credit risk.

Cash-in-hand and bank balances are capitalized at nominal value.

Prepaid expenses have been formed in accordance with the regulations of German commercial law and measured at nominal value.

The subscribed capital (share capital) is recognized at nominal value.

Provisions adequately take all risks identifiable and contingent liabilities into account. Provisions are recognized at settlement amount determined according to sound business judgement. Provisions with a term of up to one year have not been discounted.

Payments received on account of orders refer to advances by customers for services that cannot yet be invoiced and are measured at nominal value of the payment received.

Liabilities are carried at settlement amount.

Assets and liabilities dominated in foreign currencies are translated into euro at the exchange rate in effect at the date of origin in accordance with Section 256a HGB. Profit and losses from exchange rate movements as at the Balance Sheet date are taken into account where the residual term is less than one year. If the residual terms are more than one year, exchange rate movements are taken into account to the extent that this results in a higher valuation of receivables or a lower valuation of liabilities.

III. Notes to the Balance Sheet

Assets

Fixed assets

The development in fixed assets is presented in the statement of movements in fixed assets (attached to the present notes to the financial statements).

Current assets

Inventories

Inventories (work in progress) amounted to kEUR 0 (prior year: kEUR 1) in the reporting period.

Receivables and other current assets

As in the prior year, all individually reported receivables and other assets are due within one year. This does not apply to the other assets in the amount of kEUR 64 (prior year: kEUR 73) with a residual term of 39 months (prior year: 51 months).

Receivables from affiliated companies amount to kEUR 6,886 (prior year: kEUR 2,327) and include trade receivables of kEUR 374 (prior year: kEUR 2,324) as well as receivables relating to other matters of kEUR 6,512 (prior year: kEUR 3). The receivables were netted with the corresponding liabilities per company, leading to the respective surplus recognised as at 31 December 2020. A receivable from the shareholder in the amount of kEUR 6,511 (prior year: kEUR 0) is disclosed.

Other assets mainly relate to tax receivables from foreign employees in the amount of kEUR 292 (prior year: kEUR 114), receivables from tax down payments of kEUR 369 (prior year: kEUR 0) and rent deposits amounting to kEUR 83 (prior year: kEUR 82).

Cash-in-hand and bank balances

Cash and cash equivalents consist almost entirely of bank balances, amounting to kEUR 2,480 (prior year: kEUR 7,454) at the end of the financial year.

Deferred taxes

For the calculation of deferred taxes arising from temporary or quasi-permanent differences between the values of assets, liabilities and accruals recognized in the Balance Sheet prepared under German commercial law and their tax bases, or from tax losses carried forward, the amounts of the resulting tax burden and tax relief are measured at the tax rates of the individual entity at the time the differences are reversed, and not discounted. Deferred tax assets and liabilities were offset for reporting purposes. This did not result in an excess of deferred tax assets.

Deferred tax assets primarily result from valuation differences arising from the provisions for vacation.

Deferred tax liabilities are not disclosed.

Waiving the option to recognize deferred tax assets provided for under Section 274 (1) sentence 2 HGB, these were not capitalized. The calculation was based on a tax rate for corporate income tax of 15% and solidarity surcharge of 5.5% and for municipal trade tax of 11.55% (multiplier [Hebesatz] 330%).

Equity and liabilities

Equity

Equity comprises the share capital (kEUR 86), capital reserves (kEUR 2,000) and net retained profits, which developed as follows:

Particulars	kEUR
Retained profits brought forward as of January 1, 2020	2,530
Profit for the period 2020	777
Net retained profits as at December 31, 2020	3,307

Tax provisions

Provisions for taxes mainly relate to contingent liabilities in connection with German payroll tax from prior years relating to foreign employees working on German projects.

Other provisions

Other provisions mainly include the following provisions:

The provisions for outstanding invoices relating to the subcontractor of kEUR 602 (prior year: kEUR 2,519), employee bonuses including partner bonuses of kEUR 3,302 (prior year: kEUR 2,312), outstanding vacation of kEUR 548 (prior year: kEUR 804), social security of kEUR 80 (prior year: kEUR 75) as well as provisions for outstanding employee travel costs of kEUR 99 (prior year: kEUR 457). Moreover, provisions for litigation costs and for consulting services have been made in the amount of kEUR 406 (prior year: kEUR 88) and kEUR 148 (prior year: kEUR 121), respectively. All other provisions are expected to be due within one year.

Liabilities

As in the prior year, all individually reported liabilities are due within one year.

Liabilities to affiliated companies were netted with the corresponding receivables per company to ensure that only the respective excess is recognized as at the Balance Sheet date.

Liabilities to affiliated companies include trade payables of kEUR 120 (prior year: kEUR 192) and liabilities relating to other matters of kEUR 9 (prior year: kEUR 51). As in the prior year, the Company does not have any loan liabilities to the shareholder.

Other liabilities mainly include the following positions:

Liabilities from taxes in the amount of kEUR 61 (prior year: kEUR 695) and customer bonuses totaling kEUR 217 (prior year: kEUR 1,199).

IV. Notes to the statement of profit and loss

The statement of profit and loss has been prepared according to the nature of expense method.

Revenue can be broken down as follows:

Region	2020 (in kEUR)	in %	2019 (in kEUR)	in %
Germany	9,070	22.9	40,628	62.6
Europe (sundry)	30,239	76.2	22,382	34.5
America	259	0.7	313	0.5
Asia	91	0.2	1,534	2.3
Australia	–	–	89	0.1
Africa	–	–	–	–
Total	39,659	100.0	64,946	100.0

Consulting services account for kEUR 38,860 of the revenue, while an amount of kEUR 774 relates to costs passed on, particularly travel costs, and kEUR 25 to other revenue (management fees).

Other operating income amounting to kEUR 447 (prior year: kEUR 4,039) largely comprises income for the private use of vehicles of kEUR 81 (prior year: kEUR 159) and income from foreign currency measurement of kEUR 364 (prior year: kEUR 246). In total, the income relating to other accounting periods in other operating income in the financial year amounts to kEUR 0 (prior year: kEUR 3,630).

The cost of purchased services by subcontractors amounted to kEUR 14,577 (prior year: kEUR 32,712) in the reporting period.

Personnel expenses declined from kEUR 23,956 to kEUR 21,312.

Other operating expenses of kEUR 3,324 (prior year: kEUR 7,799) mainly comprise travel costs amounting to kEUR 806 (prior year: kEUR 3,104), vehicle costs of kEUR 198 (prior year: kEUR 357), other personnel expenses of kEUR 80 (prior year: kEUR 1,994) and cost allocations of other entities of the group totaling kEUR 260 (prior year: kEUR 391). Moreover, consulting costs of kEUR 851 (prior year: kEUR 620), costs of premises totaling kEUR 280 (prior year:

kEUR 348), telephone/communication costs of kEUR 324 (prior year: kEUR 303) and expenses relating to foreign currency measurement totaling kEUR 525 (prior year: kEUR 250) were incurred.

Other operating expenses do not include any expenses relating to other periods.

Taxes on income resulted in a tax expense in the amount of kEUR 69 (prior year: EUR 369) in the reporting period.

In the aggregate, the Company generated a profit for the period of kEUR 777 (prior year: kEUR 4,031).

V. Other disclosures

Other financial commitments

As at December 31, 2020, the Company has other financial commitments relating to car lease contracts (kEUR 52; prior year: kEUR 68), tenancy agreements for office premises and apartments (kEUR 770; prior year: kEUR 1,060) totaling kEUR 822 (prior year: kEUR 1,128). Of these commitments, kEUR 275 relate to the financial year 2021, while kEUR 547 relate to the years 2022 until 2024. There are no commitments beyond this period. According to management, the Company's other financial commitments do not pose any substantial risks for the following financial years. The other financial commitments were incurred within the course of normal business activities. Compared to the alternative of investing in property, plant and equipment, the conclusion of tenancy and lease transactions serves to improve the Company's liquidity for the period. There are no other financial commitments to affiliated companies.

Workforce

The Company's workforce comprised 154 (prior year: 175) members of staff on the annual average. This number includes an average of 145 (prior year: 162) consultants and 9 (prior year: 13) administrative employees.

Management

From June 6, 2019 to April 14, 2020 (date of shareholder resolution): Mark Livingston, consultant

Since April 14, 2020 (date of shareholder resolution); Ann Kathrin Sauthoff Bloch, business consultant

Significant company agreements

An open-ended loan agreement with a credit line of a maximum of kEUR 15,000 has been concluded between the Company and the shareholder. At present the Company has not made any drawdowns from this facility.

An open-ended loan agreement with a credit line of a maximum of kEUR 10,000 has been concluded between the Company and the shareholder. At present, this credit line has been drawn by the shareholder in an amount of kEUR 6,511.

In addition, there is a tenancy agreement for the office premises in Garching/Germany, where the Company's registered office is located.

Group affiliation

The shareholder of Infosys Consulting GmbH is Infosys Consulting Holding AG, Obstgartenstraße 27 in 8302 Kloten/ Switzerland, with a share of EUR 86.000,00 (100%).

The annual financial statements of Infosys Consulting GmbH are included in the consolidated financial statements of Infosys Limited, Bengalure/India, which prepares the consolidated financial statements for the smallest and the largest group of consolidated entities.

The consolidated financial statements of Infosys Limited are disclosed and are available on the US Securities and Exchange Commission (SEC) website.

There is no profit or loss transfer agreement or fiscal unity between the shareholder and Infosys Consulting GmbH.

Auditor's fee

The total fee to be charged by the auditor of the annual financial statements for the financial year 2020 relates to expenses for audit services totaling kEUR 27.

Subsequent events

We are not aware of any events of special significance that took place after the end of the financial year within the meaning of Section 289 (2) HGB.

Ann Kathrin Sauthoff Bloch
Executive Director

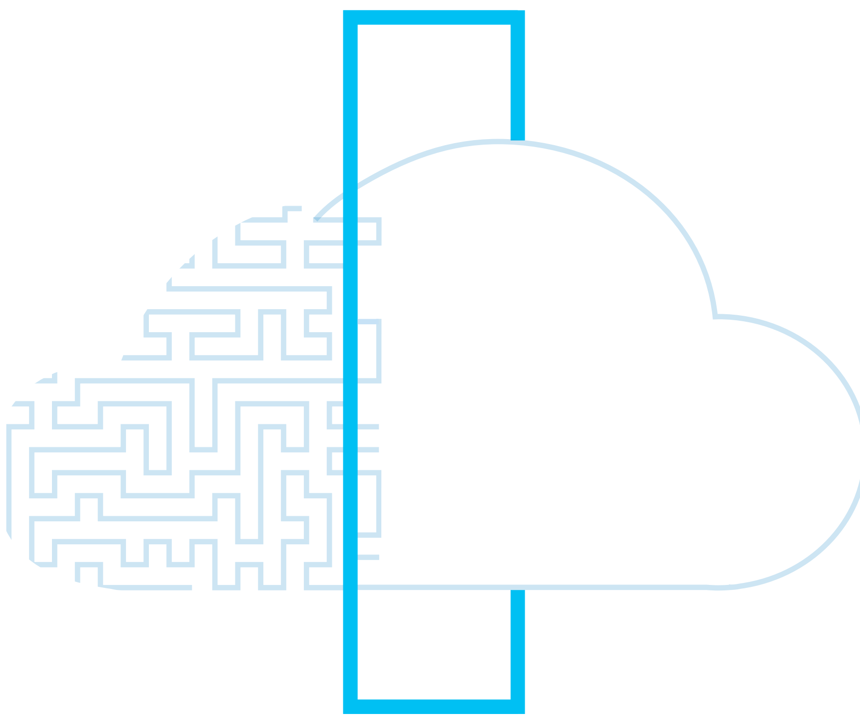
Place: Garching near Munich/ Germany

Date: April 30, 2021

Movements in fixed assets in the financial year 2020

Appendix to the notes

	Acquisition and production cost				Accumulated amortization, depreciation and write-downs				Book value	
	January 1, 2020	Additions	Disposals	December 31, 2020	January 1, 2020	Additions	Disposals	December 31, 2020	December 31, 2020	December 31, 2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Other assets, operating and office equipment	756,578.02	1,815.00	–	758,393.02	581,708.03	48,793.10	–	630,501.13	127,891.89	174,869.99



Infosys Consulting S.R.L. (Romania)

Independent Auditor's Report

To the Members of Infosys Consulting S.R.L

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting S.R.L. ("the Company"), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020, and its financial performance including Other Comprehensive Income, its Cash Flows, and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows, and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account; and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

UDIN: 21202841AAADSL8744

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number: 006673S

(M. Rathnakar Kamath)
Partner
Membership Number: 202841

Place: Bengaluru
Date: May 26, 2021

Balance Sheet

in RON

Particulars	Note no.	As at December 31,	
		2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	14,994,928	13,597,501
Right to use of asset	2.13	19,437,065	–
Income tax assets (net)	2.12	11,773	–
Total non-current assets		34,443,766	13,597,501
Current assets			
Financial assets			
Trade receivables	2.4	9,742,108	6,798,882
Cash and cash equivalents	2.5	2,112,460	390,016
Loans	2.2	10,187	315,207
Other financial assets	2.3	2,104,050	1,588,045
Other current assets	2.6	3,445,379	5,411,896
Total current assets		17,414,184	14,504,046
Total assets		51,857,950	28,101,547
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	9,918,300	9,918,300
Other equity		10,414,882	6,312,005
Total equity		20,333,182	16,230,305
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	2.13	16,744,068	–
		16,744,068	–
Current liabilities			
Borrowings		–	5,041,096
Financial liabilities			
Trade payables	2.10	406,596	926,661
Lease Liability	2.13	4,387,016	–
Other financial liabilities	2.9	7,147,000	3,670,681
Other current liabilities	2.11	2,840,088	1,861,619
Income tax liabilities, net	2.12	–	371,185
Total current liabilities		14,780,700	11,871,242
Total equity and liabilities		51,857,950	28,101,547

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

Place: Bengaluru
Date: May 26, 2021

for and on behalf of the Board of Directors of
Infosys Consulting S.R.L.

Cristin Florescu
Director

Statement of Profit and Loss

(in RON, except equity share and per equity share data)

Particulars	Note no.	Year ended December 31,	
		2020	2019
Revenue from operations	2.14	92,256,130	61,668,738
Other income, net	2.15	173,376	326,407
Total income		92,429,506	61,995,145
Expenses			
Employee benefit expenses	2.16	66,694,743	41,857,885
Cost of technical sub-contractors		329,392	486,160
Travel expenses		745,032	3,622,025
Communication expenses		900,901	698,279
Consultancy and professional charges		2,502,371	1,804,430
Depreciation and amortization expenses	2.1	10,000,248	2,435,200
Finance cost		327,633	41,096
Other expenses	2.16	4,832,983	6,764,051
Total expenses		86,333,303	57,709,126
Profit before tax		6,096,203	4,286,019
Tax expense			
Current tax	2.12	656,595	828,949
Profit for the year		5,439,608	3,457,070
Earnings per equity share			
Equity shares of RON 100 par value each			
Basic (RON)		54.84	34.86
Diluted (RON)		54.84	34.86
Weighted average equity shares used in computing earnings per equity share			
Basic		99,183	99,183
Diluted		99,183	99,183

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of
Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Cristin Florescu
Director

Place: Bengaluru
Date: May 26, 2021

Statements of Cash Flows

in RON

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from operating activities			
Profit for the year		5,439,608	3,457,070
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense	2.1	10,000,248	2,435,200
Finance cost		327,633	41,096
Income tax expense	2.12	656,595	828,949
Currency Translation differences		598,127	
Changes in assets and liabilities			
Trade receivables		(2,943,226)	(3,020,564)
Other financial assets and other assets		1,450,512	(3,381,383)
Trade payables		(520,065)	580,979
Other financial liabilities, other liabilities and provisions		4,454,788	3,661,890
Cash generated from operations		19,464,220	4,603,237
Income taxes paid		(1,039,553)	(827,765)
Net cash generated by operating activities		18,424,667	3,775,472
Cash flow from investing activities			
Expenditure on property, plant and equipment net of sale proceeds		(7,304,372)	(9,796,406)
Loans to employees		305,020	21,305
Net cash used in investing activities		(6,999,352)	(9,775,101)
Cash flow from financing activities			
Proceeds from Issue of Share Capital		–	–
Loan taken from Holding company		(5,041,096)	5,041,096
Finance Cost		(180,822)	(41,096)
Payment of lease liabilities		(4,480,953)	–
Net cash used in financing activities		(9,702,871)	5,000,000
Net decrease in cash and cash equivalents		1,722,444	(999,629)
Cash and cash equivalents at the beginning of the year	2.5	390,016	1,389,645
Cash and cash equivalents at the end of the year	2.5	2,112,460	390,016

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

Place: Bengaluru
Date: May 26, 2021

for and on behalf of the Board of Directors of
Infosys Consulting S.R.L.

Cristin Florescu
Director

Statement of Changes in Equity

in RON

Particulars	Equity share capital	Other equity				Total equity attributable to equity holders of the Company
		Reserves and surplus				
		Securities premium	Retained earnings	General reserve	Other Reserves	
Balance as at January 1, 2019	99,18,300	8,00,000	17,87,049	147,887	120,000	1,27,73,236
Changes in equity for the year ended December 31, 2019						
Profit for the year	–	–	3,457,070	–	–	3,457,070
Balance as at December 31, 2019	9,918,300	8,00,000	52,44,119	1,47,887	1,20,000	1,62,30,306
Adjustments on adoption of Ind AS 116	–	–	(1,336,732)	–	–	(1,336,732)
	9,918,300	800,000	3,907,387	147,887	120,000	14,893,574
Changes in equity for the year ended December 31, 2020						
Profit for the year	–	–	5,439,608	–	–	5,439,608
Balance as at December 31, 2020	9,918,300	800,000	9,346,995	147,887	120,000	20,333,182

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of
Infosys Consulting S.R.L.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Cristin Florescu
Director

Place: Bengaluru
Date: May 26, 2021

Significant accounting policies

Company overview

Infosys Consulting S.R.L. (formerly S.C. Infosys Consulting S.R.L.) (registered in Romania) became a wholly-owned subsidiary of Infosys Limited w.e.f, February 1, 2019. The company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is Romanian Lei (RON).

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective Jan 1, 2019, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 Licenses

Revenue from licenses where the customer obtains a "right-to-use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right-to-access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost-plus-margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

1.5.3 Volume discounts

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

1.5.4 Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.5 Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Plant and machinery	5 years
Office equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Leasehold improvements	Over the lease tenure

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency

Functional currency

The functional currency of the company is the Romanian Lei. These financial statements are presented in its functional currency.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.18 Other Income

Other income is comprised primarily of interest income, dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

1.19 Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment are as follows:

in RON

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Gross carrying value as at January 1, 2020	–	1,072,823	7,677,810	5,915,726	1,700,207	16,366,566
Additions/Adjustments	–	408,539	2,420,780	(2,222,509)	6,697,562	7,304,372
Deletions/Adjustments	–	–	–	–	–	–
Gross carrying value as at December 31, 2020	–	1,481,362	10,098,590	3,693,217	8,397,769	23,670,938
Accumulated depreciation as at January 1, 2019	–	146,011	1,626,710	854,660	141,684	2,769,065
Depreciation	–	262,648	2,531,691	1,543,874	1,799,356	6,137,569
Accumulated depreciation on deletions	–	–	(230,624)	(653,253)	653,253	(230,624)
Accumulated depreciation as at December 31, 2020	–	408,659	3,927,777	1,745,281	2,594,293	8,676,010
Carrying value as at December 31, 2020	–	1,072,703	6,170,813	1,947,936	10,992,062	14,994,928
Carrying value as at January 1, 2020	–	926,812	6,051,100	5,061,066	10,992,062	13,597,501

The changes in the carrying value of property, plant and equipment are as follows:

in RON

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Leasehold improvements	Total
Gross carrying value as at January 1, 2019	2,182	29,731	3,244,199	66,205	–	3,342,317
Additions	–	1,045,989	4,255,165	5,915,726	1,700,207	12,917,087
Deletions	(2,182)	(6,083)	(164,964)	(66,205)	–	(239,434)
Gross carrying value as at December 31, 2019	–	1,072,823	7,677,810	5,915,726	1,700,207	16,366,566
Accumulated depreciation as at January 1, 2019	1,323	18,544	141,700	26,836	–	188,403
Depreciation	85	128,433	1,306,564	858,434	141,684	2,435,200
Accumulated depreciation on deletions	(1,408)	(4,152)	(164,964)	(30,610)	–	(201,134)
Other Adjustments	–	3,186	343,410	–	–	346,596
Accumulated depreciation as at December 31, 2019	–	146,011	1,626,710	854,660	141,684	2,769,065
Carrying value as at December 31, 2019	–	926,812	6,051,100	5,061,066	1,841,891	13,597,501
Carrying value as at January 1, 2019	859	11,187	3,102,499	39,369	1,841,891	3,153,914

2.2 Loans

in RON

Particulars	As at December 31	
	2020	2019
Current		
Unsecured, considered good		
Other loans		
Loans and advances to employees	10,187	315,207
Total loans	10,187	315,207

2.3 Other financial assets

in RON

Particulars	As at December 31	
	2020	2019
Current		
Rental deposits [(1)]	1,643,995	1,588,045
Others [(1)]	356,583	–
Accrued Expenses	103,472	–
	2,104,050	1,588,045
Total	2,104,050	1,588,045
[(1)] Financial assets carried at amortized cost (Refer to Note 2.7)	2,104,050	1,588,045

2.4 Trade receivables

in RON

Particulars	As at December 31	
	2020	2019
Current		
Unsecured		
Considered good[(1)]	9,742,108	6,798,882
	9,742,108	6,798,882
[(1)] Includes dues from related parties (Refer to Note 2.17)	9,218,986	6,798,882

2.5 Cash and cash equivalents

in RON

Particulars	As at December 31	
	2020	2019
Balances with banks		
In current accounts	2,112,460	390,016
Total cash and cash equivalents	2,112,460	390,016

2.6 Other assets

in RON

Particulars	As at December 31	
	2020	2019
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	1,964,808	4,010,742
Others		
Prepaid expenses	677,909	475,731
Withholding taxes and others	802,662	925,423
	3,445,379	5,411,896
Total current other assets	3,445,379	5,411,896

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in RON

Particulars	As at December 31	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note 2.5)	2,112,460	390,016
Trade receivables (Refer to Note 2.4)	9,742,108	6,798,882
Loans (Refer to Note No. 2.2)	10,187	315,207
Other financial assets (Refer to Note 2.3)	2,104,050	1,588,045
Total	13,968,805	9,092,150
Liabilities		
Trade payables (Refer to Note 2.10)	406,596	926,661
Other financial liabilities (Refer to Note 2.9)	4,352,085	2,197,607
Total	4,758,681	3,124,268

All the above financial assets and financial liabilities are carried at amortized cost and the carrying values approximates their fair value.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to RON 9,742,108 and RON 6,798,882 as of December 31, 2020 and December 31, 2019, respectively and unbilled revenue amounting to NIL and NIL as of December 31, 2020 and December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents.

As of December 31, 2020, the Company had a working capital of RON 2,633,484 including cash and cash equivalents of RON 2,112,460. As of December 31, 2019, the Company had a working capital of RON 2,632,804 including cash and cash equivalents of RON 390,016.

As of December 31, 2020 and December 31, 2019 the outstanding compensated balances were RON 2,794,915 and RON 1,473,074 respectively.

2.8 Equity

Equity share capital

in RON, except as stated otherwise

Particulars	As at December 31,	
	2020	2019
Authorized		
99,183 (99,183) equity shares of RON 100 par value, fully paid	9,918,300	9,918,300
Issued, subscribed and paid up		
99,183 (99,183) equity shares of RON 100 par value, fully paid	9,918,300	9,918,300
	9,918,300	9,918,300

The details of shareholders holding more than 5% shares are as follows :

Name of the shareholder	As at December 31,			
	2020		2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited	99,183	100.00	99,183	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and December 31, 2019 is as follows:

in RON, except as stated otherwise

Particulars	As at December 31,			
	2020		2019	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	99,183	9,918,300	99,183	9,918,300
Number of shares at the end of the period	99,183	9,918,300	99,183	9,918,300

2.9 Other financial liabilities

in RON

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Accrued compensation to employees [1]	4,143,613	1,949,637
Accrued expenses [1] [2]	56,103	148,458
Compensated absences	2,794,915	1,473,074
Other payables [1][3]	152,369	99,512
Total financial liabilities	7,147,000	3,670,681
[1] Financial liability carried at amortized cost	4,352,085	2,197,607
[2] Includes dues to related parties (Refer to Note 2.17)	41,279	61,054
[3] Includes dues to related parties (Refer to Note 2.17)	35,736	84

2.10 Trade payables

in RON

Particulars	As at December 31,	
	2020	2019
Trade payables[1]	406,596	926,661
	406,596	926,661
[1] Includes dues to related parties (Refer to Note 2.17)	406,596	824,238

2.11 Other liabilities

in RON

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Withholding taxes and others	2,840,088	1,861,619
	2,840,088	1,861,619

2.12 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in RON

Particulars	Year ended December 31,	
	2020	2019
Current taxes	656,595	828,949
Income tax expense	656,595	828,949

Current tax expense for the years ended December 31, 2020 and December 31, 2019 includes reversals (net of provisions) amounting to RON 211,495 and RON 133,220 respectively, pertaining to prior periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

in RON

Particulars	Year ended December 31,	
	2020	2019
Profit before income tax	6,096,203	4,286,019
Enacted tax rates in Romania (%)	16.00%	16.00%
Computed expected tax expense	975,392	685,763
Tax provisions/(reversal)	–	55,231
Tax reversals, overseas and domestic - Prior year	(211,495)	(133,220)
Others	(107,302)	221,175
Income tax expense	656,595	828,949

The applicable Romanian statutory tax rate for the year ended December 31, 2020 and December 31, 2019 is 16%.

The details of income tax assets and income tax liabilities are as follows:

in RON

Particulars	As at December 31	
	2020	2019
Income tax assets	11,773	–
Current income tax liabilities	–	371,185
Net current income tax assets / (liability) at the end	11,773	(371,185)

The gross movement in the current income tax asset / (liability) is as follows:

in RON

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	(371,185)	(370,001)
Income tax paid	1,039,553	827,765
Current income tax expense	(656,595)	(828,949)
Net current income tax asset / (liability) at the end	11,773	(371,185)

2.13 Leases

Transition

Effective January 1, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of Right of Use (ROU) asset of RON 23,530,369 and a lease liability of RON 24,867,100. The cumulative effect of applying the standard, amounting to RON 1,336,732 was debited to retained earnings, net of taxes.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of January 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 3.3%

Following are the changes in the carrying value of right of use assets for the year ended December 31, 2020:

in RON

Particulars	Category of ROU asset		Total
	Buildings	Vehicles	
Balance as of January 1, 2020	23,445,395	84,973	23,530,368
Depreciation	(4,068,324)	(24,979)	(4,093,303)
Balance as of December 31, 2020	19,377,071	59,994	19,437,065

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2020

in RON

Particulars	As at December 31, 2020
Current lease liabilities	4,387,016
Non-current lease liabilities	16,744,068
Total	21,131,084

The following is the movement in lease liabilities during the year ended December 31, 2020:

in RON

Particulars	For the year ended December 31, 2020
Balance at the beginning	24,867,100
Finance cost accrued during the period	146,811
Payment of lease liabilities	(4,480,953)
Translation Difference	598,126
Balance at the end	21,131,084

The details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis is as follows:

in RON

Particulars	As at December 31, 2020
Less than one year	4,510,654
One to five years	16,977,571
More than five years	–
Total	21,488,225

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was RON 242,794 crore for the year ended December 31, 2020.

2.14 Revenue from operations

in RON

Particulars	Year ended December 31,	
	2020	2019
Income from consultancy services	92,256,130	61,668,738
	92,256,130	61,668,738

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020 and December 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in RON

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	80,614,330	59,094,974
Digital	11,641,800	2,573,764
Total	92,256,130	61,668,738

Digital Services

Digital Services comprise of service and solution offerings of the company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.15 Other income

in RON

Particulars	Year ended December 31,	
	2020	2019
Miscellaneous income, net	173,376	326,407
	173,376	326,407

2.16 Expenses

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	65,224,738	41,255,284
Staff welfare	1,470,005	602,601
	66,694,743	41,857,885
Other expenses		
Power and fuel	419,716	121,681
Cost of software packages and others for own use	84,847	107,738
Brand and marketing	188,195	372,207
Operating lease payments	242,794	2,073,232
Rates and taxes	23,670	15,850
Repairs and maintenance	2,435,355	1,521,330
Consumables	212,920	677,163
Insurance	105,540	32,219
Exchange (gains)/losses on translation of other assets and liabilities	622,834	1,653,935
Others	497,112	188,696
	4,832,983	6,764,051

2.17 Related party transactions

List of related parties:

Name of the holding companies	Country	Holding as at December 31,	
		2020	2019
Infosys Limited (w.e.f. February 1, 2019)	India	100%	100%

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)(18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited(2)	Saudi Arabia
Infosys Consulting Ltda.(1)	Brazil
Infosys CIS LLC(1)	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(3)	Australia

Name of subsidiaries	Country
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [44]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][43]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][43]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[23][31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][36]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Outbox systems Inc. dba Simplus (US)[19]	US
Simplus North America Inc.[20]	Canada
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	UK

Name of subsidiaries	Country
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Animations, Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o.[27]	UK
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	UK
Beringer Commerce Inc[32]	US
Beringer Capital Digital Group Inc[32]	US
Mediotype LLC[33]	US
Beringer Commerce Holdings LLC[33]	US
SureSource LLC[34]	US
Blue Acorn LLC[34]	US
Simply Commerce LLC[34]	US
iCiDIGITAL LLC[35]	US
Infosys BPM UK Limited[4][37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK,Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020

(37) Incorporated, effective December 9, 2020

(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020

(39) Merged into Stater Duitsland B.V., effective December 18, 2020

(40) Merged with Stater N.V., effective December 23, 2020

(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

(42) Incorporated on December 30, 2020.

(43) Under liquidation

(44) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows:

in RON

Particulars	As at December 31	
	2020	2019
Trade receivables		
Infosys Consulting AG	50,910	50,289
Infosys Consulting Sp. z.o.o	35,660	34,771
Infosys Consulting GmbH	96,813	159,723
Infy Consulting B.V.	57,048	–
Infosys Limited	8,978,555	–
Infy Consulting Company Ltd	–	6,554,099
	9,218,986	6,798,882
Prepaid and other financial assets		
Infosys Limited	20,836	–
Infosys Consulting GmbH	3,518	–
	24,354	–
Trade payables		
Infy Consulting Company Ltd	–	24,096
Infy Consulting Company Ltd	1,626	–
Infy Consulting B.V.	–	98,605
Infosys Consulting AG	404,970	701,537
	406,596	824,238
Other payables		
Infosys Limited	76	84
Infosys Consulting Sp. z.o.o.	35,660	–
	35,736	84
Accrued expenses		
Infosys Limited	41,279	61,054
	41,279	61,054
Borrowings		
Infosys Limited	–	5,041,096
	–	5,041,096

in RON

Particulars	Year ended December 31,	
	2020	2019
Capital transactions		
Financing transactions		
Equity		
Infosys Limited	9,318,300	9,318,300
	9,318,300	9,318,300
Borrowings		
Infosys Limited	–	5,000,000
	–	5,000,000
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infy Consulting Company Ltd	2,723	25,193
Infosys Limited	32,427	–
Infy Consulting B.V.	51,793	99,031
Infosys Consulting AG	1,519,483	1,065,527
	1,606,426	1,189,751
Sale of services		
Infosys Consulting AG	649,089	1,678,923
Infy Consulting Company Ltd	7,657,966	57,812,283
Infosys Consulting Sp. z.o.o	323,812	159,979
Infosys Consulting GmbH	1,578,635	2,017,554
Infosys Limited	82,046,627	–
	92,256,129	61,668,739
Interest expense		
Infosys Limited	180,822	41,096
	180,822	41,096

2.18 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

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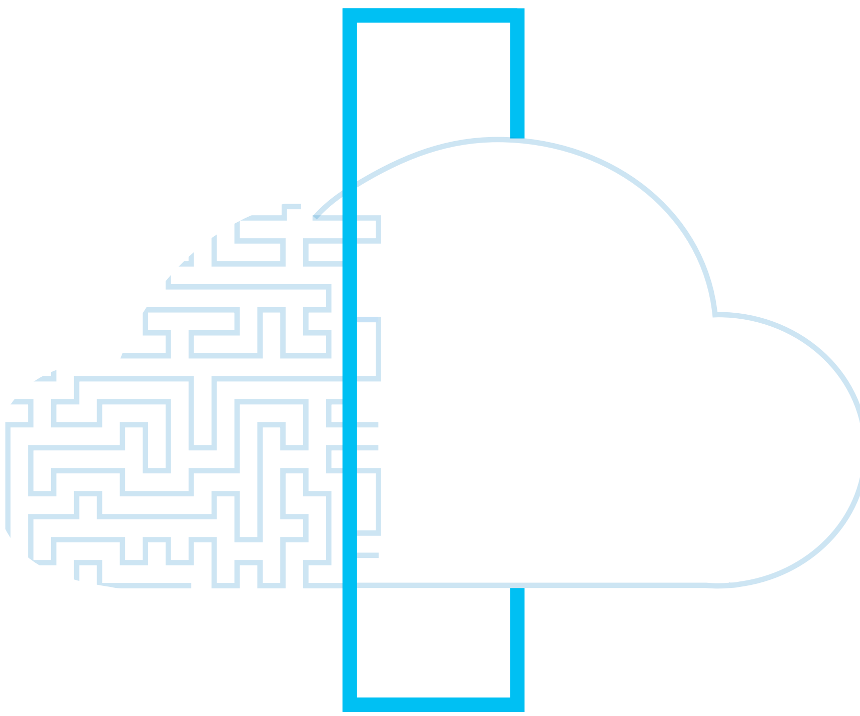

Infosys Consulting s.r.o.

Independent Auditor's Report

To the Members of Infosys Consulting s.r.o.

Report on the Ind AS Financial Statements

Opinion :

We have audited the Ind AS financial statements of Infosys Consulting s.r.o. ("the Company"), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the Ind AS financial statements)

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion :

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Matters :

The Company is currently under liquidation. The Financials statements of the Company have not been prepared on a going concern basis. However, the financial statement has been prepared on liquidation basis. Assets and liabilities are prepared as current. Assets have been recorded at their reliasiable value and liabilities recorded at their known estimate settlement value.

Responsibilities of the Management's and those charged with Governance for the Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements :

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that :

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841
UDIN : 21202841AAADIE4120

Place : Bengaluru
Date :May 13, 2021

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	9,606
Total non-current assets		–	9,606
Current assets			
Financial assets			
Trade receivables	2.3	5,15,083	29,38,918
Cash and cash equivalents	2.4	1,69,75,800	1,73,38,429
Other financial assets	2.2	7,96,821	57,969
Income tax assets, net	2.11	1,55,183	–
Other current assets	2.5	7,676	67,454
Total current assets		1,84,50,563	2,04,02,770
Total assets		1,84,50,563	2,04,12,376
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	7,89,777	7,89,777
Other equity		1,52,91,995	1,34,21,383
Total equity		1,60,81,772	1,42,11,160
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	2.9	3,82,331	4,74,442
Other financial liabilities	2.8	17,55,418	51,47,259
Other current liabilities	2.10	2,31,042	5,51,614
Income tax liabilities, net	2.11	–	27,901
Total current liabilities		23,68,791	62,01,216
Total equity and liabilities		1,84,50,563	2,04,12,376

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

for and on behalf of the Board of Directors of
Infosys Consulting s.r.o.

Andrew Duncan
Director

Bengaluru
May 13, 2021

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note no.	Year ended December 31,	
		2020	2019
Revenue from operations	2.12	1,10,69,437	2,75,61,699
Other income, net	2.13	(53,999)	56,224
Total income		1,10,15,438	2,76,17,923
Expenses			
Employee benefit expenses	2.14	67,31,902	1,81,27,970
Travel expenses		68,926	44,83,307
Communication expenses		2,44,173	2,59,105
Consultancy and professional charges		28,95,347	24,07,832
Depreciation expenses	2.1	9,677	37,841
Other expenses	2.14	3,22,255	2,12,955
Total expenses		1,02,72,280	2,55,29,010
Profit before tax		7,43,158	20,88,913
Tax expense			
Current tax	2.11	2,94,030	(3,33,827)
Profit for the year		4,49,128	24,22,740
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		14,21,484	1,61,638
Total other comprehensive income, net of tax		14,21,484	1,61,638
Total comprehensive income for the year		18,70,612	25,84,378
Earnings per equity share			
Equity shares of par value CZK 1/- each			
Basic and diluted		2.25	12.11
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		2,00,000	2,00,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

for and on behalf of the Board of Directors of
Infosys Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership Number : 202841

Andrew Duncan
Director

Bengaluru
May 13, 2021

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity: Reserves and surplus – Retained earnings	Other equity: Other comprehensive income – Other reserves	Other equity: Other comprehensive income – Other items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as of January 1, 2019	7,89,777	4,63,54,017	58,464	(3,55,75,476)	1,16,26,782
Changes in equity for the year ended December 31, 2019					
Exchange difference on translation				1,61,638	1,61,638
Profit for the year		24,22,740			24,22,740
Balance as of December 31, 2019	7,89,777	4,87,76,757	58,464	(3,54,13,838)	1,42,11,160
Changes in equity for the year ended December 31, 2020					
Exchange difference on translation				14,21,484	14,21,484
Profit for the year		4,49,128			4,49,128
Balance as of December 31, 2020	7,89,777	4,92,25,885	58,464	(3,39,92,354)	1,60,81,772

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

for and on behalf of the Board of Directors of
Infosys Consulting s.r.o.

Andrew Duncan
Director

Bengaluru
May 13, 2021

Statements of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2020	2019
Cash flows from operating activities		
Profit for the year	4,49,128	24,22,740
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	9,677	37,841
Income tax expense	2,94,030	(3,33,827)
Exchange differences on translation of assets and liabilities	14,21,413	1,61,946
Changes in assets and liabilities		
Trade receivables	25,44,149	(7,38,305)
Loans and other financial assets and other assets	64,934	68,445
Trade payables	(2,12,425)	4,66,937
Other financial liabilities, other liabilities and provisions	(44,56,421)	3,46,887
Cash generated from operations	1,14,485	24,32,664
Income taxes paid	(3,21,931)	(7,78,637)
Net cash generated by / (used in) operating activities	(2,07,446)	16,54,027
Cash flow from investing activities		
Net cash (used in) / from investing activities	–	–
Cash flow from financing activities	–	–
Net cash used in financing activities	–	–
Net increase / (decrease) in cash and cash equivalents	(2,07,446)	16,54,027
Cash and cash equivalents at the beginning of the year	1,73,38,429	1,56,84,402
Cash and cash equivalents at the end of the year	1,71,30,983	1,73,38,429

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 Registration Number : 006673S

for and on behalf of the Board of Directors of
Infosys Consulting s.r.o.

M. Rathnakar Kamath
Partner
Membership Number : 202841

Andrew Duncan
Director

Bengaluru
May 13, 2021

Significant accounting policies

Company overview

Infosys Consulting s.r.o. ("the Company") is a wholly-owned subsidiary of Infosys Consulting Holding AG, Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Infosys Consulting s.r.o. is currently under liquidation. Accordingly, these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period. Examples of such estimates include computation of percentage-of-completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers using the cumulative catch-up transition method, applied to contracts that were not completed as at January 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

1.5.1 T&M

Revenue on time-and-material (T&M) contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.3 Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

1.7 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.8 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [(1)]	3-5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

(1) For computer equipment, based on technical evaluation the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for computer equipment is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed-off are reported at the lower of the carrying value or the fair value less cost to sell.

1.9 Financial instruments

1.9.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.9.2 Subsequent measurement

Non-derivative financial instruments

Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at fair value through other comprehensive income. A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.10 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.11 Impairment

Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is an impairment gain or loss in profit or loss.

Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.12 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency

Functional currency

The functional currency of the Company is the Czech Krona. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash flow items using the average exchange rate of the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

1.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities.

1.17 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.18 Recent accounting pronouncements

Ind AS 116, Leases : On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases standard, Ind AS 17, Leases and related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition :

- Full retrospective : Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective : Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application either by :
- Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right-of-use asset either as :
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application, or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (January 1, 2020). The effect of adoption is not expected to material for the company's financial statements

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2020	8,10,353	8,10,353
Translation difference	77,670	77,670
Gross carrying value as of December 31, 2020	8,88,023	8,88,023
Accumulated depreciation as of January 1, 2020	(8,00,747)	(8,00,747)
Depreciation	(9,677)	(9,677)
Translation difference	(77,599)	(77,599)
Accumulated depreciation as of December 31, 2020	(8,88,023)	(8,88,023)
Carrying value as of December 31, 2020	–	–
Carrying value as of January 1, 2020	9,606	9,606

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 were as follows :

in ₹

Particulars	Computer equipment	Total
Gross carrying value as of January 1, 2019	8,02,585	8,02,585
Translation difference	7,768	7,768
Gross carrying value as of December 31, 2019	8,10,353	8,10,353
Accumulated depreciation as of January 1, 2019	(7,54,830)	(7,54,830)
Depreciation	(37,841)	(37,841)
Translation difference	(8,076)	(8,076)
Accumulated depreciation as of December 31, 2019	(8,00,747)	(8,00,747)
Carrying value as of December 31, 2019	9,606	9,606
Carrying value as of January 1, 2019	47,755	47,755

2.2 Other financial assets

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Rental deposits [(1)]	52,813	48,194
Others [(1)]	7,44,008	9,775
	7,96,821	57,969
[(1)] Financial assets carried at amortized cost	7,96,821	57,969

2.3 Trade receivables

in ₹

Particulars	As at December 31	
	2020	2019
Current		
Unsecured		
Considered good [(1)]	5,15,083	29,38,918
	5,15,083	29,38,918
[(1)] Includes dues from related parties (Refer to Note 2.15)	5,15,083	29,38,918

2.4 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current accounts	1,69,75,800	1,73,38,429
Total cash and cash equivalents	1,69,75,800	1,73,38,429

2.5 Other assets

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Prepaid expenses	–	56,737
Withholding taxes and others	7,676	10,717
Total other assets	7,676	67,454

2.6 Financial instrument

Financial instruments by category

The carrying value of financial instruments are as follows :

in ₹

Particulars	As at December 31,	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note 2.4)	1,69,75,800	1,73,38,429
Trade receivables (Refer to Note 2.3)	3,94,769	29,38,918
Other financial assets (Refer to Note 2.2)	52,813	57,969
Total	1,74,23,382	2,03,35,316
Liabilities		
Trade payables (Refer to Note 2.9)	2,62,017	4,74,442
Other financial liabilities (Refer to Note 2.8)	5,33,501	35,66,615
Total	7,95,518	40,41,057

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹3,94,769 and ₹29,38,918 as of December 31, 2020 and December 31, 2019, respectively. Majority of trade receivables are derived from revenues earned from companies within the group. No credit risk is perceived.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. As of December 31, 2020, the Company had a working capital of ₹16,081,772 including cash and cash equivalents of ₹16,975,800. As of December 31, 2019, the Company had a working capital of ₹14,201,554 including cash and cash equivalents of ₹17,338,429.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Authorized		
200,000 (2,00,000) equity shares of CZK 1 par value	7,89,777	7,89,777
Issued, subscribed and paid-up		
200,000 (2,00,000) equity shares of CZK 1 par value	7,89,777	7,89,777
[Of the above, 200,000 (200,000) equity shares are held by the holding company, Infosys Consulting Holding AG (formerly Lodestone holding AG)]		
	7,89,777	7,89,777

2.8 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Accrued compensation to employees	11,01,495	21,94,269
Accrued expenses	43,118	10,19,166
Compensated absences	4,77,909	15,80,644
Other payables [(1)] [(2)]	1,32,896	3,53,180
Total financial liabilities	17,55,418	51,47,259
[(1)] Financial liability carried at amortized cost	5,33,501	35,66,615
[(2)] Includes dues to related parties (Refer to Note 2.15)	1,32,896	26,977

2.9 Trade payables

in ₹

Particulars	As at December 31,	
	2020	2019
Trade payables *	3,82,331	4,74,442
	3,82,331	4,74,442
* Includes dues to fellow subsidiaries (Refer to Note 2.15)	2,00,340	4,74,442

2.10 Other liabilities

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Withholding taxes and others	2,31,042	5,51,614
	2,31,042	5,51,614

2.11 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Current taxes	2,94,030	(3,33,827)
Income tax expense	2,94,030	(3,33,827)

Current tax expense for the year ended December 31, 2020 and December 31, 2019 includes reversals (net of provisions) amounting to ₹ 1,46,450 and ₹ (7,29,971), respectively pertaining to previous periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Profit before income tax	7,43,158	20,88,913
Enacted tax rates in Czech Republic (%)	19.00%	19.00%
Computed expected tax expense	1,41,200	3,96,893
Tax provisions / (reversals)	1,46,450	(7,29,971)
Others	–	(749)
Income tax expense	2,87,650	(3,33,827)

The applicable Czech Republic statutory tax rate for year ending December 31, 2020 and December 31, 2019 is 19%.

The details of income tax assets and income tax liabilities are as follows :

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Current income tax liabilities	–	27,901
Net current income tax assets / (liability) at the end	–	(27,901)

The gross movement in the current income tax asset / (liability) is as follows :

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	(27,901)	(11,40,365)
Income tax paid / (received)	3,21,931	7,78,637
Current income tax expense	(2,94,030)	3,33,827
Net current income tax asset / (liability) at the end	–	(27,901)

2.12 Revenue from operations

in ₹

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Income from consultancy services	1,10,69,437	2,75,61,699
	1,10,69,437	2,75,61,699

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is Nil. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from Contract with Customers on the financials results of the Group for the year ended December 31, 2020 is insignificant.

2.13 Other income

in ₹

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Exchange gains / (losses) on translation of other assets and liabilities	(54,003)	18,381
Miscellaneous income, net	4	37,843
	(53,999)	56,224

2.14 Expenses

in ₹

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expenses		
Salaries including bonus	67,31,902	1,81,27,970
	67,31,902	1,81,27,970

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Other expenses		
Operating lease payments	1,44,207	1,29,286
Rates and taxes	11,142	24,290
Others	1,66,906	59,379
	3,22,255	2,12,955

2.15 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at December 31, 2020	Holding as at December 31, 2019
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the ultimate holding company	Country
Infosys Limited	India

List of related parties :

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg

Name of fellow subsidiaries	Country
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (43)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (23) (31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (36)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (22)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (24)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia
Fluido Newco AB (12) (38)	Sweden
Infosys Compaz Pte. Ltd (10)	Singapore
Infosys South Africa (Pty) Ltd (9)	South Africa
WongDoody Holding Company Inc. (WongDoody) (1)	US
WDW Communications, Inc (11)	US
WongDoody, Inc (11)	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) (10) (13)	Japan
Stater N.V. (10) (14)	The Netherlands
Stater Nederland B.V. (15)	The Netherlands
Stater Duitsland B.V. (15) (40)	The Netherlands
Stater XXL B.V. (15)	The Netherlands
HypoCasso B.V. (15)	The Netherlands
Stater Participations B.V. (15)	The Netherlands
Stater Deutschland Verwaltungs-GmbH (16) (39)	Germany
Stater Deutschland GmbH & Co. KG (16) (39)	Germany
Stater Belgium N.V./S.A. (17) (41)	Belgium
Outbox systems Inc. dba Simplus (US) (19)	US
Simplus North America Inc. (20)	Canada
Simplus ANZ Pty Ltd. (20)	Australia
Simplus Australia Pty Ltd (21)	Australia

Name of fellow subsidiaries	Country
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations, Inc. [29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US
SureSource LLC [34]	US
Blue Acorn LLC [34]	US
Simply Commerce LLC [34]	US
iCiDIGITAL LLC [35]	US
Infosys BPM UK Limited [4] [37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd

(11) Wholly-owned subsidiary of WongDoody

(12) Wholly-owned subsidiary of Fluido Oy

(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)

(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.

(15) Majority-owned and controlled subsidiary of Stater N.V.

(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.

(17) Majority-owned and controlled subsidiary of Stater Participations B.V.

(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited

(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(20) Wholly-owned subsidiary of Outbox Systems Inc.

(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd

(22) Liquidated effective October 31, 2019

(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG

(24) Liquidated effective July 17, 2020

(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

(26) Incorporated effective September 11, 2020.

(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

(28) Wholly-owned subsidiary of GuideVision s.r.o.

(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

(30) Wholly owned subsidiary of Kaleidoscope Animations, Inc.

(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

[33] Wholly-owned subsidiary of Beringer Commerce Inc
[34] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[35] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[36] Liquidated effective November 19,2020
[37] Incorporated, effective December 9, 2020
[38] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[39] Merged into Stater Duitsland B.V., effective December 18, 2020
[40] Merged with Stater N.V., effective December 23, 2020
[41] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[42] Incorporated on December 30, 2020.
[43] Under liquidation
[44] Wholly-owned subsidiary of Infosys Public Services, Inc.

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

in ₹

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Infosys Consulting AG	–	20,81,714
Infosys Consulting GmbH	5,15,083	8,57,204
	5,15,083	29,38,918
Trade payables		
Infosys Consulting GmbH	1,827	1,615
Infosys Consulting AG	1,20,314	3,25,036
Infy Consulting Company Ltd.	10,012	1,47,791
Infy Consulting B.V.	68,187	-
	2,00,340	4,74,442
Other payables		
Infosys Limited	1,32,896	26,977
	1,32,896	26,977
Other Receivables		
Infosys Consulting GmbH	7,44,008	–
	7,44,008	–
Accrued expenses		
Infosys Limited	43,118	4,70,531
	43,118	4,70,531

in ₹

Particulars	As at December 31	
	2020	2019
Revenue transactions		
Purchase of services		
Infosys Consulting AG	–	3,18,424
Infy Consulting Company Ltd	1,29,789	1,43,035
Infy Consulting B.V.	67,392	–
	1,97,181	4,61,459
Sale of services		
Infosys Limited	1,03,814	36,466
Infosys Consulting AG	13,70,022	1,77,65,933
Infosys Consulting GmbH	98,19,308	99,29,624
	1,12,93,144	2,77,32,023

2.16 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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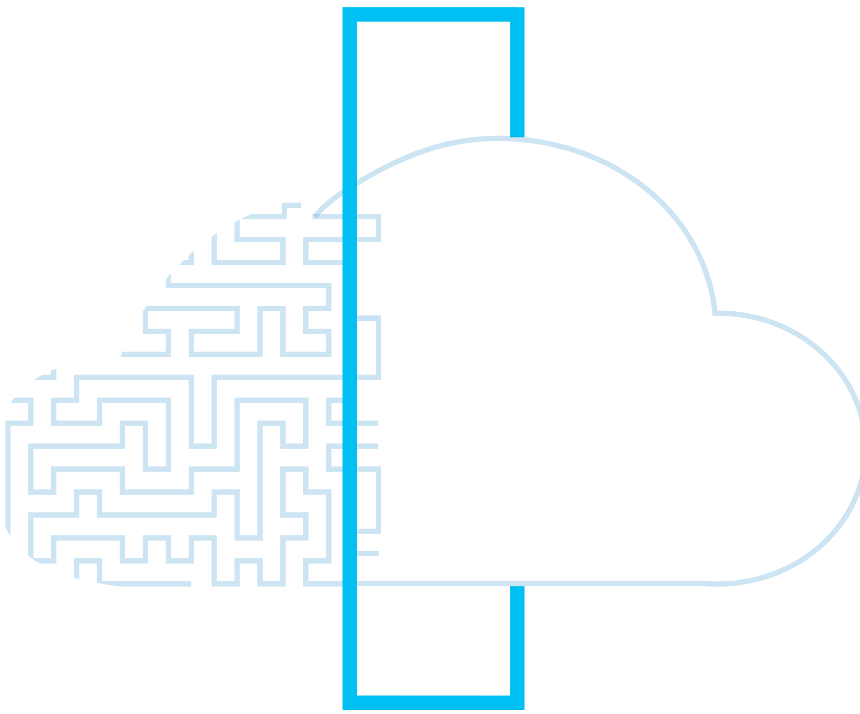

Infosys Consulting (Shanghai) Co., Ltd.

Independent Auditor's Report

To the Members of Infosys Consulting (Shanghai) Co., Ltd.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting (Shanghai) Co., Ltd. ('the Company'), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at 31st December, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Matters:

The Company is currently under liquidation. The Financials statements of the Company have not been prepared on a going concern basis. However, the financial statement has been prepared on liquidation basis. Assets and liabilities are prepared as current. Assets have been recorded at their reliasiable value and liabilities recorded at their known estimate settlement value.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841
UDIN: 21202841AAADNV2677

Place: Bengaluru
Date: May 21, 2021

Balance Sheet

in ₹

Particulars	Note no.	As at December 31	
		2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	–	27,37,166
Total non-current assets		–	27,37,166
Current assets			
Financial assets			
Trade receivables	2.2	26,98,210	4,24,67,121
Cash and cash equivalents	2.3	7,33,91,292	4,21,58,435
Other financial assets	2.4	1,12,20,000	2,87,30,083
Other current assets	2.5	–	6,26,884
Total current assets		8,73,09,502	11,39,82,523
Total assets		8,73,09,502	11,67,19,689
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	58,27,87,589	43,08,31,210
Other equity		(57,87,50,356)	(2,26,83,06,427)
Total equity		40,37,233	(1,83,74,75,217)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	–	1,33,12,45,384
Total non-current liabilities		–	1,33,12,45,384
Current liabilities			
Financial liabilities			
Trade payables	2.10	87,49,158	9,05,77,596
Other financial liabilities	2.9	30,90,795	51,74,15,595
Other current liabilities	2.11	7,14,32,312	27,68,382
Provisions	2.12	–	1,21,87,949
Total current liabilities		8,32,72,265	62,29,49,522
Total equity and liabilities		8,73,09,502	11,67,19,689

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of
Infosys Consulting (Shanghai) Co., Ltd.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Mark Livingston
Director

Place: Bengaluru
Date: May 21, 2021

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note	Year ended December 31	
		2020	2019
Revenue from operations	2.14	20,62,37,982	46,61,04,376
Other income, net	2.15	1,89,45,71,611	2,60,877
Total income		2,10,08,09,593	46,63,65,253
Expenses			
Employee benefit expenses	2.16	5,88,17,838	22,53,83,251
Travel expenses		9,52,375	3,12,40,357
Cost of technical sub-contractors		11,03,02,881	23,48,96,613
Communication expenses		11,60,376	28,47,000
Consultancy and professional charges		57,82,624	1,35,13,405
Finance Cost		14,075	5,11,54,586
Depreciation expense	2.1	68,81,584	76,92,947
Other expenses	2.16	5,36,42,922	4,00,68,837
Total expenses		23,75,54,675	60,67,96,996
Profit / (Loss) before tax		1,86,32,54,918	(14,04,31,743)
Tax expense			
Current tax	2.13	–	(68,92,446)
Profit / (Loss) for the year		1,86,32,54,918	(13,35,39,297)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(17,35,50,875)	(1,91,22,195)
Total other comprehensive income, net of tax		(17,35,50,875)	(1,91,22,195)
Total comprehensive income/(loss) for the year		1,68,97,04,043	(15,26,61,492)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

ffor and on behalf of the Board of Directors of
Infosys Consulting (Shanghai) Co., Ltd.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Mark Livingston
Director

Place: Bengaluru
Date: May 21, 2021

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other Equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2019	43,08,31,210	(2,10,38,31,870)	(1,18,13,065)	(1,68,48,13,725)
Changes in equity for the year ended December 31, 2019				
Exchange differences on translation	–	–	(1,91,22,195)	(1,91,22,195)
Profit / (Loss) for the year	–	(13,35,39,297)	–	(13,35,39,297)
Total Comprehensive income for the year	43,08,31,210	(2,23,73,71,167)	(3,09,35,260)	1,83,74,75,217)
Balance as of December 31, 2019	43,08,31,210	(2,23,73,71,167)	(3,09,35,260)	1,83,74,75,217)
Changes in equity for the year ended December 31, 2020				
Additional share capital infused	15,19,56,379	–	–	15,19,56,379
Exchange differences on translation	–	–	(17,35,50,875)	(17,35,50,875)
Adjustments on adoption of Ind AS 116	–	(1,47,972)	–	(1,47,972)
Profit / (Loss) for the year	–	1,86,32,54,918	–	1,86,32,54,918
Balance as of December 31, 2020	58,27,87,589	(37,42,64,221)	(20,44,86,135)	40,37,233

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of
Infosys Consulting (Shanghai) Co., Ltd.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Mark Livingston
Director

Place: Bengaluru
Date: May 21, 2021

Statements of Cash Flows

in ₹

Particulars	Note No.	Year ended December 31	
		2020	2019
Cash flows from operating activities			
Profit / (Loss) for the year		1,86,32,54,918	(13,35,39,297)
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation expense		68,81,584	76,92,947
Income tax expense		–	(68,92,446)
Provision for post-sales client support		(1,33,75,910)	(10,25,593)
Impairment loss recognized / (reversed) under expected credit loss model		(20,89,080)	1,44,750
Finance cost		–	5,11,54,586
Loss on sale of asset		12,82,869	12,51,016
Exchange differences on translation of assets and liabilities		(17,05,09,507)	(2,15,17,085)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		4,47,17,200	13,31,97,502
Loans and other financial assets and other assets		1,33,59,064	86,84,759
Trade payables		(8,18,28,438)	(15,50,79,474)
Other financial liabilities, other liabilities and provisions		(44,56,60,870)	(32,93,15,958)
Cash generated from operations		1,21,60,31,830	(44,52,44,293)
Net cash generated by operating activities		1,21,60,31,830	(44,52,44,293)
Cash flow from investing activities			
Expenditure on property, plant and equipment, net of sale proceeds		709	12,16,991
Loans to employees		–	13,83,502
Net cash from/(used in) investing activities		709	26,00,493
Cash flow from financing activities			
Share capital Infusion		15,19,56,379	–
Payment of lease liability		(55,10,681)	–
Loan taken from parent company		(1,33,12,45,384)	37,79,40,640
Net cash from/(used in) financing activities		(1,18,47,99,686)	37,79,40,640
Net increase / (decrease) in cash and cash equivalents		3,12,32,853	(6,47,03,160)
Cash and cash equivalents at the beginning of the year		4,21,58,435	10,68,61,595
Cash and cash equivalents at the end of the year		7,33,91,292	4,21,58,435

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of
Infosys Consulting (Shanghai) Co., Ltd.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Mark Livingston
Director

Place: Bengaluru
Date: May 21, 2021

Significant accounting policies

Company overview

Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd) is a wholly- owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Infosys Consulting (Shanghai) Co. Ltd. is currently under liquidation. Accordingly, these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.3 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 FP

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

1.5.3 Unbilled/ Unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

1.5.4 Volume Discounts

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

1.5.5 Contract Modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.7 Tax

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment(1)	3-5 years
Furniture and fixtures(1)	5 years
Plant and machinery(1)	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

(1) Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.10.3 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.11 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency

Functional currency

The functional currency of the Company is the Renminbi Yuan. These financial statements are presented in Indian rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in Other Comprehensive Income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 Other income

Other income is comprised primarily of interest income and exchange gain on translation of other assets and liabilities.

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight-line basis in the Statement of Profit and Loss over the lease term

1.18 Borrowing Cost

Borrowing cost are charged to the Statement of profit and loss in the period in which they incurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows:

In ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2020	–	3,63,415	4,23,01,603	60,86,445	4,87,51,463
Deletions	–	(3,83,605)	(4,43,18,821)	(64,24,581)	(5,11,27,007)
Translation difference	–	20,190	20,17,218	3,38,136	23,75,544
Gross carrying value as of December 31, 2020	–	–	–	–	–
Accumulated depreciation as of January 1, 2020	–	(3,63,415)	(4,12,90,144)	(43,60,738)	(4,60,14,297)
Depreciation	–	–	(4,58,472)	(10,92,996)	(15,51,468)
Accumulated depreciation on deletions	–	3,83,605	4,37,34,157	57,25,667	4,98,43,429
Translation difference	–	(20,190)	(19,85,541)	(2,71,933)	(22,77,664)
Accumulated depreciation as of December 31, 2020	–	–	–	–	–
Carrying value as of December 31, 2020	–	–	–	–	–
Carrying value as of January 1, 2020	–	–	10,11,459	17,25,707	27,37,166

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 are as follows:

In ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	1,61,544	3,59,873	4,23,12,735	1,21,03,955	5,49,38,107
Additions/ Adjustments	–	–	–	–	–
Deletions/ Adjustments	(3,18,636)	–	(7,36,267)	(97,44,280)	(1,07,99,183)
Translation difference	1,57,092	3,542	7,25,135	37,26,770	46,12,539
Gross carrying value as of December 31, 2019	–	3,63,415	4,23,01,603	60,86,445	4,87,51,463
Accumulated depreciation as of January 1, 2019	(93,115)	(3,47,919)	(3,69,73,852)	(60,08,117)	(4,34,23,003)
Depreciation	(17,480)	(12,039)	(43,69,889)	(32,93,539)	(76,92,947)
Accumulated depreciation on deletions	2,17,662	–	7,81,557	73,31,957	83,31,176
Translation difference	(1,07,067)	(3,457)	(7,27,960)	(23,91,039)	(32,29,523)
Accumulated depreciation as of December 31, 2019	–	(3,63,415)	(4,12,90,144)	(43,60,738)	(4,60,14,297)
Carrying value as of December 31, 2019	–	–	10,11,459	17,25,707	27,37,166
Carrying value as of January 1, 2019	68,429	11,954	53,38,883	60,95,838	1,15,15,104

2.2 Trade receivables

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Unsecured		
Considered good [(1)]	26,98,210	4,24,67,121
Considered doubtful	–	1,41,545
	26,98,210	4,26,08,666
Less: Allowance for credit losses	–	1,41,545
Total trade receivables	26,98,210	4,24,67,121
[(1)] Includes dues from related parties (Refer to Note No. 2.18)	26,98,210	1,56,12,783

2.3 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2020	2019
Balances with banks		
In current and deposit accounts	7,33,91,292	4,21,06,848
Cash on hand	–	51,587
Total Cash and cash equivalents	7,33,91,292	4,21,58,435

2.4 Other financial assets

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Security deposits	1,12,20,000	1,02,60,000
Rental deposits	–	18,08,361
Unbilled revenues	–	47,77,903
Others [(1)]	–	1,18,83,819
Total current other financial assets	1,12,20,000	2,87,30,083
The above financial assets carried at amortized cost	1,12,20,000	2,87,30,083
[(1)] Includes dues from related parties (Refer to Note No. 2.18)		
	–	1,18,83,819

2.5 Other assets

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Others		
Prepaid expenses	–	6,18,386
Withholding taxes and others	–	8,498
Total current other assets	–	6,26,884

2.6 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2020 and December 31, 2019 were as follows:

In ₹

Particulars	As at December 31	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note No. 2.3)	7,33,91,292	4,21,58,435
Trade receivables (Refer to Note No. 2.2)	26,98,210	4,24,67,121
Other financial assets (Refer to Note No. 2.5)	1,12,20,000	2,87,30,083
Total	8,73,09,502	11,33,55,639
Liabilities		
Trade payables (Refer to Note No. 2.10)	87,49,158	9,05,77,596
Borrowings (Refer to Note No. 2.8)	–	1,33,12,45,384
Other financial liabilities (Refer to Note No. 2.9)	30,90,795	50,78,02,642
Total	1,18,39,953	1,92,96,25,622

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates their fair value.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has taken loan from its parent company to meet its working capital requirements.

As of December 31, 2020, and December 31, 2019, the outstanding compensated absences were Nil and ₹ 96,12,953 respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹26,98,210 and ₹ 4,24,67,121 as of December 31, 2020 and December 31, 2019, respectively and unbilled revenue amounting to Nil and ₹ 47,77,903 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the year ended December 31, 2020 was ₹ 20,89,080 and provision for the year ended December 31, 2019 was ₹ 144,750.

in ₹

Particulars	Year ended December 31,	
	2020	2019
Balance at the beginning	1,70,386	11,59,802
Impairment loss recognized / reversed	(20,89,080)	1,44,750
Translation differences	19,18,694	(11,34,166)
Balance at the end	–	1,70,386

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by credit rating agencies.

2.7 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Authorized		
Equity shares of USD 69,30,000	58,27,87,589	43,08,31,210
Issued, subscribed and paid up		
Equity shares of USD 69,30,000	58,27,87,589	43,08,31,210
(wholly owned by Infosys Consulting Holding AG)		

The reconciliation of the amount of share capital as at December 31, 2020 and December 31, 2019 is set out below:

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
	Amount	Amount
Share capital at the beginning of the period	43,08,31,210	43,08,31,210
Add: Additional share capital infused during the year	15,19,56,379	–
Share capital at the end of the period	58,27,87,589	43,08,31,210

2.8 Borrowings

In ₹

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured Loan from Parent Company (Refer to Note No. 2.18)	–	1,33,12,45,384
Total non-current borrowings	–	1,33,12,45,384
[(1)] Includes dues to fellow subsidiaries (Refer to Note No. 2.18)	–	1,33,12,45,384

2.9 Other financial liabilities

In ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Accrued compensation to employees	–	66,71,480
Accrued expenses [(1)]	30,90,795	4,44,14,193
Compensated absences	–	96,12,953
Other payables	–	45,67,16,969
	30,90,795	51,74,15,595
Total current other financial liabilities	30,90,795	51,74,15,595
Financial liability carried at amortized cost	30,90,795	50,78,02,642
[(1)] Includes dues to related parties (Refer to Note No. 2.18)	–	45,76,17,306

2.10 Trade payables

In ₹

Particulars	As at December 31,	
	2020	2019
Trade payables [(1)]	87,49,158	9,05,77,596
Total trade payables	87,49,158	9,05,77,596
[(1)] Includes dues to related parties (Refer to Note No. 2.18)	4,17,353	6,84,87,073

2.11 Other liabilities

In ₹

Particulars	As at December 31,	
	2020	2019
Current		
Unearned revenue	(4,17,656)	15,49,639
Others		
Withholding taxes and others	7,18,49,968	12,18,743
Others[(1)]	–	–
Total current other liabilities	7,14,32,312	27,68,382
[(1)] Includes dues to related parties (Refer to Note No. 2.18)	–	–

2.12 Provisions

In ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Post-sales client support	–	1,21,87,949
Total current Provisions	–	1,21,87,949

Provision for post-sales client support

The movement in the provision for post-sales client support and others is as follows:

In ₹

Particulars	As at December 31,	
	2020	2019
Balance at the beginning	1,21,87,949	1,30,91,250
Provision recognized / (reversed)	(1,33,75,910)	(10,25,593)
Exchange difference	11,87,961	1,22,292
Balance at the end	–	1,21,87,949

Provision for post-sales client support and warranties and other provisions are expected to be utilized over a period of six months to one year.

2.13 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Current taxes	–	(68,92,446)
Income tax expense	–	(68,92,446)

Current tax expense for the year ended December 31, 2020 and December 31, 2019 includes reversals amounting to Nil and ₹ 68,92,446 pertaining to prior periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Profit/(Loss) before income tax	1,86,32,54,918	(14,04,31,743)
Enacted tax rates in China (%)	25.00%	25.00%
Computed expected tax expense	46,58,13,730	(3,51,07,936)
Tax reversals/ (provisions)	–	(68,33,323)
Effect of unrecognized deferred tax assets	(46,58,13,730)	3,50,87,519
Others	–	(38,706)
Income tax expense	–	(68,92,446)

The applicable China statutory tax rate for the year ended December 2020 and December 2019 is 25%.

The details of income tax assets and income tax liabilities are as follows:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Current income tax liabilities	–	–
Net current income tax assets / (liability) at the end	–	–

The gross movement in the current income tax asset / (liability) is as follows:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	–	(68,92,446)
Current income tax expense (Refer to Note No. 2.13)	–	68,92,446
Net current income tax asset / (liability) at the end	–	–

2.14 Revenue from operations

In ₹

Particulars	Year ended December 31,	
	2020	2019
Income from consultancy services	20,62,37,982	46,61,04,376
Total revenue from operations	20,62,37,982	46,61,04,376

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

In ₹

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	20,62,37,982	46,61,04,376
Digital	–	–
Total	20,62,37,982	46,61,04,376

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Trade receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts (contract asset) is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2020, the Company recognized revenue of ₹ 1,549,639 arising from opening unearned revenue as of January 1, 2020.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is Nil. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.15 Other income

In ₹

Particulars	Year ended December 31,	
	2020	2019
Interest received on financial assets Carried at amortized cost		
Deposits with banks and others	50,274	87,396
Miscellaneous income, net [(1)]	1,89,45,21,337	1,73,481
Total other income	1,89,45,71,611	2,60,877

[(1)] Includes intercompany loan written off (Refer to Note No. 2.18)

2.16 Expenses

In ₹

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	5,85,49,593	22,37,29,015
Staff welfare	2,68,245	16,54,236
Total employee benefit expenses	5,88,17,838	22,53,83,251

In ₹

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Power and fuel	6,00,763	3,44,159
Brand and marketing	4,49,269	34,46,660
Short Term lease payments	2,34,128	1,33,96,636
Rates and taxes	7,39,66,292	2,93,649
Repairs and maintenance	30,84,838	44,94,825
Insurance	3,47,342	5,33,849
Provision for post-sales client support	(1,33,75,910)	(10,25,593)
Impairment loss recognized / (reversed) on financial assets	(20,89,080)	1,44,750
Others	(95,74,720)	1,84,39,902
Total other expenses	5,36,42,922	4,00,68,837

2.17 Leases

Accounting Policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective January 1, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 33,47,109 and a lease liability of ₹ 34,95,081. The cumulative effect of applying the standard, amounting to ₹ 1,47,972 was debited to retained earnings, net of taxes.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of January 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 3.2%

Following are the changes in the carrying value of right of use assets for the year ended December 31, 2020:

In ₹

Particulars	Category of ROU asset Buildings	Total
Balance as of January 1, 2020	33,47,109	33,47,109
Additions	18,91,855	18,91,855
Translation difference	91,152	91,152
Depreciation	(53,30,116)	(53,30,116)
Balance as of December 31, 2020	–	–

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2020

In ₹

Particulars	December 31, 2020
Current lease liabilities	–
Non-current lease liabilities	–
Total	–

The following is the movement in lease liabilities during the year ended December 31, 2020:

In ₹

Particulars	For the year ended December 31, 2020
Balance at the beginning	34,95,081
Additions	18,91,855
Finance cost accrued during the period	14,075
Payment of lease liabilities	54,96,606
Translation Difference	1,23,745
Balance at the end	–

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 2,34,128 for the year ended December 31, 2020.

2.18 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at December 31,	
		2020	2019
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the ultimate holding company	Country
Infosys Limited [1]	India

[1] Holding company of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) from October 22,2012.

List of related parties:

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [44]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][43]	Czech Republic
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[23][31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][36]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][24]	UAE

Name of subsidiaries	Country
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Outbox systems Inc. dba Simplus (US)[19]	US
Simplus North America Inc.[20]	Canada
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	UK
Infosys Fluido UK., Ltd. (formerly Simplus U.K, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Animations, Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o.[27]	UK
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	UK
Beringer Commerce Inc[32]	US
Beringer Capital Digital Group Inc[32]	US
Mediotype LLC[33]	US
Beringer Commerce Holdings LLC[33]	US
SureSource LLC[34]	US
Blue Acorn LLC[34]	US
Simply Commerce LLC[34]	US
iCiDIGITAL LLC[35]	US
Infosys BPM UK Limited[4][37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy
[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
[15] Majority-owned and controlled subsidiary of Stater N.V
[16] Majority-owned and controlled subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
[19] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
[20] Wholly-owned subsidiary of Outbox Systems Inc.
[21] Wholly-owned subsidiary of Simplus ANZ Pty Ltd
[22] Liquidated effective October 31, 2019
[23] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
[24] Liquidated effective July 17, 2020
[25] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
[26] Incorporated effective September 11, 2020.
[27] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
[28] Wholly-owned subsidiary of GuideVision s.r.o.
[29] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
[30] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
[31] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
[32] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
[33] Wholly-owned subsidiary of Beringer Commerce Inc
[34] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[35] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[36] Liquidated effective November 19,2020
[37] Incorporated, effective December 9, 2020
[38] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[39] Merged into Stater Duitsland B.V., effective December 18, 2020
[40] Merged with Stater N.V., effective December 23, 2020
[41] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[42] Incorporated on December 30, 2020.
[43] Under liquidation
[44] Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020, and December 31, 2019 are as follows:

In ₹

Particulars	As at December 31	
	2020	2019
Trade receivables		
Infosys Technologies (China) Co. Limited (Infosys China)	–	25,003
Infosys Consulting AG	26,79,604	1,16,80,231
Infosys Consulting GmbH	–	6,58,960
Infy Consulting Company Limited	–	32,48,589
Infosys Consulting Pte Ltd.	18,606	–
	26,98,210	1,56,12,783
Other Receivables		
Infosys Consulting Pte Ltd.	–	1,18,83,819
	–	1,18,83,819
Borrowings		
Infosys Consulting Holding AG	–	1,33,12,45,384
	–	1,33,12,45,384
Trade payables		
Infosys Consulting AG	–	1,99,84,885
Infy Consulting B.V.	3,27,515	3,82,741
Infy Consulting Company Limited	89,838	1,41,285
Infosys Consulting Pte Ltd.	–	4,79,78,162
	4,17,353	6,84,87,073

Particulars	As at December 31	
	2020	2019
Other payables		
Infosys Consulting AG	–	21,49,88,560
Infosys Consulting Holding AG	–	24,11,69,600
Infosys Ltd.	–	4,98,469
	–	45,66,56,629
Provision for Expense		
Infosys Ltd.	–	9,60,677
	–	9,60,677

The details of the related parties' transactions entered into by the Company for the year ended December 31, 2020, and December 31, 2019 are as follows:

In ₹

Particulars	2020	2019
Capital transactions		
Financing transactions		
Loans (net of repayment)		
Infosys Consulting Holding AG (1)	–	1,33,12,45,384
	–	1,33,12,45,384
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG	3,10,664	29,63,867
Infosys Consulting Pte Ltd.	35,90,080	46,01,264
Infy Consulting B.V.	3,29,202	3,77,389
Infy Consulting Company Limited	89,952	1,40,247
	43,19,898	80,82,767
Interest expense		
Infosys Consulting Holding AG (1)	–	5,11,54,586
	–	5,11,54,586
Sale of services		
Infosys Technologies (China) Co. Limited (Infosys China)	(23,634)	38,36,643
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	19,77,92,646	14,68,41,931
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH)	25,93,955	8,43,57,324
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.)	1,04,47,601	6,51,49,430
	21,08,10,568	30,01,85,328

(1) Excludes loan including interest pertaining to Infosys Consulting Holding AG written off during the year ended December 31, 2020

2.19 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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Infy Consulting B.V.

Independent Auditor's Report

To the Members of Infosys Consulting B.V.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting B.V. ('the Company'), which comprises the Balance Sheet as at 31st December, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS of the financial position of the Company as at 31st December, 2020 and its financial performance including Other Comprehensive Income, and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow, and Statement of Changes in Equity dealt with by this report are in agreement with the books of account; and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number. 006673S

(M. Rathnakar Kamath)
Partner
Membership Number. 202841
UDIN : 21202841AAADOU3929

Place: Bengaluru.
Date: May 22, 2021

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	10,96,687	–
Right to use of asset	2.14	2,51,83,194	–
Financial assets			
Loans	2.2	14,68,98,078	4,06,267
Income tax assets, net	2.13	46,22,305	41,64,631
Total non-current assets		17,78,00,264	45,70,898
Current assets			
Financial assets			
Trade receivables	2.4	18,70,47,421	5,84,95,218
Cash and cash equivalents	2.5	8,89,05,229	18,98,14,650
Other financial assets	2.3	17,33,144.00	82,153
Other current assets	2.6	3,70,76,623	2,84,94,375
Total current assets		31,47,62,417	27,68,86,396
Total assets		49,25,62,681	28,14,57,294
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	53,27,009	53,27,009
Other equity		23,41,29,620	12,69,79,198
Total equity		23,94,56,629	13,23,06,207
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liability	2.14	1,45,72,608	–
Total non-current liabilities		1,45,72,608	–
Current liabilities			
Financial liabilities			
Trade payables	2.9	4,34,09,219	65,51,495
Lease liability	2.14	88,74,692	–
Other financial liabilities	2.10	10,71,75,750	10,28,12,670
Other current liabilities	2.11	7,64,98,135	3,96,81,985
Provisions	2.12	8,69,053	1,04,905
Income tax liabilities (net)	2.13	17,06,595	32
Total current liabilities		23,85,33,444	14,91,51,087
Total equity and liabilities		49,25,62,681	28,14,57,294

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Walter Johan Schulze
Director

Place: Bengaluru
Date: May 22, 2021

Statement of Profit and Loss

In ₹

Particulars	Note No.	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations	2.15	66,89,22,555	52,96,01,159
Other income, net	2.16	2,76,94,920	3,01,64,843
Total income		69,66,17,475	55,97,66,002
Expenses			
Employee benefit expenses	2.17	40,66,19,552	33,51,39,714
Cost of technical sub-contractors		8,95,92,145	3,53,42,020
Travel expenses		2,04,21,539	3,33,95,190
Cost of software packages and others	2.17	1,17,44,594	88,39,676
Communication expenses		37,86,255	35,04,491
Consultancy and professional charges		1,93,62,868	2,37,79,879
Depreciation and amortization expense	2.1	1,10,83,086	5,35,200
Finance cost	2.14	78,185	–
Other expenses	2.17	1,73,42,997	2,40,69,484
Total expenses		58,00,31,221	46,46,05,654
Profit before tax		11,65,86,254	9,51,60,348
Tax expense			
Current tax	2.13	2,93,34,850	2,58,92,506
Profit for the Year		8,72,51,404	6,92,67,842
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		1,99,08,951	3,12,767
Total other comprehensive income/(loss), net of tax		1,99,08,951	3,12,767
Total comprehensive income for the year		10,71,60,355	6,95,80,609
Earnings per equity share			
Equity shares of par value EUR 5/- each			
Basic and Diluted (₹)		4,847.30	3,848.21
Weighted average equity shares used in computing earnings per equity share			
Basic and Diluted		18,000	18,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached
for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of Infy Consulting B.V.

M. Rathnakar Kamath
Partner
Membership Number: 202841

Walter Johan Schulze
Director

Place: Bengaluru
Date: May 22, 2021

Statement of Changes in Equity

In ₹

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and Surplus	Other comprehensive income	
		Retained earnings	Exchange difference on translation	
Balance as of January 1, 2019	53,27,009	11,76,43,699	1,88,24,890	14,17,95,598
Changes in equity for the year ended December 31, 2019				
Dividend Paid	–	(7,90,70,000)	–	(7,90,70,000)
Currency translation	–	–	3,12,767	3,12,767
Profit for the year	–	6,92,67,842	–	6,92,67,842
Balance as of December 31, 2019	53,27,009	10,78,41,541	1,91,37,657	13,23,06,207
Adjustments on adoption of Ind AS 116	–	(9,933)	–	(9,933)
	53,27,009	10,78,31,608	1,91,37,657	13,22,96,274
Changes in equity for the year ended December 31, 2020				
Currency translation	–	–	1,99,08,951	1,99,08,951
Profit for the year	–	8,72,51,404	–	8,72,51,404
Balance as of December 31, 2020	53,27,009	19,50,83,012	3,90,46,608	23,94,56,629

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of Infy Consulting B.V.

M. Rathnakar Kamath
Partner

Membership Number: 202841

Walter Johan Schulze
Director

Place: Bengaluru

Date: May 22, 2021

Statements of Cash Flows

In ₹

Particulars	Year ended December 31,	
	2020	2019
Cash flows from operating activities		
Profit for the year	8,72,51,404	6,92,67,842
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and Amortization expense	1,10,83,086	5,35,200
Income tax expense	2,93,34,850	2,58,92,506
(Reversal)/Allowance for credit losses on financial assets	7,39,074	(10,48,626)
Finance Cost	78,185	–
Interest and dividend income	(1,92,966)	–
Other adjustments	7,38,495	1,08,947
Exchange differences on translation of assets and liabilities	1,80,79,111	3,16,959
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(12,92,91,277)	3,55,26,872
Other financial assets and other assets	(1,02,33,239)	(1,04,65,640)
Trade payables	3,68,57,724	(1,59,95,981)
Other financial liabilities, other liabilities and provisions	4,11,79,230	5,42,25,597
Cash generated from operations	8,56,23,677	15,83,63,676
Income taxes paid	(2,80,85,961)	(53,01,137)
Net cash generated by operating activities	5,75,37,716	15,30,62,539
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(13,53,700)	–
Loan to Parent Company	(14,37,80,690)	–
Loans to employees	(27,11,121)	82,27,789
Interest and dividend received on investments	1,92,966	–
Net cash used in investing activities	(14,76,52,545)	82,27,789
Cash flow from financing activities		
Dividend Paid	–	(7,90,70,000)
Payment of lease liabilities	(1,07,94,592)	–
Net cash used in financing activities	(1,07,94,592)	(7,90,70,000)
Net (decrease)/increase in cash and cash equivalents	(10,09,09,421)	8,22,20,328
Cash and cash equivalents at the beginning of the year	18,98,14,650	10,75,94,322
Cash and cash equivalents at the end of the year	8,89,05,229	18,98,14,650

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

Place: Bengaluru

Date: May 22, 2021

for and on behalf of the Board of Directors of Infy Consulting B.V.

Walter Johan Schulze
Director

Significant accounting policies

Company overview

Infy Consulting B.V. (formerly Lodestone Management Consultants B.V.) is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is INR.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective Jan 1, 2019, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 FP

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

1.5.3 Unbilled/ Unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

1.5.4 Licenses

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost-plus-margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

1.5.6 Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price.

1.5.7 Tax

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment(1)	3-5 years
Furniture and fixtures(1)	5 years
Office equipment(1)	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

(1) For these class of assets, based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency

Functional currency

The functional currency of the Company is the EUR. These financial statements are presented in Indian rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.19 Leases

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows:

In ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	59,186	92,10,157	6,14,118	98,83,461
Additions/Adjustments	–	13,53,700	–	13,53,700
Translation difference	7,123	12,39,869	73,909	13,20,901
Gross carrying value as of December 31, 2020	66,309	1,18,03,726	6,88,027	1,25,58,062
Accumulated depreciation as of January 1, 2019	59,186	92,10,157	6,14,118	98,83,461
Depreciation	–	3,73,099	–	3,73,099
Translation difference	7,123	11,23,783	73,909	12,04,815
Accumulated depreciation as of December 31, 2020	66,309	1,07,07,039	6,88,027	1,14,61,375
Carrying value as of December 31, 2020	–	10,96,687	–	10,96,687
Carrying value as of January 1, 2020	–	–	–	–

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 are as follows:

In ₹

Particulars	Office Equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	59,105	91,97,508	6,13,275	98,69,888
Translation difference	81	12,649	843	13,573
Gross carrying value as of December 31, 2019	59,186	92,10,157	6,14,118	98,83,461
Accumulated depreciation as of January 1, 2019	59,105	86,54,074	6,13,275	93,26,454
Depreciation	–	5,35,200	–	5,35,200
Translation difference	81	20,883	843	21,807
Accumulated depreciation as of December 31, 2019	59,186	92,10,157	6,14,118	98,83,461
Carrying value as of December 31, 2019	–	–	–	–
Carrying value as of January 1, 2019	–	5,43,434	–	5,43,434

2.2 Loans

In ₹

Particulars	As at December 31	
	2020	2019
Non-current		
Unsecured, considered good		
Other loans		
Loans to employees	31,17,388	4,06,267
	31,17,388	4,06,267
Unsecured, considered doubtful		
Loan to Parent Company [(1)]	14,37,80,690	–
	14,68,98,078	4,06,267
	14,68,98,078	4,06,267
Current		
Loan receivables considered good - Unsecured		
Other loans		
Loans and advances to employees	18,91,809	8,31,839
Less: Allowance for doubtful Loans to employees	18,91,809	8,31,839
	–	–
Total loans	14,68,98,078	4,06,267
[(1)] Includes dues from related party (Refer to Note No. 2.18)	14,37,80,690	3,33,316

2.3 Other financial assets

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Others [2]	17,33,144	82,153
Total	17,33,144	82,153
[1] Financial assets carried at amortized cost	17,33,144	82,153
[2] Includes dues from related party (Refer to Note No. 2.18)	17,33,144	82,153

2.4 Trade receivables

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Unsecured		
Considered good	18,70,47,421	5,84,95,218
Considered doubtful	7,44,798	–
	18,77,92,219	5,84,95,218
Less: Allowances for credit loss	(7,44,798)	–
	18,70,47,421	5,84,95,218
[1] Includes dues from related parties (Refer to Note No. 2.18)	10,76,73,787	5,84,95,218

2.5 Cash and cash equivalents

In ₹

Particulars	As at December 31	
	2020	2019
Balances with banks		
In current accounts	8,89,05,229	18,98,14,650
Total Cash and cash equivalents	8,89,05,229	18,98,14,650

2.6 Other assets

In ₹

Particulars	As at December 31	
	2020	2019
Current		
Others		
Prepaid expenses	2,01,21,984	2,29,01,026
Withholding taxes and others	1,69,54,639	55,93,349
Total Current other assets	3,70,76,623	2,84,94,375

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

In ₹

Particulars	As at December 31	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note No. 2.5)	8,89,05,229	18,98,14,650
Trade receivables (Refer to Note No. 2.4)	18,70,47,421	5,84,95,218
Loans (Refer to Note No. 2.2)	14,68,98,078	4,06,267
Other financial assets (Refer to Note No. 2.3)	17,33,144	82,153
Total	42,45,83,872	24,87,98,288
Liabilities		
Trade payables (Refer to Note No. 2.9)	4,34,09,219	65,51,495
Other financial liabilities (Refer to Note No. 2.10)	8,51,99,338	7,62,04,591
Total	12,86,08,557	8,27,56,086

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 187,047,421 and ₹ 5,84,95,218 as of December 31, 2020 and December 31, 2019, respectively and unbilled revenue amounting to Nil as of December 31, 2020 and December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The provision for lifetime ECL on customer balances for the year ended December 31, 2020 was ₹ 7,39,074 and a lifetime ECL reversal of ₹ 10,48,626 for the year ending December 31, 2019, respectively.

In ₹

Particulars	Year ended December 31,	
	2020	2019
Balance at the beginning	–	10,76,502
Impairment loss recognized / reversed	7,39,074	(10,48,626)
Translation differences	5,724	(27,876)
Balance at the end	7,44,798	–

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks with high credit ratings assigned by credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements

As of December 31, 2020, the Company had a working capital of ₹ 7,6228,973 including cash and cash equivalents of ₹ 8,8905,229. As of December 31, 2019, the Company had a working capital of ₹ 12,77,35,309 including cash and cash equivalents of ₹ 18,98,14,650.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Authorized		
18,000 (18,000) equity shares of EUR 5/- par value	53,27,009	53,27,009
Issued, subscribed and paid-up		
18,000 (18,000) equity shares of EUR 5/- par value	53,27,009	53,27,009
	53,27,009	53,27,009

The details of shareholders holding more than 5% shares are as follows:

in ₹, except as otherwise stated

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	18,000	100.00	18,000	100.00

There is no movement in the number of shares during the reporting period ended December 31,2020.

2.9 Trade payables

In ₹

Particulars	As at December 31,	
	2020	2019
Trade payables *	4,34,09,219	65,51,495
Total trade payables	4,34,09,219	65,51,495
*Includes dues to related parties (Refer to Note No.2.18)	3,64,08,247	18,76,794

2.10 Other financial liabilities

In ₹

Particulars	As at December 31, 2020	2019
Current		
Others		
Accrued compensation to employees	4,95,72,436	3,51,81,323
Accrued expenses [1]	3,13,28,805	3,89,81,340
Compensated absences	2,19,76,412	2,66,08,079
Other payables [2]	42,98,097	20,41,928
Total financial liabilities	10,71,75,750	10,28,12,670
Financial liability carried at amortized cost	8,51,99,338	7,62,04,591
[1] Includes dues to related party (Refer to Note No.2.18)	1,65,13,293	81,70,117
[2] Includes dues to related parties (Refer to Note No.2.18)	42,98,097	10,85,515

2.11 Other liabilities

In ₹

Particulars	As at December 31, 2020	2019
Current		
Unearned revenue	2,72,76,011	2,63,02,643
Withholding taxes and others	4,92,22,124	1,33,79,342
	7,64,98,135	3,96,81,985
Total other liabilities	7,64,98,135	3,96,81,985

2.12 Provisions

In ₹

Particulars	As at December 31, 2020	2019
Current		
Others		
Post-sales client support and warranties	8,69,053	1,04,905
Total provisions	8,69,053	1,04,905

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties and others is as follows:

In ₹

Particulars	As at December 31, 2020	2019
Provision recognized / (reversed)	7,38,495	1,08,947
Exchange difference	1,30,558	(4,042)
Balance at the end	8,69,053	1,04,905

Provision for post-sales client support and warranties and other provisions are expected to be utilized over a period of six months to one year.

2.13 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

In ₹

Particulars	Year ended December 31, 2020	2019
Current taxes	2,93,34,850	2,58,92,506
Income tax expense	2,93,34,850	2,58,92,506

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

In ₹

Particulars	Year ended December 31, 2020	2019
Profit before income tax	11,65,86,254	9,51,60,348
Enacted tax rates in Netherlands (%)	25.00%	25.00%
Computed expected tax expense	2,91,46,564	2,37,90,087
Tax provisions /(reversals)	72,744	21,13,598
Others	1,15,542	(11,179)
Income tax expense	2,93,34,850	2,58,92,506

The applicable Netherlands statutory tax rate for year ended December 31, 2020 and December 31, 2019 is 25 %.

The details of income tax assets and income tax liabilities are as follows:

In ₹

Particulars	Year ended December 31, 2020	2019
Income tax assets	46,22,305	41,64,631
Current income tax liabilities	17,06,595	32
Net current income tax assets / (liability) at the end	29,15,710	41,64,599

The gross movement in the current income tax asset / (liability) is as follows:

In ₹

Particulars	Year ended December 31, 2020	2019
Net current income tax asset / (liability) at the beginning	41,64,599	2,47,55,968
Income tax paid	2,80,85,961	53,01,137
Current income tax expense	(2,93,34,850)	(2,58,92,506)
Net current income tax asset / (liability) at the end	29,15,710	41,64,599

2.14 Leases

Transition

Effective January 1, 2020, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 173,75,771 and a lease liability of ₹ 173,85,704. The cumulative effect of applying the standard, amounting to ₹ 9,933 was debited to retained earnings, net of taxes.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of January 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments. "

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 0.7%

Following are the changes in the carrying value of right of use assets for the year ended December 31, 2020:

In ₹

Particulars	Category of ROU asset		Total
	Buildings	Vehicles	
Balance as of January 1, 2020	–	1,73,75,771	1,73,75,771
Additions	–	1,62,82,211	1,62,82,211
Translation difference	–	22,35,199	22,35,199
Depreciation	–	1,07,09,987	1,07,09,987
Balance as of December 31, 2020	–	2,51,83,194	2,51,83,194

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2020

In ₹

Particulars	As at December 31, 2020
Current lease liabilities	88,74,692
Non-current lease liabilities	1,45,72,608
Total	2,34,47,300

The following is the movement in lease liabilities during the year ended December 31, 2020:

In ₹

Particulars	For the year ended December 31, 2020
Balance at the beginning	1,73,85,704
Additions	1,62,82,211
Finance cost accrued during the period	78,185
Payment of lease liabilities	(1,07,94,592)
Translation Difference	4,95,792
Balance at the end	2,34,47,300

The table below provides details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis:

(In ₹)

Particulars	As at December 31, 2020
Less than one year	89,32,100
One to five years	1,64,13,602
More than five years	–
Total	2,53,45,702

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ Nil for the year ended December 31,2020.

Leases not yet commenced to which Company is committed amounts to ₹ 4,021,212 for a lease term ranging from 1 to 5 years.

2.15 Revenue from operations

In ₹

Particulars	Year ended December 31,	
	2020	2019
Income from consultancy services	66,89,22,555	52,96,01,159
	66,89,22,555	52,96,01,159

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

In ₹

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	50,61,02,315	47,66,28,863
Digital	16,28,20,240	5,29,72,296
Total	66,89,22,555	52,96,01,159

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 15.6 crore. Out of this, the Company expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue standards instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2020 is insignificant.

2.16 Other income

In ₹

Particulars	Year ended December 31,	
	2020	2019
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	1,92,966	–
Exchange gains / (losses) on translation of other assets and liabilities	7,14,502	(5,83,802)
Miscellaneous income, net	2,67,87,452	3,07,48,645
	2,76,94,920	3,01,64,843

2.17 Expenses

In ₹

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	40,62,89,793	33,43,31,420
Staff welfare	3,29,759	8,08,294
	40,66,19,552	33,51,39,714
Cost of software packages and others		
Third-party items bought for service delivery to clients	1,17,44,594	88,39,676
	1,17,44,594	88,39,676

In ₹

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Power and fuel	1,38,708	1,05,905
Brand and marketing	3,83,326	33,08,301
Operating lease payments	–	1,70,66,972
Rates and taxes	(2,26,985)	(8,94,037)
Repairs and maintenance	1,34,54,645	45,40,145
Insurance	14,15,083	6,26,162
Provision/(Reversals) for post-sales client support	7,38,495	1,08,947
(Reversal)/Allowances for credit losses on financial assets	7,39,074	(10,48,626)
Others	7,00,651	2,55,715
	1,73,42,997	2,40,69,484

2.18 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at	
		December 31, 2020	December 31, 2019
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%

Name of the ultimate holding company	Country
Infosys Limited	India

List of related parties:

Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)(18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda.(1)	Brazil
Infosys CIS LLC(1)	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.(4)	Czech Republic
Infosys Poland, Sp z.o.o(4)	Poland
Infosys McCamish Systems LLC(4)	US
Portland Group Pty Ltd(4)	Australia
Infosys BPO Americas LLC.(4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited(5)	Australia
Infosys Consulting AG(5)	Switzerland
Infosys Consulting GmbH(5)	Germany
Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting SAS(5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)(5)(43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(5)(43)	China
Infy Consulting Company Ltd(5)	UK
Infosys Consulting Sp. z.o.o(23)(31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.(5)(36)	Portugal
Infosys Consulting S.R.L.(5)	Argentina
Infosys Consulting (Belgium) NV(6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(7)	Israel
Panaya GmbH(7)	Germany
Panaya Japan Co. Ltd(7)(22)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited(8)	UK
Brilliant Basics (MENA) DMCC(8)(24)	UAE
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore
Infosys Middle East FZ LLC(9)	UAE

Name of subsidiaries	Country
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Outbox systems Inc. dba Simplus (US)[19]	US
Simplus North America Inc.[20]	Canada
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [12] [25]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) [12] [25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Animations, Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o.[27]	UK
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	UK
Beringer Commerce Inc[32]	US
Beringer Capital Digital Group Inc[32]	US
Mediotype LLC[33]	US
Beringer Commerce Holdings LLC[33]	US
SureSource LLC[34]	US
Blue Acorn LLC[34]	US
Simply Commerce LLC[34]	US
iCiDIGITAL LLC[35]	US
Infosys BPM UK Limited[4][37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd

(11) Wholly-owned subsidiary of WongDoody

(12) Wholly-owned subsidiary of Fluido Oy

(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)

(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V

(15) Majority-owned and controlled subsidiary of Stater N.V

(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.

(17) Majority-owned and controlled subsidiary of Stater Participations B.V.

(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.

(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(20) Wholly-owned subsidiary of Outbox Systems Inc.

(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd

(22) Liquidated effective October 31, 2019

(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG

(24) Liquidated effective July 17, 2020

(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

(26) Incorporated effective September 11, 2020.

(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

(28) Wholly-owned subsidiary of GuideVision s.r.o.

(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.

(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

(33) Wholly-owned subsidiary of Beringer Commerce Inc

(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC

(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

(36) Liquidated effective November 19,2020

(37) Incorporated, effective December 9, 2020

(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020

(39) Merged into Stater Duitsland B.V., effective December 18, 2020

(40) Merged with Stater N.V., effective December 23, 2020

(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

(42) Incorporated on December 30, 2020.

(43) Under liquidation

(44) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows:

In ₹

Particulars	As at December 31	
	2020	2019
Trade receivables		
Infosys Consulting S R O	67,974	–
Infosys Consulting GmbH	6,46,538	32,12,191
Infosys Consulting Sp. Z.o.o.	–	8,31,719
Infy Consulting Company Ltd.	10,18,05,461	4,71,69,391
Infosys Consulting Belgium	32,82,208	9,03,045
Infosys Consulting SAS	–	3,78,298
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	–	14,96,237
Infosys Consulting Pte Ltd	–	9,07,218
Infosys Consulting Ltda.	–	4,17,580
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	33,677
S.C. Infosys Consulting S.R.L.	15,44,091	16,62,413
Infosys Consulting (Shanghai) Co., Ltd.	3,27,515	3,82,741
Infosys Consulting S.R.L.	–	3,33,316
Infosys Management Consulting Pty Limited	–	7,67,392
	10,76,73,787	5,84,95,218
Loans		
Infosys Consulting AG (formerly Lodestone Management Consultants AG)	14,37,80,690	–
	14,37,80,690	–

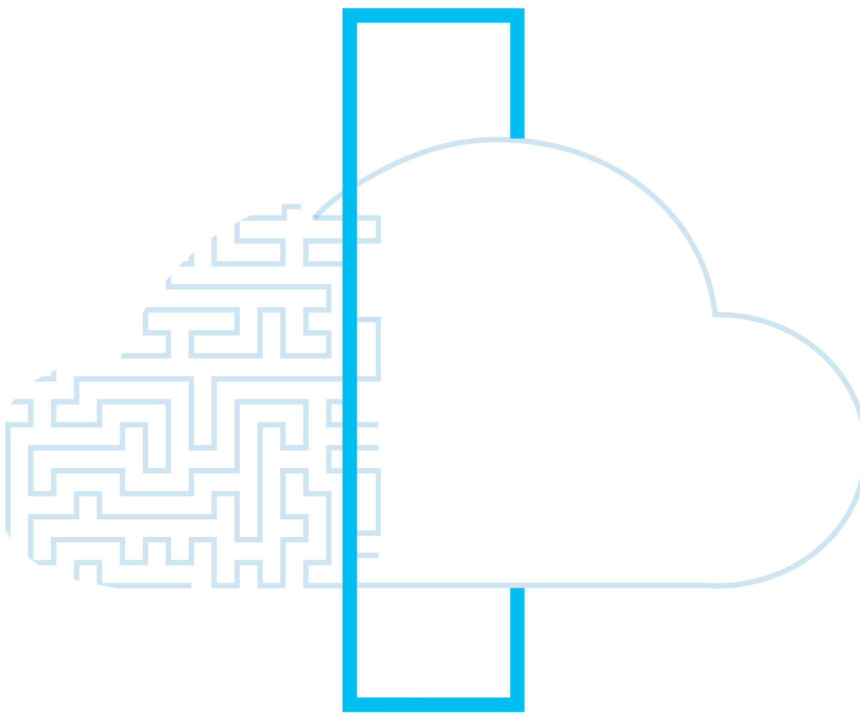
Particulars	As at December 31	
	2020	2019
Other financial assets		
Infosys Consulting Belgium	16,41,104	–
Infosys Consulting S.R.L.	92,040	82,153
	17,33,144	82,153
Trade payables		
Infosys Consulting Sp. Z.o.o.	–	1,76,182
Infosys Consulting AG	2,36,81,785	–
Infosys Consulting SAS	2,42,031	–
Infy Consulting Company Ltd.	94,15,850	17,00,612
Infosys Consulting Belgium (formerly Lodestone Management Consultants (Belgium) S.A.)	16,41,104	–
Infosys Consulting S.R.L.	6,85,684	–
Infosys Management Consulting Pty Limited	5,41,317	–
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd.)	2,00,476	–
	3,64,08,247	18,76,794
Other Financial Liabilities		
Infosys Consulting GmbH	6,90,696	–
Infy Consulting Company Ltd.	6,58,062	–
Infosys Consulting AG	7,59,238	–
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.)	3,65,677	–
Infosys Management Consulting Pty Ltd	1,83,486	–
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd.)	77,308	–
Infosys Limited	15,63,630	10,85,515
	42,98,097	10,85,515
Accrued expenses		
Infosys Limited	1,65,13,293	81,70,117
	1,65,13,293	81,70,117

In ₹

Particulars	For the year ended December 31	
	2020	2019
Revenue transactions		
Purchase of shared services including facilities and personnel		
Infosys Consulting Belgium S.A.	–	19,76,110
Infosys Consulting GmbH	45,89,342	–
Infosys Consulting Holding AG	2,44,38,463	–
Infosys Limited	2,16,00,329	–
Infosys Poland Sp z.o.o	–	1,73,883
Infosys Consulting AG	–	20,74,899
Infy Consulting Company Ltd.	1,74,32,080	88,34,709
	6,80,60,214	1,30,59,601
Interest income		
Infosys Consulting Holding AG	1,92,966	–
	1,92,966	–
Sale of services		
Infosys Consulting AG	10,23,238	2,04,45,221
Infosys Consulting GmbH	–	6,02,99,702
Infy Consulting Company Ltd.	59,86,24,432	44,34,83,284
Infosys Consulting S.R.L.	–	3,29,280
Infosys Management Consulting Pty Limited	–	19,50,647
Infosys Consulting (Belgium) NV	–	5,40,925
Infosys Consulting Ltda.	–	12,03,240
Infosys Consulting (Shanghai) Co., Ltd.	–	3,78,106
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	33,269
S.C. Infosys Consulting S.R.L.	–	16,42,281
Infosys Consulting Pte Ltd.	–	8,96,232
Infosys Consulting SAS	–	3,73,717
Infosys Consulting Sp. z.o.o.	–	17,55,776
	59,96,47,670	53,33,31,680

2.19 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'Management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.



Infosys Consulting S.R.L (Argentina)

Independent Auditor's Report

To the Members of Infosys Consulting S.R.L.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting S.R.L. ('the Company'), which comprises the Balance Sheet as at 31st December, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow, and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st December, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number: 006673S

(M. Rathnakar Kamath)
Partner
Membership Number: 202841
UDIN : 21202841AAADNU4905

Place: Bengaluru
Date: May 21, 2021

Balance Sheet

In ₹

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	27,55,317	64,91,276
Right to use of Asset	2.17	37,78,019	–
Deferred tax assets (net)	2.14	2,82,51,196	2,31,97,052
Income tax assets, net	2.14	1,68,56,803	–
Total non-current assets		5,16,41,335	2,96,88,328
Current assets			
Financial assets			
Trade receivables	2.4	7,62,57,423	7,59,98,381
Cash and cash equivalents	2.5	2,81,80,489	3,79,05,516
Loans	2.2	36,540	50,400
Other financial assets	2.3	69,93,651	1,22,11,451
Other current assets	2.6	2,20,83,387	2,99,52,555
Total current assets		13,35,51,490	15,61,18,303
Total assets		18,51,92,825	18,58,06,631
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	10,51,81,200	7,43,28,400
Other equity		(5,62,44,786)	(5,89,59,214)
Total equity		4,89,36,414	1,53,69,186
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.9	–	2,80,32,503
Deferred tax liabilities (net)	2.14	1,68,385	2,32,255
Total non-current liabilities		1,68,385	2,82,64,758
Current liabilities			
Financial liabilities			
Trade payables	2.10	7,89,62,199	7,02,75,283
Lease Liability	2.17	64,99,732	–
Other financial liabilities	2.11	2,55,55,459	1,89,59,350
Other current liabilities	2.12	2,47,74,360	5,07,89,967
Provisions	2.13	2,96,276	1,78,982
Income tax liabilities, net	2.14	–	19,69,105
Total current liabilities		13,60,88,026	14,21,72,687
Total equity and liabilities		18,51,92,825	18,58,06,631

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner

Membership Number: 202841

Bengaluru

May 21, 2021

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Martin De Pablo
Director

Statement of Profit and Loss

In ₹, except equity share and per equity share data

Particulars	Note	Year ended December 31,	
		2020	2019
Revenue from operations	2.15	17,17,94,701	21,45,51,124
Total income		17,17,94,701	21,45,51,124
Expenses			
Employee benefit expenses	2.16	9,62,66,859	10,94,00,624
Cost of technical sub-contractors		42,18,075	59,31,232
Travel expenses		16,19,946	41,28,698
Communication expenses		10,93,520	8,50,453
Consultancy and professional charges		1,60,98,121	1,08,75,456
Depreciation expense	2.1	88,07,735	42,25,701
Finance cost		9,73,603	19,44,612
Other expenses	2.16	6,98,01,672	6,08,50,951
Total expenses		19,88,79,531	19,82,07,727
Profit/(loss) before tax		(2,70,84,830)	1,63,43,397
Tax expense			
Current tax	2.14	(85,65,928)	2,10,54,491
Deferred tax	2.14	(1,32,43,653)	(2,89,16,371)
Profit/(Loss) for the year		(52,75,249)	2,42,05,277
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		37,10,145	96,09,976
Total other comprehensive income/(loss), net of tax		37,10,145	96,09,976
Total comprehensive income/(loss) for the year		(15,65,104)	3,38,15,253
Earnings per equity share			
Equity shares of par value ARS 100/- each			
Basic and diluted (₹)			
Weighted average equity shares used in computing earnings per equity share		(20.97)	273.20
Basic and Diluted		2,51,586	88,600

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner

Membership Number: 202841

Bengaluru

May 21, 2021

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Martin De Pablo
Director

Statement of Changes in Equity

In ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and Surplus		Other comprehensive income	
		Securities premium reserve	Retained earnings	Exchange difference on translation	
Balance as of January 1, 2019	7,43,28,400	–	(11,16,32,584)	13,78,116	(3,59,26,068)
Changes in equity for the year ended December 31, 2019					
Capital Reserves	–	–	1,74,80,000	–	1,74,80,000
Exchange differences on translation	–	–	–	96,09,976	96,09,976
Profit for the year	–	–	2,42,05,277	–	2,42,05,277
Balance as of December 31, 2019	7,43,28,400	–	(6,99,47,307)	1,09,88,092	1,53,69,185
Adjustments on adoption of Ind AS 116	–	–	70,99,830	–	70,99,830
	7,43,28,400	–	(6,28,47,477)	1,09,88,092	2,24,69,015
Changes in equity for the year ended December 31, 2020					
Equity share capital infused	3,08,52,800	1,46,59,703	(1,74,80,000)	–	2,80,32,503
Exchange differences on translation	–	–	–	37,10,145	37,10,145
Loss for the year	–	–	(52,75,249)	–	(52,75,249)
Balance as of December 31, 2020	10,51,81,200	1,46,59,703	(8,56,02,726)	1,46,98,237	4,89,36,414

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 Registration Number: 006673S

M. Rathnakar Kamath
Partner

Membership Number: 202841

Bengaluru
May 21, 2021

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Martin De Pablo
Director

Statements of Cash Flows

In ₹

Particulars	Note No.	Year ended December 31, 2020	2019
Cash flows from operating activities			
Profit/(Loss) for the year		(52,75,249)	2,42,05,277
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense		88,07,735	42,25,701
Income tax expense		(2,18,09,581)	(78,61,880)
Impairment loss recognized / (reversed) under expected credit loss model		4,24,687	(1,94,006)
Finance Cost		9,73,603	19,44,612
Provision for post-sales client support and warranties		1,34,681	(1,70,602)
Exchange differences on translation of assets and liabilities		2,57,95,458	1,80,31,305
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(6,83,729)	(1,04,86,348)
Other financial assets and other assets		1,30,86,968	(1,05,50,151)
Trade payables		86,86,916	(76,52,505)
Other financial liabilities, other liabilities and provisions		(1,94,19,498)	3,60,71,203
Cash generated from operations		1,07,21,991	4,75,62,606
Income taxes (paid)/refunded	2.14	(1,02,59,980)	(2,26,68,060)
Net cash generated by operating activities		462,011	2,48,94,546
Cash flow from investing activities			
Expenditure on property, plant and equipment		–	(31,00,535)
Proceeds on sale of property, plant and equipment		6,85,589	–
Loans recovered from employees		13,860	–
Loans to employees		–	(50,400)
Net cash from/(used in) investing activities		6,99,449	(31,50,935)
Cash flow from financing activities			
Capital Infusion		–	1,74,80,000
Payment of Lease Liability		(1,03,06,053)	–
Loan taken from/(repaid to) parent company		–	(1,26,65,768)
Finance Cost		(5,80,434)	(19,44,612)
Net cash from financing activities		(1,16,72,825)	28,69,620
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–	–
Net increase/(decrease) in cash and cash equivalents		(97,25,027)	2,46,13,231
Cash and cash equivalents at the beginning of the year		3,79,05,516	1,32,92,285
Cash and cash equivalents at the end of the year		2,81,80,489	3,79,05,516

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 Registration Number: 006673S

M. Rathnakar Kamath
Partner

Membership Number: 202841

Bengaluru

May 21, 2021

for and on behalf of the Board of Directors of Infosys Consulting S.R.L.

Martin De Pablo
Director

Company overview

Infosys Consulting S.R.L. (registered in Argentina) is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes, post-sales customer support and the useful lives of property, plant and equipment.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective Jan 1, 2019, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 Time & Material

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 Fixed Price

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

1.5.3 Unbilled/ Unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

1.5.5 Volume Discounts

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts/ incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount/ incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs.

1.5.6 Contract Modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.7 Tax

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment[(1)]	3-5 years
Furniture and fixtures[(1)]	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(1) For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.10.3 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.11 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.12 Employee Benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 Foreign currency

Functional currency

The functional currency of the Company is the Argentinian Peso. These financial statements are presented in Indian rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability, simultaneously.

1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 Other income

Other income is comprised primarily of interest income and exchange gain on translation of other assets and liabilities.

1.17 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.18 Borrowing Cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they occurred.

1.19 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows:

In ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvement	Total
Gross carrying value as of January 1, 2020	21,672	1,46,789	14,31,889	17,66,728	75,82,818	1,09,49,896
Additions	–	–	–	–	–	–
Deletions	(28,806)	–	(5,78,875)	(77,908)	–	(6,85,589)
Translation difference	22,846	(40,367)	8,10,702	(4,42,881)	(20,85,275)	(17,34,975)
Gross carrying value as of December 31, 2020	15,712	1,06,422	16,63,716	12,45,939	54,97,543	85,29,332
Accumulated depreciation as of January 1, 2020	(3,020)	(41,596)	(9,60,599)	(5,89,089)	(28,64,316)	(44,58,620)
Depreciation	(3,846)	(26,036)	(3,94,136)	(2,96,306)	(24,44,826)	(31,65,150)
Accumulated depreciation on deletions	–	–	–	32,606	–	32,606
Translation difference	1,526	16,147	3,30,353	2,39,333	12,29,790	18,17,149
Accumulated depreciation as of December 31, 2020	(5,340)	(51,485)	(10,24,382)	(6,13,456)	(40,79,352)	(57,74,015)
Carrying value as of December 31, 2020	10,372	54,937	6,39,334	6,32,483	14,18,191	27,55,317
Carrying value as of January 1, 2020	18,652	1,05,193	4,71,290	11,77,639	47,18,502	64,91,276

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 are as follows:

In ₹

Particulars	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of January 1, 2019	–	35,546	15,46,435	4,01,583	–	19,83,564
Additions/ Adjustments	28,806	1,63,945	5,78,875	19,95,770	1,00,47,234	1,28,14,630
Deletions	–	–	–	–	–	–
Translation difference	(7,134)	(52,702)	(6,93,421)	(6,30,625)	(24,64,416)	(38,48,298)
Gross carrying value as of December 31, 2019	21,672	1,46,789	14,31,889	17,66,728	75,82,818	1,09,49,896
Accumulated depreciation as of January 1, 2019	–	(17,393)	(11,81,702)	(3,73,125)	–	(15,72,220)
Depreciation	(3,466)	(37,302)	(2,35,602)	(4,32,238)	(35,17,093)	(42,25,701)
Translation difference	446	13,099	4,56,705	2,16,274	6,52,777	13,39,301
Accumulated depreciation as of December 31, 2019	(3,020)	(41,596)	(9,60,599)	(5,89,089)	(28,64,316)	(44,58,620)
Carrying value as of December 31, 2019	18,652	1,05,193	4,71,290	11,77,639	47,18,502	64,91,276
Carrying value as of January 1, 2019	–	18,153	3,64,733	28,458	–	4,11,344

2.2 Loans

In ₹

Particulars	As at December 31, 2020	2019
Current		
Loans to employees	36,540	50,400
Total current loans	36,540	50,400

2.3 Other financial assets

In ₹

Particulars	As at December 31, 2020	2019
Current		
Security deposits (1)	9,15,424	15,25,524
Unbilled Revenues(1)	57,98,801	99,51,814
Rental deposits (1)	–	12,000
Others (1)	2,79,426	7,22,113
Total current other financial assets	69,93,651	1,22,11,451
(1) Financial assets carried at amortized cost	69,93,651	1,22,11,451

2.4 Trade receivables

In ₹

Particulars	As at December 31, 2020	2019
Current		
Unsecured		
Considered good (1)	7,62,57,423	7,59,98,381
Considered doubtful	(3,26,877)	(13,009)
	7,59,30,546	7,59,85,372
Less: Allowances for credit losses	3,26,877	13,009
Total trade receivables	7,62,57,423	7,59,98,381
(1) Includes dues from related parties (Refer to Note No.2.18)	3,11,89,157	2,08,41,312

2.5 Cash and cash equivalents

In ₹

Particulars	As at December 31, 2020	2019
Balances with banks		
In current and deposit accounts	2,81,36,573	3,78,91,354
Cash on hand	43,916	14,162
Total Cash and Cash equivalents	2,81,80,489	3,79,05,516

2.6 Other assets

In ₹

Particulars	As at December 31, 2020	2019
Current		
Others		
Prepaid expenses	30,363	–
Unbilled Revenues	771	31,18,261
Withholding taxes and others	2,20,52,253	2,68,34,294
Total current other assets	2,20,83,387	2,99,52,555

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of December 31, 2020 and December 31, 2019 were as follows:

In ₹

Particulars	As at December 31,	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note No. 2.5)	2,81,80,489	3,79,05,516
Trade receivables (Refer to Note No. 2.4)	7,62,57,423	7,59,98,381
Other financial assets (Refer to Note No. 2.3)	69,93,651	1,22,11,451
Total	11,14,68,103	12,61,65,748
Liabilities		
Trade payables (Refer to Note No. 2.10)	7,89,62,199	7,02,75,283
Borrowings (Refer to Note No. 2.9)	–	2,80,32,503
Lease Liability (Refer to Note No. 2.17)	64,99,732	–
Other financial liabilities (Refer to Note No. 2.11)	1,83,29,165	1,04,26,723
Total	10,37,91,096	10,87,34,509

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates their fair value.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 76,257,423 and ₹ 75,998,381 as of December 31, 2020 and December 31, 2019, respectively and unbilled revenue amounting to ₹ 57,99,572 and ₹ 13,070,075 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The recognition/ (reversal) for lifetime ECL on customer balances for the year ended December 31, 2020 was ₹ 424,687 and allowance for year ended December 31, 2019 was (₹ 194,006) respectively.

In ₹

Particulars	Year ended December 31,	
	2020	2019
Balance at the beginning	(13,009)	1,19,283
Impairment loss recognized / reversed	4,24,687	(1,94,006)
Translation differences	(7,38,555)	61,714
Balance at the end	(3,26,877)	(13,009)

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its parent company to meet its working capital requirements.

As of December 31, 2020, the Company had a negative working capital of ₹ 2,536,536 including cash and cash equivalents of ₹ 28,180,488. As of December 31, 2019, the Company had a working capital of ₹ 13,945,616 including cash and cash equivalents of ₹ 37,905,516

As of December 31, 2020 and December 31, 2019, the outstanding compensated absences were ₹ 7,226,294 and ₹ 8,532,627 respectively.

2.8 Equity

Equity share capital

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Authorized		
300,000 (88,600) equity shares of ARS 100/- par value	10,51,81,200	7,43,28,400
Issued, Subscribed and Paid-Up		
300,000 (88,600) equity shares of ARS 100/- par value	10,51,81,200	7,43,28,400
(Of the above, 294,500 (83,100) equity shares are held by the holding company, Infosys Consulting Holding AG (Formerly Lodestone Holding AG))		
(Of the above, 5,500 (5,500) equity shares are held by the fellow subsidiary, Infosys Consulting AG.)		
	10,51,81,200	7,43,28,400

The details of shareholders holding more than 5% shares as at December 31, 2020 and December 31, 2019 are as follows:

in ₹, except as otherwise stated

Name of the shareholder	As at December 31, 2020		As at December 31, 2019	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	2,94,500	98.17%	83,100	93.79%
Infosys Consulting AG	–	–	5,500	6.21%

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2020 and December 31, 2019 is as follows:

in ₹, except as otherwise stated

Particulars	As at December 31, 2020		As at December 31, 2019	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	88,600	7,43,28,400	88,600	7,43,28,400
Issue of Shares during the year (1)	2,11,400	3,08,52,800	–	–
Number of shares at the end of the period	3,00,000	10,51,81,200	88,600	7,43,28,400

(1) Shares issued during the year include 119,400 shares on conversion of loan (Refer to Note No. 2.9) and 92,000 shares against share application money which was pending for allotment in the previous year.

2.9 BORROWINGS

In ₹

Particulars	As at December 31, 2020	2019
Current		
Unsecured Loan from Parent Company (Refer to Note No. 2.18)	–	2,80,32,503
Total current borrowings	–	2,80,32,503

During the year, loan of ₹ 28,032,503 has been converted into equity shares.

2.10 Trade payables

In ₹

Particulars	As at December 31, 2020	2019
Trade payables *	7,89,62,199	7,02,75,283
Total trade payables	7,89,62,199	7,02,75,283
*Includes dues to related parties (Refer to Note No. 2.18)	7,77,21,781	6,86,05,296

2.11 Other financial liabilities

In ₹

Particulars	As at December 31, 2020	2019
Current		
Others		
Accrued compensation to employees (1)	54,47,476	61,10,557
Accrued expenses (1)	99,95,464	15,18,877
Compensated absences	72,26,294	85,32,627
Other payables (1) (2)	28,86,225	27,97,289
Total current other financial liabilities	2,55,55,459	1,89,59,350
(1) Financial liability carried at amortized cost	1,83,29,165	1,04,26,723
(2) Includes dues to related parties (Refer to Note No.2.18)	28,74,904	26,20,661

2.12 Other liabilities

In ₹

Particulars	As at December 31, 2020	2019
Current		
Unearned revenue	1,24,08,161	2,12,52,678
Others		
Withholding taxes and others	1,23,66,199	2,95,03,094
Other Payables	–	34,195
Total current other liabilities	2,47,74,360	5,07,89,967

2.13 Provisions

In ₹

Particulars	As at December 31, 2020	2019
Current		
Others		
Post-sales client support	2,96,276	1,78,982
Total current Provisions	2,96,276	1,78,982

Provision for post-sales client support

The movement in the provision for post-sales client support is as follows:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Balance at the beginning	1,78,982	3,88,827
Provision recognized / (reversed)	1,34,681	(1,70,602)
Exchange difference	(17,387)	(39,243)
Balance at the end	2,96,276	1,78,982

Provision for post-sales client support and other provisions are expected to be utilized over a period of six months to one year.

2.14 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Current taxes	(85,65,928)	2,10,54,491
Deferred taxes	(1,32,43,653)	(2,89,16,371)
Income tax expense	(2,18,09,581)	(78,61,880)

Current tax expense for the years ended December 31, 2020 and December 31, 2019 includes provisions (net of reversals) amounting to reversal of ₹ 9,846,645 and provision of ₹ 7,274,477 respectively, pertaining to prior periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

In ₹

Particulars	Year ended December 31,	
	2020	2019
Profit/(Loss) before income tax	(2,70,84,830)	1,63,43,397
Enacted tax rates in Argentina (%)	30.00%	30.00%
Computed expected tax expense	(81,25,449)	49,03,019
Tax provisions/ (reversals)	(98,46,645)	72,74,477
Minimum Tax (includes tax on equity)	2,39,560	–
Effect of unrecognized deferred tax assets	(40,60,320)	(1,68,38,293)
Effect of non-deductible expenses	(3,25,861)	72,923
Others	3,09,134	(32,74,006)
Income tax expense	(2,18,09,581)	(78,61,880)

The applicable Argentina statutory tax rate for year ended December 31, 2020 and December 31, 2019 is 30%.

The details of income tax assets and income tax liabilities are as follows:

In ₹

	Year ended December 31,	
	2020	2019
Income tax assets	1,68,56,803	–
Current income tax liabilities	–	19,69,105
Net current income tax assets/ (liability) at the end	1,68,56,803	(19,69,105)

The gross movement in the current income tax asset/ (liability) is as follows:

In ₹

	Year ended December 31,	
	2020	2019
Net current income tax asset/ (liability) at the beginning	(19,69,105)	(35,82,674)
Income tax paid	1,02,59,980	2,26,68,060
Current income tax expense (Refer to Note No. 2.14)	85,65,928	(2,10,54,491)
Net current income tax asset/ (liability) at the end	1,68,56,803	(19,69,105)

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

In ₹

Particulars	As at December 31,	
	2020	2019
Deferred income tax assets		
Accrued compensation to employees	16,34,243	18,33,167
Trade receivables	98,063	(3,903)
Others	2,65,18,890	2,13,67,787
Total deferred income tax assets	2,82,51,196	2,31,97,051
Deferred income tax liabilities		
Others	1,68,385	2,32,255
Total deferred income tax liabilities	1,68,385	2,32,255
Deferred income tax assets after set off	2,80,82,811	2,29,64,796

The gross movement in the deferred income tax account for the year(s) ended December 31, 2020 and December 31, 2019, are (is) as follows:

In ₹

Particulars	As at December 31,	
	2020	2019
Net deferred income tax asset at the beginning	2,29,64,796	–
Translation differences	(81,25,638)	(59,51,575)
Credits/ (charge) relating to temporary differences	1,32,43,653	2,89,16,371
Net deferred income tax asset at the end	2,80,82,811	2,29,64,796

The charge relating to temporary differences during the year ended December 31, 2020 are primarily on account of property, plant and equipment, accrued compensation and compensated absences partially offset by trade receivables. The credits relating to temporary differences during the year ended December 31, 2019 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables.

2.15 Revenue from operations

In ₹

Particulars	Year ended December 31,	
	2020	2019
Income from consultancy services	17,17,94,701	21,45,51,124
Total revenue from operations	17,17,94,701	21,45,51,124

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

In ₹

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	17,17,94,701	21,38,26,766
Digital	–	7,24,358
Total	17,17,94,701	21,45,51,124

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Trade receivables and Contract Balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts (contract asset) is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2020, the Company recognized revenue of ₹ 21,240,115 arising from opening unearned revenue as of January 1, 2020.

During the year ended December 31, 2019, the Company recognized revenue of ₹ 1,443,780 arising from opening unearned revenue as of January 1, 2019.

During the year ended December 31, 2019, ₹ 8,137,386 of unbilled revenue pertaining to fixed price development contracts as of January 1, 2019 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ NIL. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.16 Expenses

In ₹

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	9,62,66,859	10,88,80,675
Staff welfare	–	5,19,949
Total employee benefit expenses	9,62,66,859	10,94,00,624

In ₹

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Brand and marketing	14,929	65,806
Operating lease payments	3,47,695	1,11,98,066
Rates and taxes	66,59,086	1,36,75,681
Repairs and maintenance	3,08,907	5,10,560
Insurance	45,39,267	32,34,316
Provision/(Reversal) for post-sales client support and warranties	1,34,681	(1,70,602)
Allowances for credit losses on financial assets (reversals)	4,24,687	(1,94,006)
Bank charges	12,11,540	22,56,576
Others	5,61,60,880	3,02,74,554
Total other expenses	6,98,01,672	6,08,50,951

2.17 Leases

Accounting Policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

"Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective January 1, 2020, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Subsidiary Financials for year ended December 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 11,316,627 and a lease liability of ₹ 18,416,457. The cumulative effect of applying the standard amounting to ₹ 70,99,830 was debited to retained earnings, net of taxes.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of January 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 3.19 %

Following are the changes in the carrying value of right of use assets for the year ended December 31, 2020:

In ₹

Particulars	Category of ROU asset Buildings	Total
Balance as of January 1, 2020	1,13,16,627	1,13,16,627
Additions	–	–
Deletion	–	–
Translation Difference	(18,63,417)	(18,63,417)
Depreciation	(56,75,191)	(56,75,191)
Balance as of December 31, 2020	37,78,019	37,78,019

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at December 31, 2020

In ₹

Particulars	As at December 31, 2020
Current lease liabilities	64,99,732
Non-current lease liabilities	–
Total	64,99,732

The following is the movement in lease liabilities during the year ended December 31, 2020:

In ₹

Particulars	For the year ended December 31, 2020
Balance at the beginning	1,84,16,457
Additions	–
Finance cost accrued during the period	3,93,169
Payment of lease liabilities	(1,03,06,053)
Translation difference	(20,03,841)
Balance at the end	64,99,732

The details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis is as follows:

In ₹

Particulars	As at December 31, 2020
Less than one year	78,59,332
One to five years	–
More than five years	–
Total	78,59,332

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹ 347,694 for the year ended December 31, 2020.

2.18 Related party transactions

List of holding companies:

Name of the holding company	Country	Holding as at December 31, 2020	2019
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	98.17%	93.79%

Name of the ultimate holding company	Country
Infosys Limited	India

List of related parties:

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)(18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India

Name of fellow subsidiaries	Country
Kallidus Inc, (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC[1]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc [44]	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][43]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][43]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[23][31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][36]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands

Name of fellow subsidiaries	Country
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Outbox systems Inc. dba Simplus (US)[19]	US
Simplus North America Inc.[20]	Canada
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd)[25]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Animations, Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o.[27]	UK
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	UK
Beringer Commerce Inc[32]	US
Beringer Capital Digital Group Inc[32]	US
Mediotype LLC[33]	US
Beringer Commerce Holdings LLC[33]	US
SureSource LLC[34]	US
Blue Acorn LLC[34]	US
Simply Commerce LLC[34]	US
iCiDIGITAL LLC[35]	US
Infosys BPM UK Limited[4][37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd

[22] Liquidated effective October 31, 2019

[23] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG

[24] Liquidated effective July 17, 2020

[25] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK,Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

[26] Incorporated effective September 11, 2020.

[27] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

[28] Wholly-owned subsidiary of GuideVision s.r.o.

[29] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

[30] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.

[31] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

[32] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

[33] Wholly-owned subsidiary of Beringer Commerce Inc

[34] Wholly-owned subsidiary of Beringer Commerce Holdings LLC

[35] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

[36] Liquidated effective November 19,2020

[37] Incorporated, effective December 9, 2020

[38] Merged into Fluido Sweden AB (Extero), effective December 18, 2020

[39] Merged into Stater Duitsland B.V., effective December 18, 2020

[40] Merged with Stater N.V., effective December 23, 2020

[41] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

[42] Incorporated on December 30, 2020.

[43] Under liquidation

[44] Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020, and December 31, 2019 are as follows:

In ₹

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	11,81,319	–
Infy Consulting Company Limited	2,43,66,301	66,98,191
Infosys Consulting Ltda	56,41,537	1,41,43,121
Infosys Consulting AG	–	–
	3,11,89,157	2,08,41,312
Borrowings		
Infosys Consulting Holding AG	–	2,80,32,503
	–	2,80,32,503
Trade payables		
Infosys Consulting Ltda.	2,125	2,549
Infosys Consulting AG	1,69,84,177	1,20,44,649
Infosys Consulting GmbH	1,51,677	1,34,887
Infosys Technologies S. de R. L. de C. V.	69,06,200	69,42,281
Infy Consulting B.V	14,57,404	3,33,316
Infy Consulting Company Limited	5,22,20,198	4,91,47,614
	7,77,21,781	6,86,05,296
Other Financial Liabilities		
Infosys Consulting AG	6,07,528	5,40,275
Infosys Consulting Holding AG	46,961	41,774
Infy Consulting B.V.	92,379	82,153
Infosys Limited	21,28,036	19,56,459
	28,74,904	26,20,661

The details of related party transactions entered into by the Company are as follows:

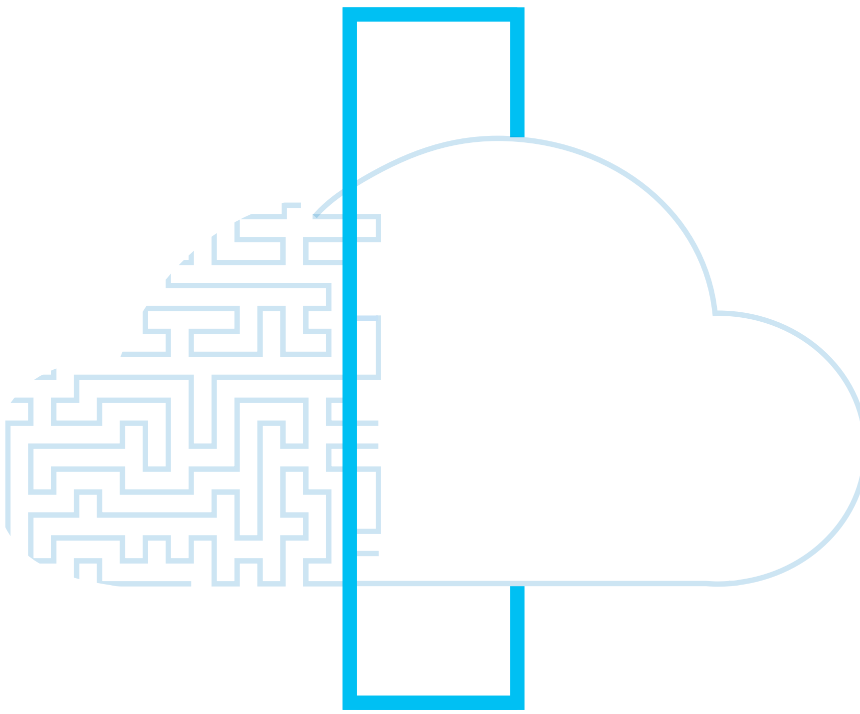
In ₹

Particulars	For the year ended December 31, 2020	2019
Capital transactions		
Financing transactions		
Borrowings (net of repayment)		
Infosys Consulting Holding AG[1]	(2,80,32,503)	(1,26,65,768)
	(2,80,32,503)	(1,26,65,768)
Revenue transactions		
Purchase of services, shared facilities and personnel		
Infosys Consulting AG	32,94,095	31,30,771
Infy Consulting B.V.	11,17,555	3,28,656
Infy Consulting Company Limited	1,33,931	2,70,157
	45,45,581	37,29,584
Sale of services		
Infosys Technologia DO Brasil LTDA	2,15,15,912	4,41,235
Infosys Consulting AG	–	1,56,48,663
Infosys Technologies S. de R. L. de C. V.	12,22,054	–
Infosys Consulting Ltda.	–	89,34,872
Infy Consulting Company Limited	1,67,09,720	65,78,764
	3,94,47,686	3,16,03,534

(1) Includes interest.

2.19 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.



Infosys Consulting (Belgium) N.V.

Independent Auditor's Report

To the Members of Infosys Consulting (Belgium) N.V.

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Consulting (Belgium) N.V. ("the Company"), which comprises the Balance Sheet as at 31st December, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the Ind AS financial statements)

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at 31st December, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of the Management's and those charged with governance for the financial statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements :

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements :

As required by Section 143(3) of the Act, we report that :

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841
UDIN : 21202841AAADDV4919

Bengaluru
May 6, 2021

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,47,957	–
Right-to-use of asset	2.2	27,24,555	–
Financial assets			
Loans	2.3	19,23,387	35,47,700
Income tax assets (net)	2.15	5,655	–
Total non-current assets		52,01,554	35,47,700
Current assets			
Financial assets			
Trade receivables	2.5	8,83,09,864	4,18,39,381
Cash and cash equivalents	2.6	1,87,27,973	3,63,74,948
Loans	2.3	62,78,524	68,98,033
Other financial assets	2.4	11,54,17,810	18,64,251
Other current assets	2.7	1,20,14,265	72,93,851
Total current assets		24,07,48,436	9,42,70,464
Total assets		24,59,49,990	9,78,18,164
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	3,44,75,106	3,44,75,106
Other equity		(18,76,76,305)	(22,51,82,310)
Total equity		(15,32,01,199)	(19,07,07,204)
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.10	17,52,66,463	19,55,62,362
Lease Liability	2.19	3,17,081	–
Other financial liabilities	2.11	62,78,524	68,98,033
Total non-current liabilities		18,18,62,068	20,24,60,395
Current liabilities			
Financial liabilities			
Trade payables	2.12	1,49,98,262	62,28,932
Lease liability	2.19	23,27,649	–
Other financial liabilities	2.11	18,18,08,546	7,72,72,618
Other current liabilities	2.13	1,59,95,189	23,65,642
Provisions	2.14	19,37,891	–
Income tax liabilities (net)	2.15	2,21,584	1,97,781
Total current liabilities		21,72,89,121	8,60,64,973
Total equity and liabilities		24,59,49,990	9,78,18,164

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm Registration Number:006673S

M. Rathnakar Kamath
Partner

Membership Number : 202841

Bengaluru
May 6, 2021

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statement of Profit and Loss

in ₹, except equity share and per equity share data

Particulars	Note no.	Year ended December 31,	
		2020	2019
Revenue from operations	2.16	53,84,63,008	35,60,46,648
Other income, net	2.17	2,97,726	20,86,558
Total income		53,87,60,734	35,81,33,206
Expenses			
Employee benefit expenses	2.18	20,37,41,163	19,48,90,960
Cost of technical sub-contractors		6,48,63,324	6,32,93,162
Travel expenses		1,36,19,153	1,64,00,371
Cost of software packages and others	2.18	14,53,92,244	–
Communication expenses		44,39,730	42,66,024
Consultancy and professional charges		2,36,46,850	4,02,12,486
Finance cost		10,01,114	18,59,943
Depreciation and amortization expenses	2.1	33,87,410	2,06,733
Other expenses	2.18	1,95,73,435	1,28,82,260
Total expenses		47,96,64,423	33,40,11,939
Profit / (loss) before tax		5,90,96,311	2,41,21,267
Tax expense			
Current tax	2.15	1,73,845	(23,74,784)
Profit / (loss) for the Year		5,89,22,466	2,64,96,051
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(2,10,22,019)	1,16,961
Total other comprehensive income / (loss), net of tax		(2,10,22,019)	1,16,961
Total comprehensive income / (loss) for the Year		3,79,00,447	2,66,13,012
Profit / (loss) per equity share			
Equity shares of par value EUR 489.32/- each			
Basic and diluted (₹)		58,922.47	26,496.05
Weighted average equity shares used in computing income / (loss) per equity share			
Basic and diluted		1,000	1,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants

Firm Registration Number:006673S

M. Rathnakar Kamath
Partner

Membership Number : 202841

Bengaluru

May 6, 2021

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and surplus		Other comprehensive income	
		Retained earnings	Other reserves	Exchange difference on translation	
Balance as of January 1, 2019	3,44,75,106	(33,31,36,065)	1,72,355	8,11,68,388	(21,73,20,216)
Changes in equity for the year ended December 31, 2019					
Currency translation	–	–	–	1,16,961	1,16,961
Profit for the year	–	2,64,96,051	–	–	2,64,96,051
Balance as of December 31, 2019	3,44,75,106	(30,66,40,014)	1,72,355	8,12,85,349	(19,07,07,204)
Adjustments on adoption of Ind AS 116	–	(3,94,442)	–	–	(3,94,442)
	3,44,75,106	(30,70,34,456)	1,72,355	8,12,85,349	(19,11,01,646)
Changes in equity for the year ended December 31, 2020					
Currency translation	–	–	–	(2,10,22,019)	(2,10,22,019)
Profit for the year	–	5,89,22,466	–	–	5,89,22,466
Balance as of December 31, 2020	3,44,75,106	(24,81,11,990)	1,72,355	6,02,63,330	(15,32,01,199)

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 Registration Number:006673S

M. Rathnakar Kamath
Partner

Membership Number : 202841

Bengaluru
May 6, 2021

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Statements of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2020	2019
Cash flows from operating activities		
Profit for the Year	5,89,22,466	2,64,96,051
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization expense	33,87,410	2,06,733
Income tax expense	1,73,845	(23,74,784)
Allowance for credit losses on financial assets	51,53,567	–
Interest expense	10,01,114	18,30,017
Exchange differences on translation of assets and liabilities	(2,15,96,034)	(3,70,041)
Changes in assets and liabilities		
Trade receivables	(5,16,24,050)	1,47,88,119
Other financial assets and other assets	(11,82,73,973)	(11,18,846)
Trade payables	87,69,330	(2,49,67,403)
Other financial liabilities and other liabilities and provisions	11,94,83,857	2,34,27,102
Cash generated from operations	53,97,532	3,79,16,948
Income taxes paid	–	–
Net cash from / (used) in operating activities	53,97,532	3,79,16,948
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(6,51,560)	–
Loans to employees	22,43,822	24,56,605
Net cash from / (used) in investing activities	15,92,262	24,56,605
Cash flow from financing activities		
Loan taken / (repaid) from parent company	(2,02,95,899)	(7,78,88,175)
Interest expense	(10,01,114)	(18,00,091)
Payment of lease liability	(33,39,756)	(29,926)
Net cash generated by financing activities	(2,46,36,769)	(7,97,18,192)
Net increase / (decrease) in cash and cash equivalents	(1,76,46,975)	(3,93,44,639)
Cash and cash equivalents at the beginning of the year	3,63,74,948	7,57,19,587
Cash and cash equivalents at the end of the year	1,87,27,973	3,63,74,948

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 Registration Number:006673S

M. Rathnakar Kamath
Partner

Membership Number : 202841

Bengaluru

May 6, 2021

for and on behalf of the Board of Directors of Infosys Consulting (Belgium) N.V.

Andrew Duncan
Director

Gopal Rao
Director

Infosys Consulting (Belgium) N.V. is a wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG), Kloten (Switzerland). The Company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments and rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

These financial statements are presented in the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, future obligations under employee benefit plans, income taxes and the useful lives of property, plant and equipment and intangible assets.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers using the cumulative catch-up transition method, applied to contracts that were not completed as at January 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

1.5.3 Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.4 Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support and others

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years
Office equipment [1]	5 years
Leasehold improvement	Over lease term

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

(1) Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

1.10 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Research costs are expensed as incurred. Software product development costs are expensed as incurred, unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.11 Financial instruments

1.11.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.11.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.12 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.13 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.14 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.15 Foreign currency

Functional currency

The functional currency of the Company is the Euro. These financial statements are presented in the Indian Rupee.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cashflow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.16 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date, and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.18 Other income

Other income is comprised primarily of interest income and exchange gain / loss on translation of other assets and liabilities. Interest Income is recognized using effective interest method.

1.19 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.20 Borrowing cost

Borrowing cost are charged to the Statement of Profit and Loss in the period in which they are incurred.

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

1.21 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows :

in ₹

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2020	1,43,56,297	7,80,669	67,17,035	18,50,290	2,37,04,291
Additions	–	–	6,51,560	–	6,51,560
Deletions	–	–	–	–	–
Translation difference	17,27,774	93,953	8,24,996	2,22,682	28,69,405
Gross carrying value as of December 31, 2020	1,60,84,071	8,74,622	81,93,591	20,72,972	2,72,25,256
Accumulated depreciation as of January 1, 2020	(1,43,56,297)	(7,80,669)	(67,17,035)	(18,50,290)	(2,37,04,291)
Depreciation	–	–	(1,17,665)	–	(1,17,665)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(17,27,774)	(93,953)	(8,10,934)	(2,22,682)	(28,55,343)
Accumulated depreciation as of December 31, 2020	(1,60,84,071)	(8,74,622)	(76,45,634)	(20,72,972)	(2,66,77,299)
Carrying value as of December 31, 2020	–	–	5,47,957	–	5,47,957
Carrying value as of January 1, 2020	–	–	–	–	–

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 were as follows :

in ₹

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	1,43,36,582	7,79,597	67,07,810	18,47,749	2,36,71,738
Additions	–	–	–	–	–
Deletions	–	–	–	–	–
Translation difference	19,715	1,072	9,225	2,541	32,553
Gross carrying value as of December 31, 2019	1,43,56,297	7,80,669	67,17,035	18,50,290	2,37,04,291
Accumulated depreciation as of January 1, 2019	(1,43,36,582)	(7,79,597)	(64,98,021)	(18,47,749)	(2,34,61,949)
Depreciation	–	–	(2,06,733)	–	(2,06,733)
Accumulated depreciation on deletions	–	–	–	–	–
Translation difference	(19,715)	(1,072)	(12,281)	(2,541)	(35,609)
Accumulated depreciation as of December 31, 2019	(1,43,56,297)	(7,80,669)	(67,17,035)	(18,50,290)	(2,37,04,291)
Carrying value as of December 31, 2019	–	–	–	–	–
Carrying value as of January 1, 2019	–	–	2,09,789	–	2,09,789

2.2 Intangible assets

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 are as follows :

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2020	26,84,297	26,84,297
Additions / Adjustments	–	–
Deletions / Adjustments	–	–
Gross carrying value as of December 31, 2020	26,84,297	26,84,297
Accumulated amortization as of January 1, 2020	(26,84,297)	(26,84,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2020	(26,84,297)	(26,84,297)
Carrying value as of December 31, 2020	–	–

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 were as follows :

in ₹

Particulars	Software	Total
Gross carrying value as of January 1, 2019	26,84,297	26,84,297
Additions / Adjustments	–	–
Deletions / Adjustments	–	–
Gross carrying value as of December 31, 2019	26,84,297	26,84,297
Accumulated amortization as of January 1, 2019	(26,84,297)	(26,84,297)
Amortization expense	–	–
Deletion	–	–
Accumulated amortization as of December 31, 2019	(26,84,297)	(26,84,297)
Carrying value as of December 31, 2019	–	–

2.3 Loans

in ₹

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured, considered good		
Loans to employees	19,23,387	35,47,700
	19,23,387	35,47,700
Less : Allowance for doubtful loans to employees	–	–
	19,23,387	35,47,700
Current		
Unsecured, considered good		
Loans to employees	62,78,524	68,98,033
	62,78,524	68,98,033
Total loans	82,01,911	1,04,45,733

2.4 Other financial assets

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Rental deposits	15,21,093	13,57,695
Unbilled revenues [(1)]	11,34,84,319	0
Others [(1)]	4,12,398	5,06,556
	11,54,17,810	18,64,251
Total current other financial Assets	11,54,17,810	18,64,251
Financial assets carried at amortized cost	11,54,17,810	18,64,251
[(1)] Includes dues from related parties (Refer to Note 2.20)	19,83,967	5,06,556

2.5 Trade receivables

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured		
Considered good [1]	9,00,91,912	4,18,39,381
Considered doubtful		
	9,00,91,912	4,18,39,381
Less : Allowances for credit losses	17,82,048	–
Total trade receivables	8,83,09,864	4,18,39,381
[1] Includes dues from related parties (Refer to Note 2.20)	3,06,90,269	3,45,28,805

2.6 Cash and cash equivalents

in ₹

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current accounts	1,87,27,973	3,63,74,948
Total cash and cash equivalents	1,87,27,973	3,63,74,948

2.7 Other assets

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Prepaid expenses	62,735	39,651
Withholding taxes and others	1,19,51,530	72,54,200
Total current other assets	1,20,14,265	72,93,851

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories are as follows :

In ₹

Particulars	As at December 31,	
	2020	2019
Assets		
Cash and cash equivalents (Refer to Note 2.6)	1,87,27,973	3,63,74,948
Trade receivables (Refer to Note 2.5)	8,83,09,864	4,18,39,381
Loans (Refer to Note 2.3)	82,01,911	1,04,45,733
Other financial assets (Refer to Note 2.4)	11,54,17,810	18,64,251
Total	23,06,57,558	9,05,24,313
Liabilities		
Trade payables (Refer to Note 2.12)	1,49,98,262	62,28,932
Borrowings (Refer to Note 2.10)	17,52,66,463	19,55,62,362
Lease liabilities (Refer to Note 2.19)	26,44,730	–
Other financial liabilities (Refer to Note 2.11)	16,87,15,749	6,48,16,494
Total	36,16,25,204	26,66,07,788

All the above financial assets are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks : market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 90,091,912 and ₹ 41,787,969 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Credit risk exposure

The reversal for lifetime ECL on customer balances for the year ended December 31, 2020 and December 31, 2019 was ₹ 5,153,567 and ₹ NIL

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Balance at the beginning	–	–
Impairment loss recognized / reversed	51,53,567	–
Translation differences	(33,71,519)	–
Balance at the end	17,82,048	–

Credit risk on cash and cash equivalents is limited as we generally invest in banks with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its parent company to meet its working capital requirement.

As of December 31, 2020 and December 31, 2019, the Company had cash and cash equivalents of ₹ 18,727,973 and ₹ 36,374,948 respectively.

2.9 Equity

Equity share capital

in ₹, except as stated otherwise

Particulars	As at December 31,	
	2020	2019
Authorized		
Equity shares, EUR 489.32/- par value	3,44,75,106	3,44,75,106
1,000 (1,000) equity shares	3,44,75,106	3,44,75,106
Issued, subscribed and paid-up		
Equity shares, EUR 489.32/- par value	3,44,75,106	3,44,75,106
1,000 (1,000) equity shares fully paid-up		
	3,44,75,106	3,44,75,106

The details of shareholders holding more than 5% shares are as follows :

in ₹, except as otherwise stated

Name of the shareholder	As at December 31,			
	2020		2019	
	Number of shares	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	999	99.90	999	99.90

2.10 Borrowings

in ₹, except as otherwise stated

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured loan from parent (Refer to Note 2.20)	17,52,66,463	19,55,62,362
Total Borrowings	17,52,66,463	19,55,62,362

* The loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 0.50% per annum each and are repayable at the discretion of the lender.

2.11 Other financial liabilities

in ₹

Particulars	As at December 31,	
	2020	2019
Non-current		
Loans and advances to employees	62,78,524	68,98,033
	62,78,524	68,98,033
Current		
Others		
Accrued compensation to employees	3,59,60,813	2,31,22,632
Accrued expenses [(1)]	13,07,22,501	4,12,65,349
Compensated absences	1,30,92,797	1,24,56,124
Other payables [(2)]	20,32,435	4,28,513
	18,18,08,546	7,72,72,618
Total financial liabilities	18,80,87,070	8,41,70,651
Financial liability carried at amortized cost	16,87,15,749	6,48,16,494
[(1)] Includes dues to related parties (Refer to Note 2.20)	1,85,590	2,19,077
[(2)] Includes dues to related parties (Refer to Note 2.20)	36,04,002	4,28,513

2.12 Trade payables

in ₹

Particulars	As at December 31,	
	2020	2019
Trade payables [(1)]	1,49,98,262	62,28,932
Total trade payables	1,49,98,262	62,28,932
[(1)] Includes dues to related parties (Refer to Note 2.20)	6,16,602	61,77,520

2.13 Other liabilities

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Withholding taxes and others	1,59,95,189	23,65,642
Total current other liabilities	1,59,95,189	23,65,642

2.14 Provisions

in ₹

Particulars	As at December 31,	
	2020	2019
Current		
Others		
Post-sales client support and warranties and others	19,37,891	–
	19,37,891	–

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties and others is as follows :

in ₹

Particulars	Year ended December 31, 2020
Balance at the beginning	–
Provision recognized / (reversed)	18,93,977
Provision utilized	–
Exchange difference	43,914
Balance at the end	19,37,891

Provision for post-sales client support and warranties and other provisions are expected to be utilized over a period of six months to one year.

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises :

in ₹

Particulars	Year ended December 31,	
	2020	2019
Current taxes	1,73,845	(23,74,784)
Income tax expense	1,73,845	(23,74,784)

Current tax expense for the years ended December 31, 2020 and December 31, 2019 includes reversals (net of provisions) amounting to ₹0 and provisions (net of reversals) amounting to ₹ 25,59,859 respectively, pertaining to prior periods.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows :

in ₹

Particulars	Year ended December 31,	
	2020	2019
Profit before income tax	5,90,96,311	2,41,21,267
Enacted tax rates (%)	29.58	29.58
Computed expected tax expense	1,74,80,689	71,35,071
Tax provisions / (reversals)	–	(25,59,859)
Effect of unrecognized deferred tax assets	(1,74,80,690)	–
Effect of unrecognized deferred tax assets on loss	–	(70,36,004)
Others	1,73,846	86,008
Income tax expense	1,73,845	(23,74,784)

The applicable Belgium statutory tax rates for the year ended December 31, 2020 and December 31, 2019 is 29.58%.

The details of income tax assets and income tax liabilities are as follows :

in ₹

Particulars	Year ended December 31,	
	2020	2019
Income tax assets	5,655	–
Current income tax liabilities	2,21,584	1,97,781
Net current income tax assets / (liability) at the end	(2,15,929)	(1,97,781)

The gross movement in the current income tax asset / (liability) is as follows :

in ₹

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	(1,97,781)	(30,62,623)
Income tax paid	–	–
Current income tax expense (Refer to Note 2.14)	(1,73,845)	23,74,784
Translation difference	1,55,697	4,90,058
Net current income tax asset / (liability) at the end	(2,15,929)	(1,97,781)

2.16 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2020	2019
Income from consultancy services	53,84,63,008	35,60,46,648
Total revenue from operations	53,84,63,008	35,60,46,648

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the year ended December 31, 2020. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in ₹

Particulars	Year ended December 31,	
	2020	2019
Revenue by offerings		
Core	30,43,62,135	34,35,75,953
Digital	23,41,00,873	1,24,70,695
Total	53,84,63,008	35,60,46,648

Digital services

Digital services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core services

Core services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight-line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenue recognition for fixed price development contracts is based on percentage-of-completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed-price development contracts (contract asset) is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2020, the Company recognized revenue of ₹ NIL arising from opening unearned revenue as of January 1, 2020.

During the year ended December 31, 2020, ₹ NIL of unbilled revenue pertaining to fixed-price development contracts as of January 1, 2020 has been reclassified to trade receivables upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹7.4 crore. Out of this, the Group expects to recognize revenue of around 73.2% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2020 is insignificant.

2.17 Other income

in ₹

Particulars	Year ended December 31,	
	2020	2019
Miscellaneous income, net	2,97,726	20,86,558
Total other income	2,97,726	20,86,558

2.18 Expenses

in ₹

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	20,21,94,388	19,29,35,161
Share-based payments to employees	16,632	89,669
Staff welfare	15,30,143	18,66,130
Total employee benefit expenses	20,37,41,163	19,48,90,960
Cost of software packages and others	14,53,92,244	–
Third-party items bought for service delivery to clients	14,53,92,244	–
	14,53,92,244	–

in ₹

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Brand and marketing	13,180	1,03,868
Short-term lease payments	70,24,953	95,37,337
Rates and taxes	10,47,580	6,11,910
Repairs and maintenance	4,78,399	6,19,863
Insurance	5,48,669	2,42,540
Provision for post-sales client support and warranties	18,93,977	–
Allowances for credit losses on financial assets	51,53,567	–
Auditor's remuneration	7,34,635	6,37,743
Others	26,78,475	11,28,999
Total other expenses	1,95,73,435	1,28,82,260

2.19 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective January 1, 2020, the Company adopted Ind AS 116, Leases and applied the standard to all lease contracts existing on January 1, 2020 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended December 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Subsidiary Financials for year ended December 31, 2019.

On transition, the adoption of the new standard resulted in recognition of the ROU asset of ₹55,49,733 and a lease liability of ₹59,44,175. The cumulative effect of applying the standard, amounting to ₹3,94,442 was debited to retained earnings, net of taxes.

A summary of practical expedients elected on initial application is as follows :

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The difference between the lease obligation recorded as of December 31, 2019 under Ind AS 17 and the value of the lease liability as of Jan 1, 2020 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The weighted average incremental borrowing rate applied to lease liabilities as at January 1, 2020 is 0.58%

Following are the changes in the carrying value of right of use assets for the year ended December 31, 2020 :

in ₹

Particulars	Category of ROU asset		Total
	Buildings	Vehicles	
Balance as of January 1, 2020	–	55,49,733	55,49,733
Additions	–	–	–
Deletion	–	–	–
Translation difference	–	4,44,567	4,44,567
Depreciation	–	(32,69,745)	(32,69,745)
Balance as of December 31, 2020	–	27,24,555	27,24,555

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The break-up of current and non-current lease liabilities as at December 31, 2020 is as follows :

in ₹

Particulars	As at December 31, 2020
Current lease liabilities	23,27,649
Non-current lease liabilities	3,17,081
Total	26,44,730

The movement in lease liabilities during the year ended December 31, 2020 is as follows :

in ₹

Particulars	For the year ended December 31, 2020
Balance at the beginning	59,44,175
Additions	–
Finance cost accrued during the period	23,143
Payment of lease liabilities	33,16,613
Translation difference	40,311
Balance at the end	26,44,730

The details regarding the contractual maturities of lease liabilities as at December 31, 2020 on an undiscounted basis are as follows :

in ₹

Particulars	As at December 31, 2020
Less than one year	23,36,246
One to five years	4,39,990
Total	27,76,236

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was ₹70,24,953 for the year ended December 31, 2020.

2.20 Related party transactions

List of related parties :

Name of the holding company	Country	Holding as at December 31,	
		2020	2019
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	99.90%	99.90%

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia Do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda (1)	Brazil
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia

Name of fellow subsidiaries	Country
Infosys Consulting AG [5]	Switzerland
Infosys Consulting GmbH [5]	Germany
Infosys Consulting S.R.L. [1]	Romania
Infosys Consulting SAS [5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) [5] [43]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. [5] [43]	China
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. z.o.o [23] [31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5] [36]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [7] [22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9]	Finland
Fluido Sweden AB (Extero) [12]	Sweden
Fluido Norway A/S [12]	Norway
Fluido Denmark A/S [12]	Denmark
Fluido Slovakia s.r.o [12]	Slovakia
Fluido Newco AB [12] [38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [40]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [39]	Germany
Stater Deutschland GmbH & Co. KG [16] [39]	Germany
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations, Inc. [29]	US
Kaleidoscope Prototyping LLC [30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland

Name of fellow subsidiaries	Country
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US
SureSource LLC [34]	US
Blue Acorn LLC [34]	US
Simply Commerce LLC [34]	US
iCiDIGITAL LLC [35]	US
Infosys BPM UK Limited [4] [37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [42]	Turkey

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(15) Majority-owned and controlled subsidiary of Stater N.V.
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020
(37) Incorporated, effective December 9, 2020
(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(39) Merged into Stater Duitsland B.V., effective December 18, 2020
(40) Merged with Stater N.V., effective December 23, 2020
(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(42) Incorporated on December 30, 2020.
(43) Under liquidation
(44) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows :

in ₹

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Infosys Consulting AG	–	51,412
Infy Consulting Company Ltd.	3,06,90,269	3,44,77,393
	3,06,90,269	3,45,28,805
Loans [(1)]		
Infosys Consulting Holding AG	17,52,66,463	19,55,62,362
	17,52,66,463	19,55,62,362
Trade payables		
Infosys Consulting AG	2,95,463	36,73,975
Infy Consulting Company Ltd.	2,51,602	14,83,975
Infy Consulting B.V.	69,537	9,03,045
Infosys Consulting Sp. Z.o.o.	–	1,16,525
	6,16,602	61,77,520
Other payables		
Infy Consulting B.V.	15,71,567	–
Stater Belgium	17,85,296	–
Infosys Limited	2,47,139	4,28,513
	36,04,002	4,28,513
Other receivables		
Infy Consulting Company Ltd.	1,47,070	–
Infosys Consulting GmbH	51,601	–
Infosys Limited	17,85,296	5,06,556
	19,83,967	5,06,556
Accrued expenses		
Infosys Limited	1,85,590	2,19,077
	1,85,590	2,19,077

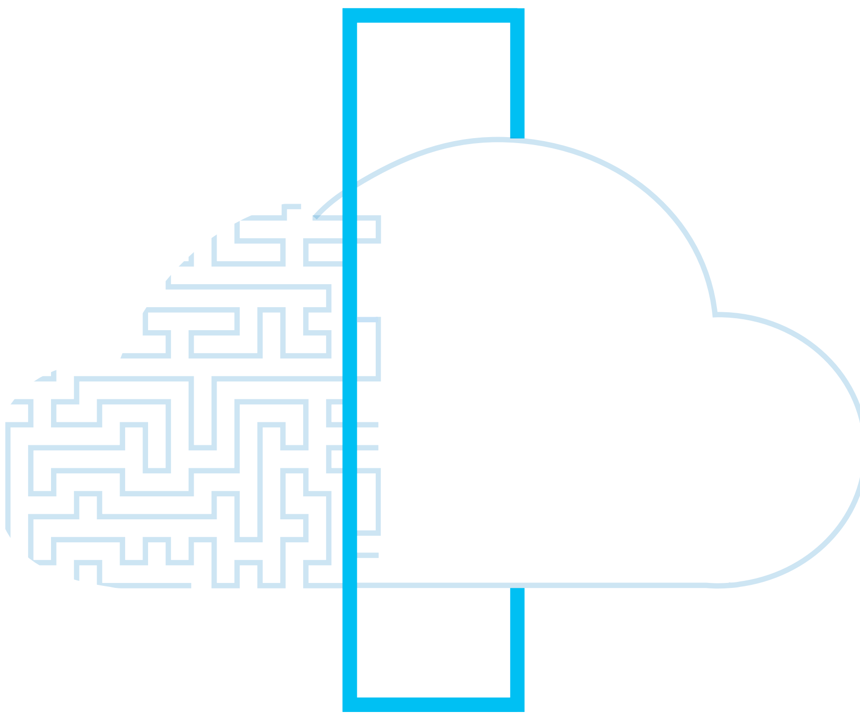
(1) The above loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 0.75% per annum.

in ₹

Particulars	For the year ended December 31,	
	2020	2019
Capital transactions		
Financing transactions		
Loans (net of repayment)		
Infosys Consulting Holding AG	(2,12,68,699)	19,37,56,564
	(2,12,68,699)	19,37,56,564
Revenue transactions		
Purchase of shared services, facilities & personnel		
Infosys Consulting AG	7,52,684	13,66,610
Infy Consulting Company Ltd.	–	86,25,574
Infy Consulting B.V.	–	5,40,925
Infosys Poland Sp. Z.o.o.	1,05,449	–
Infosys Consulting Sp. Z.o.o.	–	1,15,382
	8,58,133	1,06,48,491
Interest expenses		
Infosys Consulting Holding AG	9,72,800	18,05,798
	9,72,800	18,05,798
Sale of services		
Infosys Consulting AG	(3,71,580)	2,79,20,291
Infosys Consulting GmbH	2,60,523	33,49,331
Infy Consulting Company Ltd.	34,91,76,315	32,47,77,025
	34,90,65,258	35,60,46,647

2.21 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.



Panaya Inc

Independent Auditor's Report

To the Members of Panaya Inc

Report on the Ind AS Financial Statements

Opinion :

We have audited the Ind AS financial statements of Panaya Inc. ("the Company"), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Ind AS financial statements).

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion :

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of the Management's and those charged with Governance for the financial statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rule issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements :

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements :

As required by Section 143(3) of the Act, We report that :

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and,

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841
UDIN : 21202841AAACSO6935

Bengaluru
April 14, 2021

Balance Sheet

in US$

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	38,402	79,999
Financial assets			
Investments	2.2	39,108,441	39,169,739
Deferred tax assets	2.12	450,845	574,355
Income tax assets	2.12	288,181	289,509
Total non-current Assets		39,885,869	40,113,603
Current assets			
Financial assets			
Trade receivables	2.3	41,236,864	41,516,250
Cash and cash equivalents	2.4	1,060,380	105,011
Other financial assets	2.5	23,413,085	22,519,753
Other current assets	2.6	3,140	12,127
Total current assets		65,713,469	64,153,141
Total assets		105,599,338	104,266,744
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	–	–
Other equity		63,889,920	63,748,916
Total equity		63,889,920	63,748,916
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	2.12	9,842	20,751
Financial liabilities			
Borrowings	2.9	10,408,279	10,228,827
Total non-current liabilities		10,418,121	10,249,578
Current liabilities			
Financial liabilities			
Trade payables	2.8	26,682,862	23,967,284
Other financial liabilities	2.10	570,404	612,643
Other current liabilities	2.11	4,033,931	5,587,432
Income tax liabilities	2.12	4,100	100,891
Total current liabilities		31,291,297	30,268,250
Total equity and liabilities		105,599,338	104,266,744

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 Registration Number : 006673S

for and on behalf of Board of Directors of Panaya Inc

M. Rathnakar Kamath
Partner
Membership Number : 202841

David Binny
Director

Vibhuti Kumar Dubey
Director

Bengaluru
April 14, 2021

Statement of Profit and Loss

in US$, except share and per share data

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations	2.13	8,603,389	8,319,243
Other income, net	2.14	–	12,055
Total income		8,603,389	8,331,298
Expenses			
Employee benefit expenses	2.15	4,955,143	5,595,443
Cost of technical sub-contractors	2.15	2,758,272	748,311
Travel expenses	2.15	71,911	493,139
Cost of software packages and others	2.15	1,500	–
Communication expenses	2.15	35,202	38,378
Consultancy and professional charges		(23,396)	221,382
Finance cost		179,452	214,992
Depreciation	2.1	42,131	82,600
Other expenses	2.15	412,181	712,435
Total expenses		8,432,395	8,106,679
Profit / (loss) before tax		170,993	224,619
Tax expense :			
Current tax	2.12	(82,612)	(115,198)
Deferred tax	2.12	112,601	54,249
Profit / (loss) for the year		141,004	285,568
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income for the year		141,004	285,568
Earnings per equity share			
Equity shares of par value $0.01 each			
Basic and diluted		70,502	142,784
Number of shares used in computing earnings per share			
Basic and diluted		2	2

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

for and on behalf of Board of Directors of Panaya Inc

M. Rathnakar Kamath
Partner
Membership Number : 202841

David Binny
Director

Vibhuti Kumar Dubey
Director

Bengaluru
April 14, 2021

Statements of Cash Flows

in US$

Particulars	Year ended December 31, 2020	2019
Cash flow from operating activities :		
Profit / (loss) for the year	141,004	285,568
Adjustments to reconcile net profit to net cash provided by operating activities :		
Depreciation	42,131	82,600.2
Income tax expense	29,989	(60,949)
Interest expense on loan	179,452	214,992
Other adjustments	61,298	–
Changes in assets and liabilities		
Trade receivables	279,386	(298,614)
Other assets and other financial assets	(884,345)	(5,271,387)
Trade payables	2,715,577	737,259
Other financial liabilities and other liabilities	(1,595,741)	(1,652,359)
Cash generated from operations	968,753	(5,962,890)
Income taxes paid	(12,851)	(152,300)
Net cash from / (used in) operating activities	955,902	(6,115,190)
Cash flow from investing activities :		
Expenditure on property, plant and equipment	(533)	–
Net cash from/(used in) investing activities	(533)	–
Cash flow from financing activities :		
Additional capital towards securities premium	–	–
Borrowings	–	6,000,000
Net cash from / (used in) financing activities	–	6,000,000
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net decrease in cash and cash equivalents	955,369	(115,190)
Cash and cash equivalents at the beginning of the year	105,011	220,201
Cash and cash equivalents at the end of the year	1,060,380	105,011

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 Registration Number : 006673S

for and on behalf of Board of Directors of Panaya Inc

M. Rathnakar Kamath
Partner
Membership Number : 202841

David Binny
Director

Vibhuti Kumar Dubey
Director

Bengaluru
April 14, 2021

Statement of Changes in Equity

in US$

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus		
		Securities premium	Retained earnings	
Balance as of January 1, 2019	–	59,509,414	3,953,935	63,463,348
Changes in equity for the year ended December 31, 2019				
Changes during the year	–	–	–	–
Profit for the year	–	–	285,568	285,568
Balance as of December 31, 2019	–	59,509,414	4,239,502	63,748,916
Balance as of January 1, 2020	–	59,509,414	4,239,502	63,748,916
Changes in equity for the year ended December 31, 2020				
Profit for the year	–	–	141,004	141,004
Balance as of December 31, 2020	–	59,509,414	4,380,507	63,889,920

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 Registration Number : 006673S

for and on behalf of Board of Directors of Panaya Inc

M. Rathnakar Kamath
Partner
Membership Number : 202841

David Binny
Director

Vibhuti Kumar Dubey
Director

Bengaluru
April 14, 2021

Significant accounting policies

Company overview

Panaya Inc ("the Company") was incorporated in USA. The Company is a wholly-owned subsidiary of Infosys Limited.

Panaya Inc, USA develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include allowances for credit losses, future obligations under employee benefit plans, income taxes and the useful lives of property, plant, and equipment.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight-line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Revenue from licenses where the customer obtains a "right-to-use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right-to-access" is recognized over the access period. Arrangements to deliver software products generally have three elements : license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost-plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

Deferred Contract cost

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Leasehold improvements	over lease term
Office equipment [1]	5 years
Computer equipment [1]	3-5 years
Furniture and fixtures [1]	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end

[1] Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant, and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant, and equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

1.7 Financial instruments

1.7.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.7.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

1.8 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.9 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets, which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in the previous years.

1.10 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.11 Foreign currency

Functional currency

The functional currency of the Company is the US Dollar. These financial statements are presented in US Dollars.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.12 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

1.13 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.14 Other income

The Company has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration, which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

1.15 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

1.16 Borrowing cost

Borrowing cost are charged to the Statement of profit and loss in the period in which they incurred.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are follows :

in US$

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2020	120,950	29,278	244,938	99,231	494,397
Additions / adjustments	–	533	–	–	533
Deletions / adjustments	–	–	–	–	–
Gross carrying value as of December 31, 2020	120,950	29,811	244,938	99,231	494,930
Accumulated depreciation as of January 1, 2020	(86,475)	(20,466)	(243,438)	(64,018)	(414,397)
Depreciation	(19,014)	(4,174)	(1,352)	(17,591)	(42,131)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2020	(105,489)	(24,640)	(244,790)	(81,609)	(456,528)
Carrying value as of December 31, 2020	15,461	5,170	148	17,622	38,402
Carrying value as of January 1, 2020	34,475	8,811	1,500	35,213	79,999

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 were follows :

in US$

Particulars	Leasehold improvements	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	120,950	29,278	244,938	99,231	494,397
Additions / adjustments	–	–	–	–	–
Deletions / adjustments	–	–	–	–	–
Gross carrying value as of December 31, 2019	120,950	29,278	244,938	99,231	494,397
Accumulated depreciation as of January 1, 2019	(62,865)	(16,131)	(208,127)	(44,674)	(331,797)
Depreciation	(23,610)	(4,335)	(35,311)	(19,344)	(82,600)
Accumulated depreciation on deletions	–	–	–	–	–
Accumulated depreciation as of December 31, 2019	(86,475)	(20,466)	(243,438)	(64,018)	(414,397)
Carrying value as of December 31, 2019	34,475	8,811	1,500	35,213	79,999
Carrying value as of January 1, 2019	58,085	13,146	36,811	54,558	162,600

2.2 Investments

in US$

Particulars	As at December 31,	
	2020	2019
Non-current investments		
Equity instruments of subsidiaries	39,108,441	39,169,740
Total carrying value	39,108,441	39,169,740

in US$

Particulars	As at December 31,	
	2020	2019
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Panaya Ltd, Israel	39,069,600	39,069,600
Panaya GmbH, Germany	38,841	38,841
Panaya Japan Co Ltd, Japan	–	61,298
Total non-current investments	39,108,441	39,169,739
Aggregate amount of Unquoted Investments	39,108,441	39,169,739
Investments carried at cost	39,108,441	39,169,740

2.3 Trade receivables

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unsecured		
Considered good (1)	41,244,236	41,516,250
Considered doubtful	–	–
	41,244,236	41,516,250
Less: Allowances for credit loss	7,372	–
Total trade receivables	41,236,864	41,516,250
(1) Includes dues from related parties (Refer to Note 2.18)	39,468,909	39,468,909

2.4 Cash and cash equivalents

in US$

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	1,060,380	105,007
Cash on hand	–	3
Total cash and cash equivalents	1,060,380	105,011

2.5 Other financial assets

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Rental deposits (1)	24,673	21,573
Others (1) (2)	23,388,412	22,498,180
Total current other financial assets	23,413,085	22,519,753
(1) Financial assets carried at amortized cost	23,413,085	22,519,753
(2) Includes dues from related parties (Refer to Note 2.18)	23,388,412	22,498,180

2. 6 Other assets

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Prepaid expenses	3,140	12,127
Total current other assets	3,140	12,127

2.7 Equity

Equity share capital

in US$

Particulars	As at December 31,	
	2020	2019
Authorized		
Equity share capital (2 Equity shares of par value US $ 0.01 each)	–	–
Issued, subscribed and paid-up		
Equity share capital (2 Equity shares of par value US $ 0.01 each)	–	–
Total equity share capital	–	–

The details of shareholder holding more than 5% shares are follows :

in US$

Name of the shareholder	As at December 31,	
	2020	2019
Infosys Limited	100%	100%

2.8 Trade payables

in US$

Particulars	As at December 31,	
	2020	2019
Trade payables (1)	26,682,862	23,967,284
Total trade payables	26,682,862	23,967,284
(1) includes dues to related parties (Refer to Note 2.18)	26,669,381	23,904,251

2.9 Borrowings

in US$

Particulars	As at December 31,	
	2020	2019
Non-current		
Unsecured loan [(1)] [(2)]	10,408,279	10,228,827
Total non-current borrowings	10,408,279	10,228,827
[(1)] includes dues to related parties (Refer to Note 2.18)	10,408,279	10,228,827

[(2)] The above loan carries an interest of 2.86% p.a. and shall be repayable in full within 12 months from the date of loan agreement, unless extended by the written consent of both the parties.

2.10 Other financial liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Accrued compensation to employees [(1)]	495,849	482,034
Accrued expenses [(1)]	33,552	79,732
Compensated absences	35,005	35,298
Other payables [(1)]	5,998	15,579
Total current other financial liabilities	570,404	612,643
[(1)] Financial liability carried at amortized cost	535,399	577,345

2.11 Other liabilities

in US$

Particulars	As at December 31,	
	2020	2019
Current		
Unearned revenue	4,033,145	5,579,525
Others – Withholding taxes and others	785	7,907
Total current other liabilities	4,033,931	5,587,432

2.12 Income taxes

Income tax expense in the statement of profit and loss comprises:

in US$

Particulars	Year ended December 31,	
	2020	2019
Current taxes	(82,612)	(115,198)
Deferred taxes	112,601	54,249
Income tax expense	29,989	(60,949)

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

in US$

Particulars	Year ended December 31,	
	2020	2019
Profit before income taxes	170,993	224,619
Enacted tax rates in US	27.00%	27.00%
Computed expected tax expense	46,168	60,647
Effect of unrecognized deferred tax assets	48,598	(9,060)
Tax provision / reversals	(82,612)	(115,198)
Effect of non-deductible expenses	17,835	2,662
Income tax expense	29,989	(60,949)

The applicable statutory tax rate for the years ended December 31, 2020 and December 31, 2019 is 27%.

The details of income tax assets and income tax liabilities are as follows:

in US$

Particulars	As at December 31,	
	2020	2019
Income tax assets	288,181	289,509
Deferred tax assets	450,845	574,355
Deferred tax liabilities	(9,842)	(20,751)
Current income tax liabilities	(4,100)	(100,891)
Net current income tax assets / (liability) at the end	725,085	742,223

The gross movement in the current income tax asset / (liability) for the year ended are as follows:

in US$

Particulars	Year ended December 31,	
	2020	2019
Net current income tax asset / (liability) at the beginning	742,223	528,974
Income tax paid	12,851	152,300
Current income tax expense	(29,989)	60,949
Net current income tax asset / (liability) at the end	725,085	742,223

2.13 Revenue from operations

in US$

Particulars	Year ended December 31,	
	2020	2019
Revenue from products and platforms	8,603,389	8,319,243
Total revenue from operations	8,603,389	8,319,243

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

Revenue recognition for fixed-price development contracts is based on percentage-of0completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2020, the Company recognized revenue of $6,851,404 arising from opening unearned revenue as of January 1, 2020.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2020, other than those meeting the exclusion criteria mentioned above, is $4,033,145 Out of this, the Group expects to recognize revenue of around 99% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from Contract with Customers on the financials results of the Group for the year ended December 31, 2019 is insignificant.

2.14 Other income, net

in US$

Particulars	Year ended December 31,	
	2020	2019
Miscellaneous income	–	12,055
Total other income, net	–	12,055

2.15 Expenses

in US$

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	4,947,899	5,557,909
Staff welfare	7,244	37,534
Total employee benefit expenses	4,955,143	5,595,443
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	2,758,272	748,311
Total cost of technical sub-contractors	2,758,272	748,311
Travel expenses		
Overseas travel expenses	31,153	261,458
Overseas boarding and lodging	34,842	191,414
Per diem	5,917	40,267
Total travel expenses	71,911	493,139
Cost of software packages and others		
For own use	1,500	–
Total cost of software package and others	1,500	–
Communication expenses		
Telephone charges	35,202	38,378
Total communication expenses	35,202	38,378

2.16 Other expenses

in US$

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Repair and maintenance	129,868	400,220
Printing and stationery	11,101	262
Marketing expenses	20,782	16,365
Rent	121,927	236,240
Rates and taxes, excluding taxes on income	1,942	1,374
Postage and courier	1,486	1,507
Insurance charges	3,858	3,585
Provision for bad and doubtful debts	7,372	–
Consumables	32,501	41,660
Bank charges	7,221	11,223
Commission charges	12,540	–
Loss on sale of investment	61,298	–
Miscellaneous expenses	285	–
Total other expenses	412,181	712,435

2.17 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in US$

Particulars	Carrying value as on December 31,	
	2020	2019
Assets :		
Cash and cash equivalents (Refer to Note 2.4)	1,060,380	105,011
Trade receivables (Refer to Note 2.3)	41,236,864	41,516,250
Other financial assets (Refer to Note 2.5)	23,413,085	22,519,753
Total	65,710,329	64,141,014
Liabilities :		
Trade payables (Refer to Note 2.8)	26,682,862	23,967,284
Borrowings (Refer to Note 2.9)	10,408,279	10,228,827
Other financial liabilities (Refer to Note 2.10)	535,399	577,345
Total	37,626,540	34,773,456

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US$ 41,236,864 and US$ 41,516,251 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has taken loan from its related party to meet its working capital requirements.

As of December 31, 2020, the Company had a working capital of US$ 34,422,331 including cash and cash equivalents of US$ 1,060,380. As of December 31, 2019, the Company had a working capital of US$ 33,884,891 including cash and cash equivalents of US$ 105,011.

2.18 Related party transactions

List of related parties :

Name of subsidiaries	Country	Holdings as at December 31,	
		2020	2019
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil	–	–
Infosys Nova Holdings LLC. (Infosys Nova)	US	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Austria GmbH	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	US	100%	100%
Infosys Chile SpA	Chile	100%	100%
Infosys Arabia Limited (2)	Saudi Arabia	70%	70%
Infosys Consulting Ltda. (1)	Brazil	100%	100%
Infosys CIS LLC (1) (19)	Russia	–	–
Infosys Luxembourg S.à.r.l	Luxembourg	100%	100%
Infosys Americas Inc., (Infosys Americas)	US	100%	100%
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia	–	–
Infosys Public Services, Inc. USA (Infosys Public Services)	US	100%	100%
Infosys Canada Public Services Inc (45)	Canada	–	–
Infosys BPM Limited	India	99.99%	99.99%
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic	99.99%	99.99%
Infosys Poland, Sp z.o.o (4)	Poland	99.99%	99.99%
Infosys McCamish Systems LLC (4)	US	99.99%	99.99%
Portland Group Pty Ltd (4)	Australia	99.99%	99.99%
Infosys BPO Americas LLC. (4)	US	99.99%	99.99%
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%
Infosys Management Consulting Pty Limited (5)	Australia	100%	100%
Infosys Consulting AG (5)	Switzerland	100%	100%
Infosys Consulting GmbH (5)	Germany	100%	100%
Infosys Consulting S.R.L. (1)	Romania	100%	100%
Infosys Consulting SAS (5)	France	100%	100%
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (44)	Czech Republic	100%	100%
Infosys Consulting (Shanghai) Co., Ltd. (5) (44)	China	100%	100%
Infy Consulting Company Ltd (5)	UK	100%	100%
Infy Consulting B.V. (5)	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o (24) (32)	Poland	–	99.99%
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (37)	Portugal	100%	100%
Infosys Consulting S.R.L. (5)	Argentina	100%	100%
Infosys Consulting (Belgium) NV (6)	Belgium	99.90%	99.90%
Panaya Ltd. (7)	Israel	100%	100%
Panaya GmbH (7)	Germany	100%	100%
Panaya Japan Co. Ltd (7) (23)	Japan	–	–
Brilliant Basics Holdings Limited (Brilliant Basics)	UK	100%	100%
Brilliant Basics Limited (8)	UK	100%	100%
Brilliant Basics (MENA) DMCC (8) (25)	UAE	–	100%
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore	100%	100%

Name of subsidiaries	Country	Holdings as at December 31,	
		2020	2019
Infosys Middle East FZ LLC [9]	UAE	100%	100%
Fluido Oy [9]	Finland	100%	100%
Fluido Sweden AB (Extero) [12]	Sweden	100%	100%
Fluido Norway A/S [12]	Norway	100%	100%
Fluido Denmark A/S [12]	Denmark	100%	100%
Fluido Slovakia s.r.o [12]	Slovakia	100%	100%
Fluido Newco AB [12] [39]	Sweden	–	100%
Infosys Compaz Pte. Ltd [10]	Singapore	60%	60%
Infosys South Africa (Pty) Ltd [9]	South Africa	100%	100%
WongDoody Holding Company Inc. (WongDoody) [1]	US	100%	100%
WDW Communications, Inc [11]	US	100%	100%
WongDoody, Inc [11]	US	100%	100%
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan	81%	81%
Stater N.V. [10] [14]	The Netherlands	75%	75%
Stater Nederland B.V. [15]	The Netherlands	75%	75%
Stater Duitsland B.V. [15] [41]	The Netherlands	–	75%
Stater XXL B.V. [15]	The Netherlands	75%	75%
HypoCasso B.V. [15]	The Netherlands	75%	75%
Stater Participations B.V. [15]	The Netherlands	75%	75%
Stater Deutschland Verwaltungs-GmbH [16] [40]	Germany	–	75%
Stater Deutschland GmbH & Co. KG [16] [40]	Germany	–	75%
Stater Belgium N.V./S.A. [17] [42]	Belgium	75%	53.99%
Outbox systems Inc. dba Simplus (US) [20]	US	100%	100%
Simplus North America Inc. [21]	Canada	100%	100%
Simplus ANZ Pty Ltd. [21]	Australia	100%	100%
Simplus Australia Pty Ltd [22]	Australia	100%	100%
Sqware Peg Digital Pty Ltd [22]	Australia	100%	100%
Simplus Philippines, Inc. [21]	Philippines	100%	100%
Simplus Europe, Ltd. [21]	UK	100%	100%
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [12] [26]	UK	100%	100%
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [26]	Ireland	100%	100%
Infosys Limited Bulgaria EOOD [1] [27]	Bulgaria	100%	–
Kaleidoscope Animations, Inc. [30]	US	100%	–
Kaleidoscope Prototyping LLC [31]	US	100%	–
GuideVision s.r.o. [28]	UK	100%	–
GuideVision Deutschland GmbH [29]	Germany	100%	–
GuideVision Suomi Oy [29]	Finland	100%	–
GuideVision Magyarország Kft [29]	Hungary	100%	–
GuideVision Polska SP.Z.O.O [29]	Poland	100%	–
GuideVision UK Ltd [29]	UK	100%	–
Beringer Commerce Inc [33]	US	100%	–
Beringer Capital Digital Group Inc [33]	US	100%	–
Mediotype LLC [34]	US	100%	–
Beringer Commerce Holdings LLC [34]	US	100%	–
SureSource LLC [35]	US	100%	–
Blue Acorn LLC [35]	US	100%	–
Simply Commerce LLC [35]	US	100%	–
iCiDIGITAL LLC [36]	US	100%	–
Infosys BPM UK Limited [4] [38]	UK	–	–
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [43]	Turkey	–	–

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy
[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
[15] Majority-owned and controlled subsidiary of Stater N.V.
[16] Majority-owned and controlled subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited.
[19] Liquidated effective January 28, 2021.
[20] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
[21] Wholly-owned subsidiary of Outbox Systems Inc.
[22] Wholly-owned subsidiary of Simplus ANZ Pty Ltd
[23] Liquidated effective October 31, 2019
[24] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
[25] Liquidated effective July 17, 2020
[26] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
[27] Incorporated effective September 11, 2020.
[28] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
[29] Wholly-owned subsidiary of GuideVision s.r.o.
[30] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
[31] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
[32] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
[33] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
[34] Wholly-owned subsidiary of Beringer Commerce Inc
[35] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[36] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[37] Liquidated effective November 19,2020
[38] Incorporated, effective December 9, 2020
[39] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[40] Merged into Stater Duitsland B.V., effective December 18, 2020
[41] Merged with Stater N.V., effective December 23, 2020
[42] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[43] Incorporated on December 30, 2020.
[44] Under liquidation
[45] Wholly-owned subsidiary of Infosys Public Services, Inc.

in US$

Particulars	As at December 31, 2020	As at December 31, 2019
Trade receivables		
Panaya Ltd.	39,468,909	39,468,909
	39,468,909	39,468,909
Other financial assets		
Panaya Ltd.	23,388,412	22,498,180
	23,388,412	22,498,180
Trade payables		
Panaya Ltd.	26,669,381	23,904,251
Infosys Limited	–	1,955
	26,669,381	23,906,206
Borrowings		
Infosys Public Services Inc	10,408,279	10,228,827
	10,408,279	10,228,827

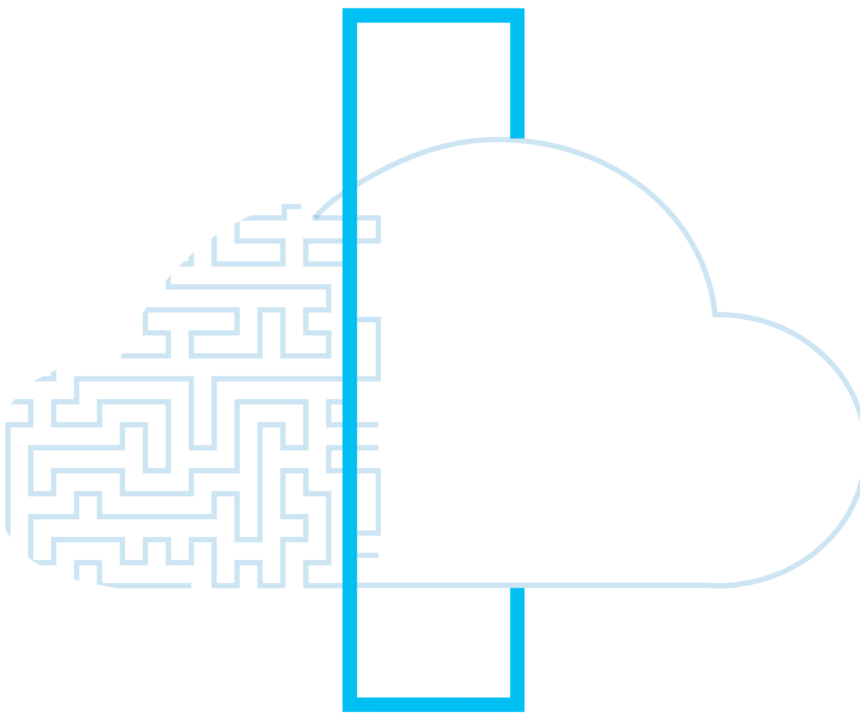
The details of the related parties transactions entered into by the Company, for the years ended December 31, 2020 and December 31, 2019 are as follows:

in US$

Particulars	Year ended December 31, 2020	Year ended December 31, 2019
Revenue transactions :		
Purchase of services		
Panaya Ltd.	2,758,272	748,311
	2,758,272	748,311
Finance cost		
Infosys Public Services Inc	179,452	214,992
	179,452	214,992
Sale of services		
Panaya Ltd.	–	–

2.18 Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the "management approach "as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.



Panaya Ltd.

Independent Auditors' Report

To the shareholders of Panaya Ltd.

We have audited the accompanying statement of financial position of PANAYA Ltd. ("the Company") as of December 31, 2020 and 2019, and the related statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance) – 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the principles used and significant estimates made by the Board of Directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Israel (Israeli GAAP).

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Place : Tel-Aviv, Israel

Date : March 22, 2021

Statement of Financial Position

in NIS thousands

Particulars	Note no.	As at December 31,	
		2020	2019
ASSETS			
Current assets :			
Cash and cash equivalents		20,889	14,521
Trade receivables		699	4,599
Trade receivables – Related parties		95	4,058
Other receivables – Related parties		723	409
Other receivables		4,476	5,940
Total current assets		26,882	29,527
Property and equipment, net	3	5,058	6,445
Intangible assets, net		–	–
Total assets		31,940	35,972
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities :			
Trade payables		4,542	2,617
Trade payables – Related parties		117,049	134,630
Other payables – Related parties		65,986	66,058
Other payables		12,632	10,242
Employee related payables		8,135	19,609
Deferred revenue		106,833	95,270
Total current liabilities		315,177	328,426
Accrued severance pay, net of severance fund	4	291	307
Commitments and contingent liabilities	5		
Total shareholders' deficiency		(283,528)	(292,761)
Liabilities and shareholders' deficiency		31,940	35,972

March 22, 2021
Date of approval of the financial statements

David Binny
Director

The accompanying notes are an integral part of the financial statements.

Statements of Comprehensive Loss

in NIS thousands

Particulars		Year ended December 31	
	Note no.	2020	2019
Revenues	2I	120,741	102,446
Cost of revenues		30,955	28,253
Gross profit		89,834	74,193
Operating expenses :			
Research and development	2C and 8A	38,606	46,628
Selling and marketing expenses	8B	32,146	40,529
General and administrative expenses	8C	13,995	11,141
Operating income (loss)		5,039	(24,052)
Financial income, net		4,793	18,204
Other expenses		599	–
Net income (loss)		9,233	(5,901)

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Shareholders' Deficiency

in NIS thousands

Particulars	Share capital	Additional paid in capital	Share based payment capital fund	Payments on account of shares to be allotted	Accumulated Deficit	Total shareholders' deficiency
Balance at January 1, 2019	13	79,925	15,863	68,798	(451,459)	(286,860)
Net loss	–	–	–	–	(5,901)	(5,901)
Balance at December 31, 2019	13	79,925	15,863	68,798	(457,360)	(292,761)
Net income	–	–	–	–	9,233	9,233
Balance at December 31, 2020	13	79,925	15,863	68,798	(448,127)	(283,528)

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

in NIS thousands

Particulars	Year ended December 31,	
	2020	2019
Cash flows provided by operating activities :		
Net loss	9,233	(5,901)
Adjustment required to reconcile net loss to cash provided by (used in) operating activities :		
Depreciation and amortization	2,135	1,468
Decrease (increase) in trade and other receivables	9,013	(3,306)
Decrease (increase) in trade and other payables	(17,835)	6,568
Increase (decrease) in employee related payables-	(6,977)	4,537
Increase in deferred revenue	11,563	2,440
Decrease in accrued severance pay, net	(16)	(368)
Net cash provided by operating activities	7,116	5,438
Cash flows from investing activities:		
Acquisition of property and equipment	(748)	(758)
Net cash used in investing activities	(748)	(758)
Increase in cash and cash equivalents	6,368	4,680
Cash and cash equivalents at the beginning of the year	14,521	9,841
Cash and cash equivalents at the end of the year	20,889	14,521

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

Note 1 : General

A. Panaya Ltd. ("the Company") was incorporated and commenced operations on January 2, 2006, as a wholly-owned subsidiary of Panaya Inc. ("the Parent Company"), which is incorporated in Delaware, US.

B. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

C. The Company has incurred losses since its inception and its continued operations as a going concern are dependent on financing from the Parent Company, until it reaches sufficient profitability.

D. Related parties – Within their meaning in Opinion No. 29 of the Institute of Certified Public Accountants in Israel.

E. The functional currency of the Company is the NIS, as the NIS is the primary currency of the economic environment in which the Company has operated and expects to continue to operate in the foreseeable future.

Note 2 : Significant accounting policies

The significant accounting policies applied are as follows :

A. Use of estimates :

The preparation of financial statements in accordance with generally accepted accounting principles in Israel requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reported periods. Actual results could differ from those estimates.

B. Cash equivalents :

The Company considers all highly liquid investments, which include short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use, to be cash equivalents.

C. Research and development :

Costs incurred in connection with the research of the Company's products are expensed as incurred.

D. Property and equipment :

Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful life of the assets.

Annual rates of depreciation are as follows :

Particulars	%
Computers and software	33
Office furniture and equipment	7
Leasehold improvements	10
Communications equipment	15

Leasehold improvements are amortized by the straight-line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

E. Intangible assets :

These assets that represent acquired domains, copyrights, licenses and trademarks are stated at cost and amortized using the straight-line method over their estimated useful lives of 3 to 4 years.

F. Fair value of financial instruments :

The carrying amount of some of the Company's financial instruments, including cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value, due to their short maturities.

G. Income taxes :

Income taxes are accounted for using the asset and liability approach. The asset and liability approach requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of the relevant tax law. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

H. Revenues :

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight-line basis if service is ongoing. Revenue is recognized provided that an arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

Note 3 : Property and equipment, net

The composition :

in NIS thousands

Particulars	As at December 31,	
	2020	2019
Cost :		
Furniture and fixtures	2,348	2,473
Computers and software	10,766	10,611
Leasehold improvements	11,337	10,537
Communication equipment	373	370
	24,825	23,991
Less – Accumulated depreciation	19,767	17,546
Net book value	5,085	6,445

Note 4 : Liability for severance pay

On February 28, 2015, the Company's employees have signed off on Section 14 of the Severance Pay law – 1963, pursuant to which the Company's regular deposits with pension funds and / or insurance companies release it from any further liability to the employees for whom such deposits are made.

Therefore, the financial statements do not include a liability in respect of the amounts that were deposited from that date to cover that liability. As regards to severance pay liability until the sign off, a liability is recognized in the financial statements in respect of the employer's obligation to pay severance pay, which is calculated on the basis of their most recent salary as at Balance Sheet date, multiplied by the employee's years of employment until February 28, 2015, and is presented net of the amounts deposited for severance pay as aforesaid.

Note 5 : Commitments and contingent liabilities

A. Lease agreements :

In March 2015, the Company entered into a lease agreement for new premises to be used by the Company from 2016 for a period of five years with an optional extension of additional five years. During 2016, the Company moved to the new location.

In January 2020, the Company utilized the option and extended the lease agreement till December 2025.

Future minimum lease payments under the lease agreement for the new premises are NIS 179 thousand per month, for a period of 48 months commencing January 2021.

B. The Company entered into several operating lease agreements in respect of vehicles that it uses. The leases are for a period of three years.

Note 6 : Stockholders' equity

Common stock :

Number of shares

Particulars	As at December 31, 2020 and 2019	
	Authorized	Issued and fully paid
	Number of shares	
Ordinary shares NIS 1.00 par value each	10,000	10,000

Each ordinary share is entitled to one vote and to receive dividends as declared by the Board of Directors.

Note 7 : Taxes on income

A. The tax rates relevant to the Company in the years CY 2019 and CY 2020 are as follows :

Year	%
CY 2019	23
CY 2020	23

Tax benefits under the Law for the Encouragement of Capital Investments, 1959 ("the Law")

Under the Law, including Amendment No. 60 to the Law that as published in April 2005, by virtue of the "benefited enterprise" if the status is granted to some facilities of the Israeli subsidiary, it will be entitled to various tax benefits.

The main tax benefits available are :

In respect of income derived from the benefited enterprise, the Company is entitled to reduced tax rates during a period of up to ten years from the year in which such enterprise first earn taxable income (limited to 12 years from commencement of production or 14 years from the date of approval, whichever is earlier).

Income derived from the benefited enterprise is tax exempt during the first two years of the seven to ten-year tax benefit period as above, and is subject to a reduced tax rate of 10%-25% during the remaining years of benefits.

In the event of distribution of a cash dividend from income which was tax exempt as above, the Company would have to pay the 25% tax in respect of the amount distributed.

The Company is entitled to claim accelerated depreciation in respect of equipment used by approved enterprises during the first five years of the operation of these assets.

The entitlement to the above benefits is conditional upon the Israeli subsidiary's fulfilling the conditions stipulated by the above Law, regulations published there under and the certificate of approval for the specific investments in benefited enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Company may be required to refund the amount of the benefits, in whole or in part, with the addition of linkage differences to the Israeli CPI and interest.

The Company elected 2008, as its implementation year as stipulated in the Law and 2012, as its expansion year as stipulated in the Law.

The Law was amended as part of the Economic Policy Law for the years 2011-2012, which was passed in the Knesset on December 27, 2010 ("the Amendment").

The Amendment sets alternative benefit tracks to the ones currently in place under the provisions of the Law, as follows: investment grants track designed for enterprises located in national development zone A and two new tax benefits tracks (preferred enterprise and a special preferred enterprise), which provide for application of a unified tax rate to all preferred income of the Company, as defined in the Law.

The benefits granted to the preferred enterprises will be unlimited in time, unlike the benefits granted to special preferred enterprises, which will be limited for a period of 10 years. The benefits shall be granted to companies that will qualify under criteria set in the law; for the most part, those criteria are similar to the criteria that were set in the Law prior to its amendment.

The Company's management believes that the Company is in compliance with the conditions stipulated by the above law.

B. The Company has received final tax assessments through tax year 2015.

C. As at December 31, 2020, the Company had a net carryforward tax loss of approximately NIS 351 million. Under Israeli tax laws, the carryforward tax losses of the Company can be utilized indefinitely.

D. Deferred tax assets were not created since the realization of any future benefit from deductible temporary differences, net operating loss and tax credit carryforwards cannot be sufficiently assured as of December 31, 2020.

Note 8 : Supplementary statements of operations information

A. Research and development costs :

in NIS thousands

Particulars	Year ended December 31,	
	2020	2019
Payroll and related expenses	27,274	35,345
Consultants and related expenses	6,576	6,267
Depreciation and amortization	537	517
Other	4,219	4,499
	38,606	46,628

B. Selling and marketing expenses :

in NIS thousands

Particulars	Year ended December 31,	
	2020	2019
Payroll and related expenses	16,698	16,734
Consultants and related expenses	2,381	1,502
Marketing	4,399	5,429
Travel and office expenses	1,353	3,058
Other	5,356	7,202
Related parties		491
Related parties – subcontractors	1,959	6,113
	32,146	40,529

C. General and administrative expenses :

in NIS thousands

Particulars	Year ended December 31,	
	2020	2019
Payroll and related expenses	10,548	9,305
Consultants and related expenses	135	304
Doubtful debts	721	–
Other	2,591	1,532
	13,995	11,141

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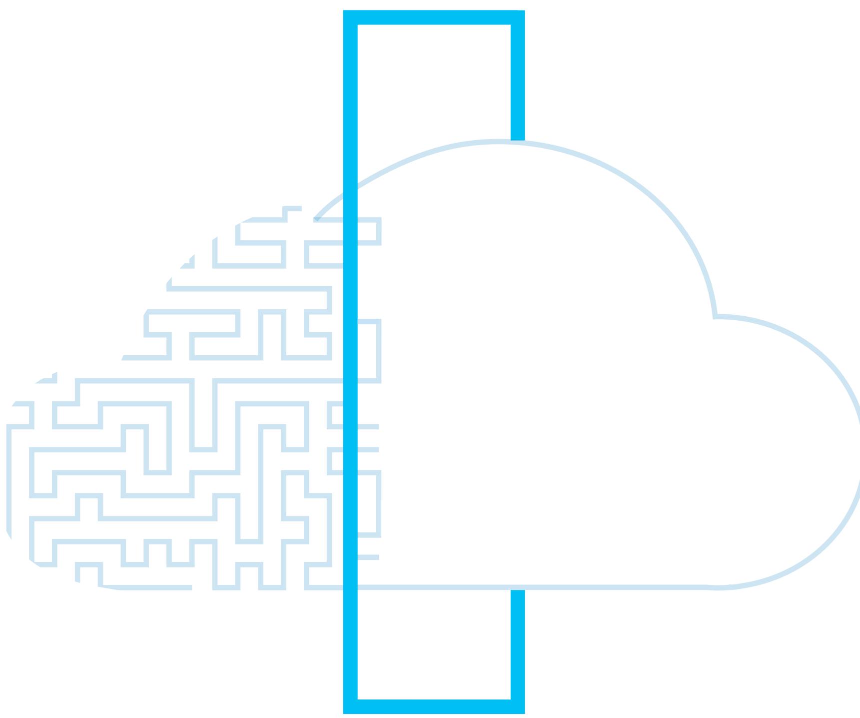

Panaya GmbH

Independent Auditor's Report

To the Members of Panaya GmbH

Report on the Ind AS Financial Statements

Opinion :

We have audited the Ind AS financial statements of Panaya GmbH ("the Company"), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as ' Ind AS financial statements').

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion :

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of the Management's and those charged with Governance for the financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements :

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements :

As required by Section 143(3) of the Act, We report that :

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841
UDIN : 21202841AAACSM9813

Place : Bengaluru
Date : April 14, 2021

Balance Sheet

in ₹

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	982	43,970
Total non-current assets		982	43,970
Current assets			
Financial assets			
Trade receivables	2.2	62,03,95,917	54,21,50,205
Cash and cash equivalents	2.3	3,13,28,866	71,80,770
Other financial assets	2.4	8,53,62,244	10,65,59,890
Other current assets	2.5	7,55,813	20,14,084
Total current assets		73,78,42,840	65,79,04,949
Total assets		73,78,43,822	65,79,48,919
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	18,12,750	18,12,750
Other equity		(1,70,33,730)	(1,73,54,144)
Total equity		(1,52,20,980)	(1,55,41,394)
LIABILITIES			
Current liabilities			
Financial liabilities			
Trade payables	2.7	67,75,17,165	59,20,62,710
Other financial liabilities	2.8	1,15,19,918	2,09,83,934
Other liabilities	2.9	6,40,27,719	6,04,43,669
Total current liabilities		75,30,64,802	67,34,90,313
Total equity and liabilities		73,78,43,822	65,79,48,919

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

for and on behalf of Board of Directors of Panaya GmbH

David Binny
Director

Place : Bengaluru

Date : April 14, 2021

Statement of Profit and Loss

in ₹

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019
Revenue from operations	2.11	8,18,55,534	12,39,33,879
Other income, net	2.12	–	–
Total income		8,18,55,534	12,39,33,879
Expenses			
Employee benefit expenses	2.13	5,87,59,229	4,88,28,179
Cost of technical sub-contractors		1,40,82,730	2,67,51,807
Travel expenses		16,81,009	28,63,819
Communication expenses		3,15,592	3,12,272
Consultancy and professional charges		16,14,318	1,07,67,414
Depreciation expense	2.1	43,973	99,758
Other expenses	2.13	29,35,151	3,12,18,612
Total expenses		7,94,32,002	12,08,41,861
Profit before tax		24,23,532	30,92,018
Tax expense :			
Current tax	2.10	–	–
Profit for the year		24,23,532	30,92,018
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		(21,03,118)	1,37,409
Total other comprehensive income / (loss), net of tax		(21,03,118)	1,37,409
Total comprehensive income for the year		3,20,414	32,29,427

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

for and on behalf of Board of Directors of Panaya GmbH

David Binny
Director

Place : Bengaluru
Date : April 14, 2021

Statement of Changes in Equity

in ₹

Particulars	Equity share capital	Other equity			Total equity attributable to equity holders of the Company
		Reserves and surplus		Other comprehensive income	
		Securities premium	Retained earnings	Exchange difference on translation	
Balance as of January 1, 2019	18,12,750	5,21,612	(1,59,74,026)	(51,31,157)	(1,87,70,821)
Changes in equity for the year ended December 31, 2019					
Profit for the year	–	–	30,92,018	–	30,92,018
Exchange differences on translation	–	–	–	1,37,409	1,37,409
Balance as of December 31, 2019	18,12,750	5,21,612	(1,28,82,008)	(49,93,748)	(1,55,41,394)
Changes in equity for the year ended December 31, 2020					
Profit for the year	–	–	24,23,532	–	24,23,532
Exchange differences on translation	–	–	–	(21,03,118)	(21,03,118)
Balance as of December 31, 2020	18,12,750	5,21,612	(1,04,58,476)	(70,96,866)	(1,52,20,980)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number : 006673S

for and on behalf of Board of Directors of Panaya GmbH

M. Rathnakar Kamath
Partner
Membership Number : 202841

David Binny
Director

Place : Bengaluru
Date : April 14, 2021

Statements of Cash Flows

in ₹

Particulars	Year ended December 31,	
	2020	2019
Cash flow from operating activities :		
Profit for the year	24,23,532	30,92,018
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation	43,973	99,758
Other adjustments	(984)	1,449
Exchange differences on translation of assets and liabilities	(21,03,118)	1,37,409
Changes in assets and liabilities		
Trade receivables	(7,82,45,712)	(71,10,990)
Other financial assets and other assets	2,24,55,915	2,42,98,121
Trade payables	8,54,54,455	2,80,07,542
Other financial liabilities and other liabilities	(58,79,965)	(6,85,80,248)
Net cash generated by / (used in) operating activities	2,41,48,095	(20,0,54,941)
Cash flow from investing activities :		
Expenditure on property, plant and equipment	–	–
Net cash from / (used in) investing activities	–	–
Cash flow from financing activities :		
Net cash from / (used in) financing activities	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Net increase / (decrease) in cash and cash equivalents	2,41,48,095	(2,00,54,941)
Cash and cash equivalents at the beginning of the year	71,80,770	2,72,35,711
Cash and cash equivalents at the end of the year	3,13,28,866	71,80,770

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Place : Bengaluru
Date : April 14, 2021

for and on behalf of Board of Directors of Panaya GmbH

David Binny
Director

Significant accounting policies

Company overview

Panaya GmbH ("the Company") is a wholly-owned subsidiary of Panaya Inc., USA. The Company develops and markets solutions for ERP systems, by identifying the changes on the ERP system through automated analysis.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to December 31.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is the Indian Rupee.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates allowance for credit losses, future obligations under employee benefit plans, income taxes, and the useful lives of property, plant and equipment.

1.5 Revenue recognition

The Company derives its revenue principally from the sale of its ERP systems analysis services including activation and monthly service fees. Revenues from services are recognized as services are performed or on a straight-line basis if service is ongoing. Revenue is recognized provided that arrangement (usually in the form of a purchase order) exists, the fee is fixed and determinable and collection is reasonably assured. If uncertainties exist, revenue is recognized when the uncertainties are resolved.

Effective January 1, 2019, the Company adopted Ind AS 115, Revenue from Contracts with Customers, using the cumulative catch-up transition method, applied to contracts that were not completed as at January 1, 2019. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Revenue from licenses where the customer obtains a "right-to-use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right-to-access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost-plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

Deferred contract cost

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment	3-5 years
Furniture and fixtures	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

1.8 Financial instruments

1.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted at trade date.

1.8.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.9 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.10 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.12 Foreign currency

Functional currency

The functional currency of the Company is the EURO.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements from functional currency to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in exchange differences on translation under other components of equity.

1.13 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and previous periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted, or substantively enacted by the Balance Sheet date, and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In assessing the realizability of deferred income tax assets, the Management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

1.14 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing, and financing activities of the Company are segregated.

1.15 Other income

The Company has adopted Appendix B to Ind AS 21, Foreign Currency Transactions and Advance Consideration, which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2020 are as follows:

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2020	21,15,528	1,01,767	22,17,295
Additions / Adjustments	–	–	–
Deletions / Adjustments	–	–	–
Translation Differences	2,54,603	12,248	2,66,850
Gross carrying value as of December 31, 2020	23,70,130	1,14,015	24,84,145
Accumulated depreciation as of January 1, 2020	(20,71,798)	(1,01,527)	(21,73,324)
Depreciation	(43,973)	–	(43,973)
Accumulated depreciation on deletions	–	–	–
Translation differences	(2,53,647)	(12,219)	(2,65,866)
Accumulated depreciation as of December 31, 2020	(23,69,418)	(1,13,745)	(24,83,163)
Carrying value as of December 31, 2020	713	269	982
Carrying value as of January 1, 2020	43,730	240	43,970

The carrying value of property, plant and equipment for the year ended December 31, 2019 were as follows :

in ₹

Particulars	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of January 1, 2019	21,12,622	1,01,627	22,14,249
Additions / Adjustments	–	–	–
Deletions / Adjustments	–	–	–
Translation differences	2,906	140	3,046
Gross carrying value as of December 31, 2019	21,15,528	1,01,767	22,17,295
Accumulated depreciation as of January 1, 2019	(19,67,685)	(1,01,387)	(20,69,072)
Depreciation	(99,619)	(140)	(99,758)
Accumulated depreciation on deletions	–	–	–
Translation differences	(4,494)	–	(4,494)
Accumulated depreciation as of December 31, 2019	(20,71,798)	(1,01,527)	(21,73,324)
Carrying value as of December 31, 2019	43,730	240	43,970
Carrying value as of January 1, 2019	1,44,937	240	1,45,177

2.2 Trade receivables

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Unsecured		
Considered good [(1)]	62,03,95,917	54,21,50,205
Total trade receivables	62,03,95,917	54,21,50,205
[(1)] Includes dues from related parties (Refer to Note 2.15)	54,17,33,089	54,17,33,089

2.3 Cash and cash equivalents

In ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Balances with banks		
In current accounts	3,13,28,866	71,80,770
Total cash and cash equivalents	3,13,28,866	71,80,770

2.4 Other financial assets

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Rental deposits	–	–
Security deposits	–	318
Others [(1)]	8,53,62,244	10,65,59,572
Total current other financial assets	8,53,62,244	10,65,59,890
Financial assets carried at amortized cost	8,53,62,244	10,65,59,890
[(1)] Includes dues from related parties (Refer to Note 2.15)	8,53,62,244	10,65,59,572

2.5 Other assets

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Prepaid expenses	–	–
Withholding taxes and others	7,55,813	20,14,084
Total current other assets	7,55,813	20,14,084

2.6 Equity

Equity share capital

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Authorized	18,12,750	18,12,750
Issued, subscribed and paid-up (wholly-owned by Panaya Inc.)	18,12,750	18,12,750
Total equity share capital	18,12,750	18,12,750

2.7 Trade payables

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Trade payables [(1)]	67,75,17,165	59,20,62,710
Total trade payables	67,75,17,165	59,20,62,710
[(1)] Includes dues to related parties (Refer to Note 2.15)	67,75,03,571	59,17,42,105

2.8 Other financial liabilities

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Accrued compensation to employees [(1)]	78,01,012	1,43,80,146
Accrued expenses [(1)]	9,45,501	22,61,247
Compensated absences	27,53,133	43,42,541
Other payables [(1)]	20,272	–
Total current other financial liabilities	1,15,19,918	2,09,83,934
[(1)] Financial liability carried at amortized cost	87,66,785	1,66,41,393

2.9 Other liabilities

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current		
Withholding and other taxes payable	15,41,757	19,48,321
Unearned revenue	6,24,85,962	5,84,95,348
Total current other liabilities	6,40,27,719	6,04,43,669

2.10 Income taxes

Income tax expense in the statement of profit and loss comprises:

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Current taxes	–	–
Deferred taxes	–	–
Income tax expense	–	–

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

in ₹

Particulars	As at December 31, 2020	As at December 31, 2019
Profit before income taxes	24,23,532	30,92,018
Enacted tax rates in Germany (%)	32.50	32.50
Computed expected tax expense	7,87,648	10,04,906

Particulars	As at December 31,	
	2020	2019
Effect of unrecognized deferred tax assets	(7,87,648)	(10,04,906)
Income tax expense	–	–

The applicable statutory tax rate in Germany for years ending December 31, 2020 and December 31, 2019 is 32.50%.

2.11 Revenue from operations

in ₹

Particulars	Year ended December 31,	
	2020	2019
Revenue from products and platforms	8,18,55,534	12,39,33,879
Total revenue from operations	8,18,55,534	12,39,33,879

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers.

Trade receivable are presented net of impairment in the Balance Sheet.

During the year ended December 31, 2020, the Company recognized revenue of ₹4,92,42,223 arising from opening unearned revenue as of January 1, 2020.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at December 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹6,20,10,967. Out of this, the Group expects to recognize revenue of around 83% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18, Revenue standard instead of Ind AS 115, Revenue from Contract with Customers on the financials results of the Group for the year ended December 31, 2020 is insignificant.

2.12 Other income

in ₹

Particulars	Year ended December 31,	
	2020	2019
Exchange gain / (loss) of assets and liabilities	–	–
Total other income	–	–

2.13 Expenses

in ₹

Particulars	Year ended December 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	5,85,67,473	4,86,21,567
Staff welfare	1,91,757	2,06,612
Total employee benefit expenses	5,87,59,229	4,88,28,179

in ₹

Particulars	Year ended December 31,	
	2020	2019
Other expenses		
Repairs and maintenance	9,627	43,794
Brand and marketing	6,16,039	3,56,159
Operating lease payments	16,49,415	12,93,098
Rates and taxes	–	(14)
Insurance	1,58,326	2,33,142
Commission charges	–	2,89,52,415
Others	5,01,744	3,40,019
Total other expenses	29,35,151	3,12,18,612

2.14 Financial instruments

Financial instruments by category

The carrying value of financial instruments as of December 31, 2020 and December 31, 2019 were as follows:

in ₹

Particulars	Carrying value as on December 31,	
	2020	2019
Assets :		
Cash and cash equivalents (Refer to Note 2.3)	3,13,28,866	71,80,770
Trade receivables (Refer to Note 2.2)	62,03,95,917	54,21,50,205
Other financial assets (Refer to Note 2.4)	8,53,62,244	10,65,59,890
Total	73,70,87,026	65,58,90,865

Particulars	Carrying value as on December 31,	
	2020	2019
Liabilities :		
Trade payables (Refer to Note 2.7)	67,75,17,165	59,20,62,710
Other financial liabilities (Refer to Note 2.8)	87,66,785	1,66,41,393
Total	68,62,83,950	60,87,04,102

All the above financial instruments are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹62,03,95,917 and ₹54,21,50,205 as of December 31, 2020 and December 31, 2019, respectively. Trade receivables are majorly derived from revenue earned from companies within the group and no credit risk is perceived.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents.

As at December 31, 2020 and December 31, 2019, the Company had cash and cash equivalents of ₹3,13,28,866 and ₹71,80,770 respectively.

The Company has no outstanding borrowings and no liquidity risk is perceived.

2.15 Related party transactions

List of related parties :

Name of subsidiaries	Country	Holdings as at December 31,	
		2020	2019
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) [18]	Brazil	–	–
Infosys Nova Holdings LLC. (Infosys Nova)	US	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Austria GmbH	Austria	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	US	100%	100%
Infosys Chile SpA	Chile	100%	100%
Infosys Arabia Limited [2]	Saudi Arabia	70%	70%
Infosys Consulting Ltda. [1]	Brazil	100%	100%
Infosys CIS LLC [1] [19]	Russia	–	–
Infosys Luxembourg S.à.r.l	Luxembourg	100%	100%
Infosys Americas Inc., (Infosys Americas)	US	100%	100%
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [3]	Australia	–	–
Infosys Public Services, Inc. USA (Infosys Public Services)	US	100%	100%
Infosys Canada Public Services Inc [45]	Canada	–	–
Infosys BPM Limited	India	99.99%	99.99%
Infosys (Czech Republic) Limited s.r.o. [4]	Czech Republic	99.99%	99.99%
Infosys Poland, Sp z.o.o [4]	Poland	99.99%	99.99%
Infosys McCamish Systems LLC [4]	US	99.99%	99.99%
Portland Group Pty Ltd [4]	Australia	99.99%	99.99%
Infosys BPO Americas LLC. [4]	US	99.99%	99.99%
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland	100%	100%
Infosys Management Consulting Pty Limited [5]	Australia	100%	100%
Infosys Consulting AG [5]	Switzerland	100%	100%
Infosys Consulting GmbH [5]	Germany	100%	100%
Infosys Consulting S.R.L. [1]	Romania	100%	100%
Infosys Consulting SAS [5]	France	100%	100%
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) [5] [44]	Czech Republic	100%	100%
Infosys Consulting (Shanghai) Co., Ltd. [5] [44]	China	100%	100%
Infy Consulting Company Ltd [5]	UK	100%	100%
Infy Consulting B.V. [5]	The Netherlands	100%	100%

Name of subsidiaries	Country	Holdings as at December 31,	
		2020	2019
Infosys Consulting Sp. z.o.o [24] [32]	Poland	–	99.99%
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5] [37]	Portugal	100%	100%
Infosys Consulting S.R.L. [5]	Argentina	100%	100%
Infosys Consulting (Belgium) NV [6]	Belgium	99.90%	99.90%
Panaya Inc. (Panaya)	US	100%	100%
Panaya Ltd. [7]	Israel	100%	100%
Panaya Japan Co. Ltd [7] [23]	Japan	–	–
Brilliant Basics Holdings Limited (Brilliant Basics)	UK	100%	100%
Brilliant Basics Limited [8]	UK	100%	100%
Brilliant Basics (MENA) DMCC [8] [25]	UAE	–	100%
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore	100%	100%
Infosys Middle East FZ LLC [9]	UAE	100%	100%
Fluido Oy [9]	Finland	100%	100%
Fluido Sweden AB (Extero) [12]	Sweden	100%	100%
Fluido Norway A/S [12]	Norway	100%	100%
Fluido Denmark A/S [12]	Denmark	100%	100%
Fluido Slovakia s.r.o [12]	Slovakia	100%	100%
Fluido Newco AB [12] [39]	Sweden	–	100%
Infosys Compaz Pte. Ltd [10]	Singapore	60%	60%
Infosys South Africa (Pty) Ltd [9]	South Africa	100%	100%
WongDoody Holding Company Inc. (WongDoody) [1]	US	100%	100%
WDW Communications, Inc [11]	US	100%	100%
WongDoody, Inc [11]	US	100%	100%
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan	81%	81%
Stater N.V. [10] [14]	The Netherlands	75%	75%
Stater Nederland B.V. [15]	The Netherlands	75%	75%
Stater Duitsland B.V. [15] [41]	The Netherlands	–	75%
Stater XXL B.V. [15]	The Netherlands	75%	75%
HypoCasso B.V. [15]	The Netherlands	75%	75%
Stater Participations B.V. [15]	The Netherlands	75%	75%
Stater Deutschland Verwaltungs-GmbH [16] [40]	Germany	–	75%
Stater Deutschland GmbH & Co. KG [16] [40]	Germany	–	75%
Stater Belgium N.V./S.A. [17] [42]	Belgium	75%	53.99%
Outbox systems Inc. dba Simplus (US) [20]	US	100%	100%
Simplus North America Inc. [21]	Canada	100%	100%
Simplus ANZ Pty Ltd. [21]	Australia	100%	100%
Simplus Australia Pty Ltd [22]	Australia	100%	100%
Sqware Peg Digital Pty Ltd [22]	Australia	100%	100%
Simplus Philippines, Inc. [21]	Philippines	100%	100%
Simplus Europe, Ltd. [21]	UK	100%	100%
Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) [26] [12]	UK	100%	100%
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [26] [12]	Ireland	100%	100%
Infosys Limited Bulgaria EOOD [1] [27]	Bulgaria	100%	–
Kaleidoscope Animations, Inc. [30]	US	100%	–
Kaleidoscope Prototyping LLC [31]	US	100%	–
GuideVision s.r.o. [28]	UK	100%	–
GuideVision Deutschland GmbH [29]	Germany	100%	–
GuideVision Suomi Oy [29]	Finland	100%	–
GuideVision Magyarország Kft [29]	Hungary	100%	–
GuideVision Polska SP.Z.O.O [29]	Poland	100%	–
GuideVision UK Ltd [29]	UK	100%	–
Beringer Commerce Inc [33]	US	100%	–
Beringer Capital Digital Group Inc [33]	US	100%	–
Mediotype LLC [34]	US	100%	–
Beringer Commerce Holdings LLC [34]	US	100%	–
SureSource LLC [35]	US	100%	–

Name of subsidiaries	Country	Holdings as at December 31,	
		2020	2019
Blue Acorn LLC [35]	US	100%	–
Simply Commerce LLC [35]	US	100%	–
iCiDIGITAL LLC [36]	US	100%	–
Infosys BPM UK Limited [4] [38]	UK	–	–
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [43]	Turkey	–	–

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.
(15) Majority-owned and controlled subsidiary of Stater N.V.
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited
(19) Liquidated effective January 28, 2021.
(20) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(21) Wholly-owned subsidiary of Outbox Systems Inc.
(22) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(23) Liquidated effective October 31, 2019
(24) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(25) Liquidated effective July 17, 2020
(26) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd. (formerly Simplus UK, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(27) Incorporated effective September 11, 2020.
(28) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(29) Wholly-owned subsidiary of GuideVision s.r.o.
(30) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(31) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(32) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(33) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(34) Wholly-owned subsidiary of Beringer Commerce Inc
(35) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(36) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(37) Liquidated effective November 19,2020
(38) Incorporated, effective December 9, 2020
(39) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(40) Merged into Stater Duitsland B.V., effective December 18, 2020
(41) Merged with Stater N.V., effective December 23, 2020
(42) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(43) Incorporated on December 30, 2020.
(44) Under liquidation
(45) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at December 31, 2020 and December 31, 2019 are as follows:

in ₹

Particulars	As at December 31,	
	2020	2019
Trade receivables		
Panaya Ltd	54,17,33,089	54,17,33,089
	54,17,33,089	54,17,33,089
Other financial assets		
Panaya Ltd	8,53,62,244	10,65,59,572
	8,53,62,244	10,65,59,572
Trade payables		
Panaya Ltd.	67,75,03,571	59,17,42,105
	67,75,03,571	59,17,42,105

The details of the related parties transactions entered into by the Company, for the years ended December 31, 2020 and December 31, 2019 are as follows:

in ₹

Particulars	As at December 31,	
	2020	2019
Revenue transactions :		
Purchase of services		
Panaya Ltd.	2,67,51,807	2,67,51,807
	2,67,51,807	2,67,51,807
Sale of services :		
Panaya Ltd	1,01,23,363	1,01,23,363
	1,01,23,363	1,01,23,363

2.16 Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Based on the "management approach" as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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Brilliant Basics Holdings Limited

Company Information

Directors	R K Singisetti B D Wiener
Registered number	09767352
Registered office	The Bower 10/11th Floor 207 211 Old Street London EC1V 9NR
Independent auditor	Blick Rothenberg Audit LLP *Chartered Accountants and Statutory Auditor* 16 Great Queen Street Covent Garden London WC2B 5AH

Director's Report

The directors present their report and the financial statements for the year ended March 31, 2021.

Directors

The directors who served during the year were :

A K Verma (resigned August 31, 2020)

R K Singisetti

S A Sorokin (resigned April 30, 2020)

B D Wiener (appointed July 10, 2020)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that :

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

B D Wiener
Director

Date: May 6, 2021

Director’s Responsibilities Statement

The directors are responsible for preparing the directors’ report and the financial statements in accordance with applicable law and regulations.

The Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

To the members of Brilliant Basics Holdings Limited for the year ended March 31, 2021

Opinion

We have audited the financial statements of Brilliant Basics Holdings Limited ("the Company") for the year ended March 31, 2021, which comprise the profit and loss account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements :

- give a true and fair view of the state of the Company's affairs as at March 31, 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where :

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorized for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit :

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion :

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 618, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below :

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the Company's industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and employment legislation; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by :

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we :

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to :

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members for our audit work, for this report, or for the opinions we have formed.

Christopher Shepherd
(Senior Statutory Auditor)

for and on behalf of

Blick Rothenberg Audit LLP
Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

Date: May 7, 2021

Profit and Loss Account

in £

Particulars	Note no.	For the year ended March 31,	
		2021	2020
Administrative expenses		(6,565)	(5,826)
Operating loss	3	(6,565)	(5,826)
Income from other fixed asset investments	5	46,105	–
Interest payable and similar expenses	6	(2,949)	(93,063)
Profit / (loss) before taxation		36,591	(98,889)
Tax on profit / (loss)	7	–	–
Profit / (loss) for the financial year		36,591	(98,889)

There are no items of other comprehensive income for either the year or the prior year other than the profit / (loss). Accordingly, no statement of other comprehensive income has been presented.

Balance Sheet

in £

Particulars	Note no.	As at March 31,			
			2021		2020
Fixed assets					
Investments	8		1		2
			1		2
Current assets					
Debtors : amounts falling due within one year	9	895,365		897,110	
Cash at bank and in hand	10	402,064		421,928	
		1,297,429		1,319,038	
Creditors : amounts falling due within one year	11	(2,300)		(60,501)	
Net current assets			1,295,129		1,258,537
Net assets			1,295,130		1,258,539
Capital and reserves					
Called-up share capital	12		7		7
Share premium account	13		1,503,743		1,503,743
Profit and loss account	13		(208,620)		(245,211)
Total equity			1,295,130		1,258,539

The financial statements were approved and authorized for issue by the board and were signed on its behalf by :

B D Wiener
Director

Date: May 6, 2021

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

in £

Particulars	Called up share capital	Share premium account	Profit and loss account	Total equity
At April 1, 2019	7	1,503,743	(146,322)	1,357,428
Comprehensive income for the year				
Loss for the financial period	–	–	(98,889)	(98,889)
Total comprehensive income for the year	–	–	(98,889)	(98,889)
At April 1, 2020	7	1,503,743	(245,211)	1,258,539
Comprehensive income for the year				
Profit for the financial year	–	–	36,591	36,591
Total comprehensive income for the year	–	–	36,591	36,591
At March 31, 2021	7	1,503,743	(208,620)	1,295,130

Notes to the Financial Statements

1. General information

The principal activity of Brilliant Basics Holdings Limited is that of an investment holding company.

Brilliant Basics Holdings Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is The Bower, 10/11th Floor, 207 211 Old Street, London, EC1V 9NR.

The financial statements are presented in Pound Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

The Company was, at the year end, a wholly-owned subsidiary of Infosys Limited, a company incorporated in India, whose registered address is Electronics City, Hosur Road, Bengaluru 560 100, India. In accordance with the exemption given in Section 400 of the Companies Act 2006, the Company is not required to produce, and has not published, consolidated accounts.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 :

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraph 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosure relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The Company has been included in the consolidated financial statements of Infosys Limited for the year ended 31 March 2021 and these financial statements may be obtained from www.infosys.com.

The following principal accounting policies have been applied :

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Estimation of uncertainties relating to the global health pandemic from COVID-19

The directors have considered the possible effects that may result from the ongoing pandemic relating to COVID-19 on the carrying amounts of the Company's assets and, based on current estimates at the date of the approval of these financial statements, expect the carrying amount of those assets to be fully recoverable.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including other debtors, cash and bank balances, intercompany working capital balances and intercompany financing, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortized cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including other creditors and loans from fellow group companies, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third-party without imposing additional restrictions.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.6 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except that a charge attributable to an item of income and expense recognized as other comprehensive income or to an item recognized directly in equity is also recognized in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that :

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognized in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.10 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognized as a reduction in the proceeds of the associated capital instrument.

3. Operating loss

The operating loss is stated after charging :

in £

Particulars	For the year ended March 31,	
	2021	2020
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	2,300	2,175
Fees payable to the Company's auditor for taxation compliance services	–	3,550

4. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2020 : £NIL).

5 Income from other fixed asset investments

in £

Particulars	For the year ended March 31,	
	2021	2020
Income from fixed asset investments	46,105	–
	46,105	–

Income from fixed assets investment relates to the cash transferred to Brilliant Basics Holdings Limited that was in the UAE subsidiary's bank account (Brilliant Basics (MENA) DMCC). The Company was put into liquidation via a resolution passed on July 17, 2020.

6 Interest payable and similar expenses

in £

Particulars	For the year ended March 31,	
	2021	2020
Loans from group undertakings	–	35,499
Foreign exchange losses	2,949	57,564
	2,949	93,063

7 Taxation

in £

Particulars	For the year ended March 31,	
	2021	2020
Total current tax	–	–

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 -higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

in £

Particulars	For the year ended March 31,	
	2021	2020
Profit / (loss) before taxation	36,591	(98,889)
Profit / (loss) multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	6,952	(18,789)
Effects of :		
Losses carried forward	–	18,789
Utilization of losses brought forward	(6,952)	–
Total tax charge for the financial year	–	–

Factors that may affect future tax charges

In the Spring Budget 2021 on March 3, 2021, the Government announced that from April 1, 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

As of the date of the approval of these financial statements the increase in rates has not been substantively enacted. As the proposal to increase the rate had not been substantively enacted at the Balance Sheet date, its effects are not included in these financial statements.

At the year end, the Company has unrecognized tax losses available to carry forward against future profits of approximately £197,620 (2020 : £234,211). No deferred tax has been recognized due to uncertainty on the timing of the utilization of the losses.

8 Fixed asset investments

in £

Particulars	Investments in subsidiary companies
Cost	
At April 1, 2020	2
Disposals	(1)
At March 31, 2021	1
Net book value	
At March 31, 2021	1
At March 31, 2020	2

Subsidiary undertaking

The following was a subsidiary undertaking of the Company :

Name	Country of incorporation	Principal activity	Class of shares	Holding
Brilliant Basics Limited	England and Wales	IT consultancy	Ordinary	100%

The registered office of Brilliant Basics Limited is The Bower, 10th/11th Floor, 207-211 Old Street, London, EC1V 9NR.

9 Debtors

in £

Particulars	As at March 31,	
	2021	2020
Amounts owed by group undertakings	895,362	895,362
Other debtors	3	1,748
	895,365	897,110

Amounts owed by group undertakings are interest free, unsecured and are repayable on demand

10 Cash and cash equivalents

in £

Particulars	As at March 31,	
	2021	2020
Cash at bank and in hand	402,064	421,928

11 Creditors : Amounts falling due within one year

in £

Particulars	As at March 31,	
	2021	2020
Amounts owed to group undertakings	–	46,900
Other creditors	–	10,601
Accruals and deferred income	2,300	3,000
	2,300	60,501

12 Share capital

in £

Particulars	As at March 31,	
	2021	2020
Shares classified as equity		
Allotted, called-up and fully paid		
1,346 (2020 : 1,346) ordinary shares of £0.005 each	7	7

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13. Reserves

Share premium account

The share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

14. Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly-owned part of the Group.

15. Ultimate parent undertaking and controlling party

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Infosys Limited, whose registered office is Electronics City, Hosur Road, Bangalore, 560 100, Karnataka, India. Copies of these group financial statements are available to the public from www.infosys.com.

The ultimate parent undertaking is Infosys Limited, a company incorporated in India.

In the opinion of the directors there is no ultimate controlling party.

Detailed Profit and Loss account

in £

Particulars	For the year ended March 31,	
	2021	2020
Administrative expenses	(6,565)	(5,826)
Operating loss	(6,565)	(5,826)
Interest payable and similar expenses	(2,949)	(93,063)
Income from other fixed asset investments	46,105	–
Profit / (loss) before taxation	36,591	(98,889)

Schedule to the Detailed Accounts

in £

Particulars	For the year ended March 31,	
	2021	2020
Administrative expenses		
Legal and professional	2,802	3,550
Auditor's remuneration	3,685	2,175
Bank charges	78	101
	6,565	5,826

in £

Particulars	For the year ended March 31,	
	2021	2020
Interest payable and similar expenses		
Group interest payable	–	35,499
Foreign exchange losses	2,949	57,564
	2,949	93,063

in £

Particulars	For the year ended March 31,	
	2021	2020
Investment income		
Income from fixed asset investments	46,105	–
	46,105	–

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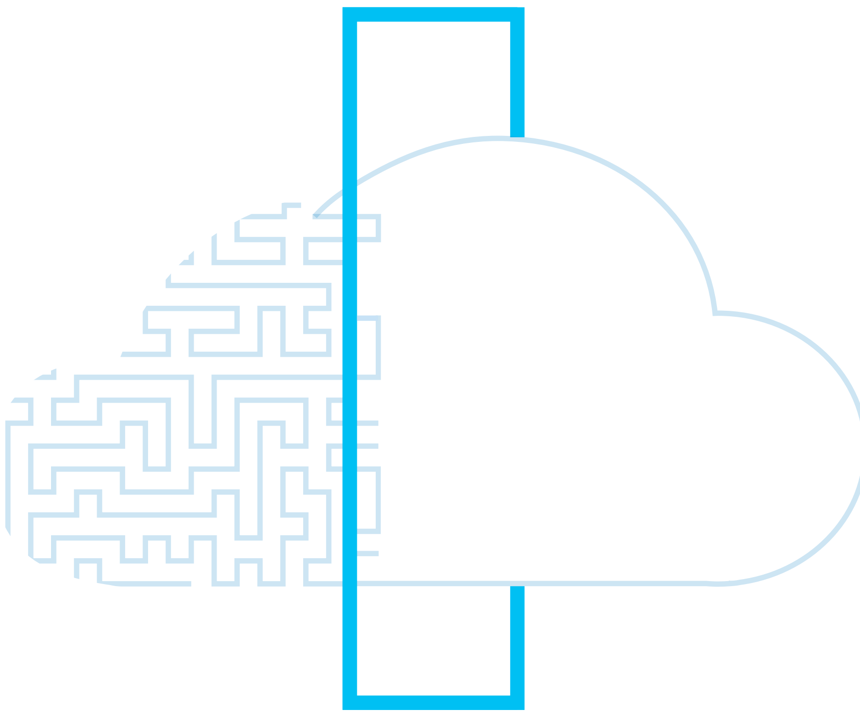


Brilliant Basics Limited

Company Information

Directors	R K Singisetti B D Wiener
Registered number	08011232
Registered office	The Bower 10th/11th Floor 207 211 Old Street London EC1V 9NR
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

Director's Report

The directors present their report and the financial statements for the year ended March 31, 2021.

Directors

The directors who served during the year were :

A K Verma (resigned August 31, 2020)

R K Singisetti

S A Sorokin (resigned April 30, 2020)

B D Wiener (appointed July 10, 2020)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that :

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

B D Wiener
Director

Date: May 20, 2021

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

The Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under the Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor’s Report

To the members of Brilliant Basics Limited for the year ended 31 March 2021.

Opinion

We have audited the financial statements of Brilliant Basics Ltd (“the Company”) for the year ended March 31, 2021, which comprise the profit and loss account, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements :

- give a true and fair view of the state of the Company’s affairs as at March 31, 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorized for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit :

- the information given in the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors’ report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion :

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 634, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below :

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the Company's industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and employment legislation; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatements, including obtaining an understanding of how fraud might occur, by :

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we :

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to :

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Shepherd
Senior Statutory Auditor

for and on behalf of

Blick Rothenberg Audit LLP
Chartered Accountants

Statutory Auditor

16 Great Queen Street

Covent Garden

London

WC2B 5AH

Date: May 20, 2021

Profit and Loss Account

in £

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Turnover	6,675,498	11,623,497
Cost of sales	(4,048,453)	(7,634,318)
Gross profit	2,627,045	3,989,179
Administrative expenses	(2,186,412)	(2,837,512)
Other operating income	64,085	74,822
Operating profit	504,718	1,226,489
Interest payable and similar expenses	(11,970)	(1,074)
Profit before tax	492,748	1,225,415
Tax on profit	(103,578)	(194,441)
Profit for the financial year	389,170	1,030,974

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly, no statement of other comprehensive income has been presented.

Balance Sheet

in £

Particulars	Note no.	As at March 31,			
			2021		2020
Fixed assets					
Tangible assets	4		52,172		116,033
Current assets					
Debtors : amounts falling due within one year	5	2,531,806		1,216,572	
Cash at bank and in hand		444,543		1,111,161	
		2,976,349		2,327,733	
Creditors : amounts falling due within one year	6	(1,784,297)		(1,588,712)	
Net current assets			1,192,052		739,021
Net assets			1,244,224		855,054
Capital and reserves					
Called-up share capital	7		100		100
Profit and loss account			1,244,124		854,954
Total equity			1,244,224		855,054

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements were approved and authorized for issue by the board and were signed on its behalf by :

B D Wiener
Director

Date: May 20, 2021

The accompanying notes form an integral part of the financial statements.

1. General information

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is The Bower 10th/11th Floor, 207 211 Old Street, London, EC1V 9NR.

The financial statements are presented in Pound Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have received confirmation from its ultimate parent undertaking and principal customer, Infosys Limited, that the existing business arrangement between the entities will continue ensuring that the Company will remain profitable.

Having considered post year end trading, financial results and cash reserves, and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Estimation of uncertainties relating to the global health pandemic from COVID-19

The directors have considered the possible effects that may result from the ongoing pandemic relating to COVID-19 on the carrying amounts of the Company's assets and, based on current estimates at the date of the approval of these financial statements, expect the carrying amount of those assets to be fully recoverable.

2.4 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognized:

Rendering of services

Revenue from a contract to provide services is recognized in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied :

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	5 years
Office equipment	5 years
Computer equipment	3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

2.6 Financial instruments

The Company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

The Company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances and intercompany financing, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortized cost using the effective interest method, less any impairment.

Financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Debt instruments are subsequently carried at amortized cost, using the effective interest rate method.

Impairment of financial assets

Financial assets measured at cost and amortized cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognized in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the Company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling (£).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognized as a reduction in the proceeds of the associated capital instrument.

2.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.12 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognized as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognized to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the profit and loss account, except that a charge attributable to an item of income and expense recognized as other comprehensive income or to an item recognized directly in equity is also recognized in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that :

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is not recognized in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.16 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognized as an expense when it is incurred. Intangible assets are recognized from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalized development costs are subsequently amortized on a straight-line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Employees

The average number of employees, including the directors, during the year was 72 (2020 - 92).

4. Tangible fixed assets

in £

Particulars	Fixtures and fittings	Office equipment	Computer equipment	Total
Cost				
At April 1, 2020	56,085	7,650	221,400	285,135
At March 31, 2021	56,085	7,650	221,400	285,135
Depreciation				
At April 1, 2020	42,648	3,864	122,590	169,102
Charge for the year	3,074	1,293	59,494	63,861
At March 31, 2021	45,722	5,157	182,084	232,963
Net book value				
At March 31, 2021	10,363	2,493	39,316	52,172
At March 31, 2020	13,437	3,786	98,810	116,033

5. Debtors

in £

Particulars	As at March 31,	
	2021	2020
Trade debtors	66,268	150,879
Amounts owed by group undertakings	2,373,611	756,431
Other debtors	4,219	164,163
Prepayments and accrued income	13,107	49,353
Recoverable tax	57,502	69,694
Deferred taxation	17,099	26,052
	2,531,806	1,216,572

6. Creditors : amounts falling due within one year

in £

Particulars	As at March 31,	
	2021	2020
Trade creditors	35,153	298,045
Amounts owed to group undertakings	1,356,959	884,761
Other taxation and social security	171,111	135,441
Other creditors	158,732	129,083
Accruals and deferred income	62,342	141,382
	1,784,297	1,588,712

7. Share capital

in £

Particulars	As at March 31,	
	2021	2020
Shares classified as equity		
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

8. Share-based payments

The parent company, Infosys Limited, has a share option scheme for certain employees (including directors). Restricted stock units (RSUs) are exercisable at a price equal to the face value of the parent company's share on the date of the grant. The vesting period is usually over four years. Vesting of the restricted stock units is subject to continued employment within the group. Restricted stock units are forfeited if the employee leaves the Company before the options vest.

The total expense relating to the share-based payments for the year was £28,618 (2020 - £27,047).

9. Commitments under operating leases

At March 31, 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods :

in £

Particulars	As at March 31,	
	2021	2020
Not later than 1 year	–	4,251
	–	4,251

10. Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 Section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

11. Parent undertaking and controlling party

The parent undertaking of the smallest group of undertakings for with group financial statements are drawn up and of which the Company is a member is Infosys Limited, whose registered office is Electronics City, Hosur Road, Bangalore, 560 100, Karnataka, India. Group financial statements are available from www.infosys.com.

Detailed Profit and Loss Account

in £

Particulars	For the year ended March 31,	
	2021	2020
Turnover	6,675,498	11,623,497
Cost of sales	(4,048,453)	(7,634,318)
Gross profit	2,627,045	3,989,179
Other operating income	64,085	74,822
Less : overheads		
Administrative expenses	(2,186,412)	(2,837,512)
Operating profit	504,718	1,226,489
Interest payable and similar expenses	(11,970)	(1,074)
Profit before tax	492,748	1,225,415

Schedule to detailed Profit and Loss Account

in £

Particulars	For the year ended March 31,	
	2021	2020
Turnover		
Provision of consultancy services	6,675,498	11,623,497

in £

Particulars	For the year ended March 31,	
	2021	2020
Cost of sales		
Direct staff and subcontractor costs	4,063,055	7,270,805
Travel and entertainment	(14,602)	357,765
Other direct costs	–	5,748
	4,048,453	7,634,318

in £

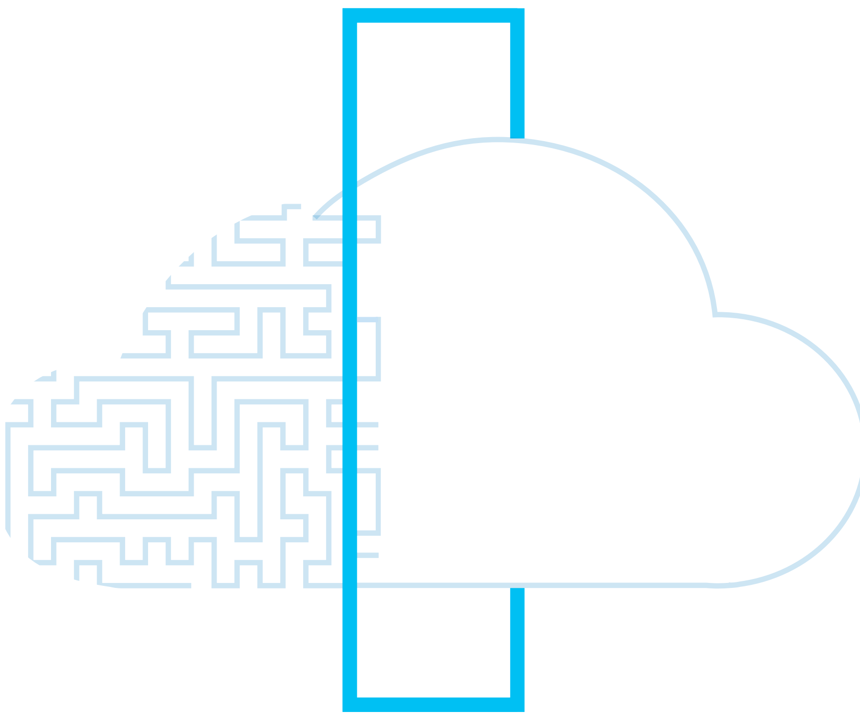
Particulars	For the year ended March 31,	
	2021	2020
Other operating income		
Sundry income	64,085	74,822

in £

Particulars	For the year ended March 31,	
	2021	2020
Administration expenses		
Directors salaries	205,367	351,735
Directors pension costs	7,710	2,570
Staff salaries	884,967	1,088,075
Staff private health insurance	76,463	90,324
Staff national insurance	125,777	155,884
Staff pension costs – defined contribution schemes	21,709	29,922
Staff training	3,000	3,405
Motor running costs	4,396	5,953
Hotels, travel and subsistence	10,328	152,658
Printing and stationery	3,189	18,421
Postage	2,373	3,919
Telephone and fax	19,474	23,538
Computer costs	17,764	39,319
Advertising and promotion	48,100	67,024
Trade subscriptions	193,039	206,252
Legal and professional	237,900	116,620
Auditors' remuneration	11,700	12,000
Accountancy fees	10,850	19,063
Bank charges	6,287	8,264
Difference on foreign exchange	(7,473)	(832)
Sundry expenses	32,685	48,516
Rent – operating leases	205,087	313,764
Rates	–	524
Light and heat	–	183
Cleaning	–	4,474
Insurances	1,859	2,845
Repairs and maintenance	–	504
Depreciation	63,861	64,497
Profit / loss on sale of tangible assets	–	8,091
	2,186,412	2,837,512

in £

Particulars	For the year ended March 31,	
	2021	2020
Interest payable		
Other loan interest payable	11,970	1,074
	11,970	1,074



Infosys Middle East FZ LLC

Independent Auditors' Report

The Shareholder of Infosys Middle East FZ-LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys Middle East FZ-LLC ("the Company"), which comprise the Statement of Financial Position as at December 31, 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management and those charged with governance for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, their preparation in compliance with the applicable provisions of the UAE Creative Cluster Private Companies Regulations 2016, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further report that the financial statements, in all material respects, have been properly prepared in accordance with the UAE Creative Cluster Private Companies Regulations 2016 issued pursuant to Law No. (15) of 2014.

KPMG Lower Gulf Limited

Emilio Pera

Registration Number : 1146

UAE, United Arab Emirates

Date: May 25, 2021

Statement of Profit or Loss and Other Comprehensive Income

in AED

Particulars	Note no.	For the year ended December 31,	
		2020	2019
Revenue	5	41,994,788	46,490,265
Cost of services	6	(39,975,714)	(35,994,432)
Gross profit		2,019,074	10,495,833
Administrative and general expenses	7	(3,496,617)	(4,770,165)
Operating (loss) / profit		(1,477,543)	5,725,668
Finance cost	8	(140,921)	(392,659)
(Loss) / profit for the year		(1,618,464)	5,333,009
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of the net defined benefit liability		(134,460)	(704,030)
Total other comprehensive loss		(134,460)	(704,030)
Total comprehensive (loss) / profit for the year		(1,752,924)	4,628,979

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position

in AED

Particulars	Note no.	As at December 31, 2020	As at December 31, 2019
ASSETS			
Non-current asset			
Property and equipment	9	136,844	230,923
Right of use asset	10	3,321,678	6,014,037
		3,458,522	6,244,960
Current assets			
Trade and other receivables	11	6,272,858	804,702
Due from a related party	12	4,925,342	7,810,129
Cash and cash equivalent	13	8,754,738	3,335,699
		19,952,938	11,950,530
Total assets		23,411,460	18,195,490
EQUITY AND LIABILITIES			
EQUITY			
Share capital	14	300,000	300,000
Retained earnings		(9,968,799)	(8,215,875)
Total equity		(9,668,799)	(7,915,875)
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	15	17,329,284	17,437,542
Lease liabilities	10	2,299,976	4,582,384
		19,629,260	22,019,926
Current liabilities			
Trade and other payables	16	3,455,598	2,588,720
Due to related party	12	8,927,854	99,453
Lease liabilities	10	1,067,547	1,403,266
		13,450,999	4,091,439
Total equity and liabilities		23,411,460	18,195,490

To the best of our knowledge, the financial statements fairly presents, in all material respects, the financial position, results of operation and cash flows of the Company as of, and for, the year ended December 31, 2020.

These financial statements were approved for issuance by the Managing Director on May 25, 2021

Sriranga neelathali sampthkumar
Managing Director

The accompanying notes form an integral part of the financial statements.

Statement of Cash Flows

in AED

Particulars	Note no.	For the year ended December 31, 2020	2019
Operating activities			
(Loss) / profit for the year		(1,618,464)	5,333,009
Adjustments for :			
Depreciation on property and equipment	9	94,079	231,834
Depreciation on right-of-use asset	10	1,370,308	1,963,515
Provision for employees' end-of-service benefits	15	2,191,996	2,577,628
Interest expense	8	140,921	392,659
Provision for incentives and leave accruals	16	2,517,778	3,688,740
		4,696,618	14,187,385
Changes in :			
Trade and other receivables	11	(5,468,156)	958,438
Due from a related party	12	2,884,787	(4,207,756)
Due to a related party	12	8,828,401	(99,453)
Trade and other payables	16	641,155	(60,735)
Payment for employees' end-of-service benefits	15	(2,434,714)	(1,961,981)
Payment of incentives and leave accruals	16	(2,292,073)	(4,021,979)
Net cash from operating activities		6,856,018	4,793,919
Investing activity			
Acquisition of property and equipment		–	(40,970)
Net cash used in investing activity		–	(40,970)
Financing activities			
Payment of loan from a related party		–	(5,505,000)
Interest paid on loan from a related party		–	(233,850)
Payment of lease liabilities	10	(1,436,979)	(2,052,417)
Net cash used in financing activities		(1,436,979)	(7,791,267)
Net increase / (decrease) in cash and cash equivalents		5,419,039	(3,038,318)
Cash and cash equivalents at the beginning of the year		3,335,699	6,374,017
Cash and cash equivalents at the end of the year	13	8,754,738	3,335,699

The accompanying notes form an integral part of the financial statements.

Statement of Changes in Equity

in AED

Particulars	Share capital	Retained earnings	Total
At January 1, 2019	300,000	(12,776,837)	(12,476,837)
Total comprehensive income for the year			
Profit for the year	–	5,333,009	5,333,009
Adjustment of initial application of IFRS 16	–	(68,017)	(68,017)
Other comprehensive loss for the year	–	(704,030)	(704,030)
At December 31, 2019	300,000	(8,215,875)	(7,915,875)
Balance as at January 1, 2020	300,000	(8,215,875)	(7,915,875)
Total comprehensive income for the year			
Loss for the year	–	(1,618,464)	(1,618,464)
Other comprehensive loss for the year	–	(134,460)	(134,460)
At December 31, 2020	300,000	(9,968,799)	(9,668,799)

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 December 2020

1 Legal status and principal activities

Infosys Middle East FZ-LLC ("the Company"), was incorporated on September 27, 2007 as a free zone company with limited liability under the provisions of the UAE Technology & Media Free Zone Private Companies Regulations 2003 (currently known as UAE Creative Clusters Authority) issued under Law No. 1 of 2000 of the Emirate of UAE establishing the UAE Technology, Electronic Commerce & Media Free Zone (TECOM). The registered address of the Company is Office 2101-2108, 21st Floor, Aurora Tower, UAE Media City, UAE, P.O. Box 502292, United Arab Emirates ("UAE").

The principal activity of the Company is to provide IT solutions and services.

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and the applicable provisions of UAE Creative Cluster Private Companies Regulations 2016.

2.1.Going concern

These financial statements have been prepared on the going concern basis notwithstanding the fact that the Company has accumulated losses and deficiency of net assets as at December 31, 2020 of AED 9,968,798 (December 31, 2019 : AED 8,215,875) and AED 9,668,798

(December 31, 2019 : 7,915,875) respectively. The continuation of the Company's operation is dependent upon the continued support from Infosys Limited (Ultimate Holding Company) and the ability of the Company to generate sufficient cash flows to meet its future obligations. The Ultimate Holding Company have provided an undertaking to provide necessary financial support to enable the Company to meet its obligations, as they fall due in the foreseeable future.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis.

2.3 Functional and presentation currency

These financial statements are presented in UAE Dirhams ("AED") which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 19.

3 Significant accounting policies

The following accounting policies, which comply with IFRS, have been applied consistently to all periods presented in these financial statements. The Company has consistently applied the accounting policies to all year presented unless otherwise stated.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with the customer. The Company recognizes revenue when it transfers control over goods or services to a customer.

In view of the risks associated with the delivery of its services to and the collection of the amounts the Company considers that it is acting as a principal in these arrangements and, therefore, has recognized the costs and associated revenue on a gross, as opposed to a net basis.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Providing IT solutions, and services to the customer	The invoices for the services provided are usually payable within the period of 30 days.	Revenue is recognized at a point in time when the performance obligation is satisfied by transferring control of the promised goods or services to the customer.
		The Company operates in cost-plus model, where it charges the costs it incurs for providing its services plus a margin.

Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business model assessment :

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the Management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest :

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses :

Financial assets at amortized cost

A financial instrument is any contract that gives rise to both a financial asset of the Company and a financial liability or equity instrument for another party. The Company principally classifies its financial assets at initial recognition in the following categories :

Financial assets at fair value through profit or loss: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Debt investments at FVOCI : These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI : These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets at amortized cost : These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

De-recognition

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Share capital

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the estimated costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing cost. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognized in the profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the Company will obtain ownership by the end of lease term.

The estimated useful lives of property and equipment for current and comparative periods are as follows :

	Years
Office equipment and fixtures	2 - 5

The depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment

Non-derivative financial assets

The Company recognizes loss allowances for expected credit loss (ECL) on financial assets measured at amortized cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when :

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Non-derivative financial assets : Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment. Objective evidence that financial assets were impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer would enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there was a measurable decrease in the expected cash flows from a group of financial assets.

Financial assets measured at amortized cost

The Company considered evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, investment property and inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions

A provision is recognized in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Realized and unrealized foreign exchange differences arising on translation are recognized in the profit or loss.

Leases

At inception of a contract the Company assesses whether a contract is or contains a lease. A contract is, or contains, a lease if contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

a. The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct asset or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.

b. The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c. The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

    i) The Company has the right to operate the asset; or

    ii) The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on assessment of a contract that contains a lease component, the Company identifies the non-lease component in the contract and break the lease and non-lease component and present the same separately i.e. lease component is capitalized as part of right-of-use asset and non-lease component is presented separately.

The Company as lessee

Right-of-use asset

The Company recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments in the measurement of the lease liability comprise the following :

a. fixed payments, including in-substance fixed payments;

b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c. amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases of equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Provision for end of service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

Employees are not required to contribute to the plan. The employees' end of service benefits is an unfunded obligation.

New and amended standards not effective and not yet adopted by the Company from Infy

4 Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments :

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has an overall responsibility for the Company and oversight of the Company's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is attributable to trade and other receivables, cash at bank and due from a related party. Cash is held with reputable bank. Balance due from a related party is considered fully recoverable by the Management.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk mainly relates to trade and other payables and due to a related party. The Company's approach to managing liquidity is to ensure, as far as possible, to maintain sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of the Company's transactions are conducted in AED and USD. AED is currently pegged to USD; hence, the Company has no significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Capital management

The Board of Directors' policy is to maintain a strong capital base as to maintain shareholders, creditors and market confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

5 Revenue

in AED

Particulars	Year ended December 31, 2020	2019
Revenue from services [(1)]	41,994,788	46,490,265

[(1)] Revenue from services includes AED 33,845,723 from contract with shareholder at cost plus margin of 6%. Also, refer to Note 12.

Revenue is geographically distributed in UAE and is recognized at the point in time.

6 Cost of services

in AED

Particulars	Year ended December 31, 2020	2019
Salaries and other benefits	29,038,912	33,416,804
Provision for employees' end-of-services benefits (Refer to Note 15)	2,191,996	2,577,628
Subcontracted cost (Refer to Note 12)	8,744,806	–
	39,975,714	35,994,432

7 Administrative and general expenses

in AED

Particulars	Year ended December 31,	
	2020	2019
Communication expenses	385,182	462,501
Utilities	37,938	59,677
Office maintenance	550,751	537,404
Travel and entertainment expenses	599,191	1,171,496
Depreciation on property and equipment (Refer to Note 9)	94,079	231,834
Depreciation on right-of-use asset (Refer to Note 10)	1,370,308	1,963,515
Professional fees	222,653	69,598
Impairment loss charged (Refer to Note 11)	48,825	–
Others	187,690	274,140
	3,496,617	4,770,165

8 Finance cost

in AED

Particulars	Year ended December 31,	
	2020	2019
Interest expense on borrowings	–	104,520
Interest expense on lease liability (Refer to Note 10)	140,921	238,139
	140,921	392,659

9 Property and equipment

in AED

Particulars	As at December 31, 2020
Office equipment and fixtures	
Cost	
At January 1, 2019	3,161,765
Additions	40,970
At December 31, 2019	3,202,735
At January 1, 2020	3,202,735
Additions	–
At December 31, 2020	3,202,735
Depreciation	
At January 1, 2019	2,739,978
Charge for the year	231,834
At December 31, 2019	2,971,812
At January 1, 2020	2,971,812
Charge for the year	94,079
At December 31, 2020	3,065,891
Net book value	
At December 31, 2020	136,844
At December 31, 2019	230,923

10 ROU assets and lease liabilities

The Company has taken office premises on lease. The lease period is one year with an option to extend the lease for further period. The Company estimates to occupy the premises till March 31, 2024 based on its economic incentive.

in AED

Particulars	As at December 31,	
	2020	2019
Lease liabilities		
Opening balance	5,985,650	10,421,672
Interest on leases	140,921	335,789
Derecognition of lease liability	(1,322,069)	(2,719,394)
Payments during the year	(1,436,979)	(2,052,417)
Closing balance	3,367,523	5,985,650
Current portion	1,067,547	1,403,266
Non-current portion	2,299,976	4,582,384
	3,367,523	5,985,650

Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follows :

in AED

Particulars	As at December 31,	
	2020	2019
Less than one year	1,115,643	1,403,266
One to five years	2,350,166	4,582,385
	3,465,810	5,985,651
Balances recognized in Statement of Profit and Loss		
Interest on lease liabilities	140,921	288,139
Depreciation	1,370,308	1,963,515
	1,511,229	2,251,654
ROU asset		
Opening balance	6,014,055	10,696,964
Derecognition of ROU	(1,322,069)	(2,719,394)
Depreciation	(1,370,308)	(1,963,515)
Closing balance	3,321,678	6,014,055

11 Trade and other receivables

in AED

Particulars	As at December 31,	
	2020	2019
Trade receivables	4,331,567	–
Unbilled revenue	1,138,200	–
Impairment loss on trade receivables and unbilled revenue (Refer to Note 7)	(48,825)	–
	5,420,942	–
Prepayments	648,627	577,030
Deposits	125,000	125,000
Advance to employees	41,224	86,833
VAT receivable	37,065	15,839
	6,272,858	804,702

At December 31, the ageing of trade receivables was as follows:

in AED

	As at December 31,			
	2020		2019	
	Gross	Impairment	Gross	Impairment
Current	2,262,731	–	–	–
0-90 days	2,068,744	(38,993)	–	–
Total	4,331,475	(38,993)	–	–

12 Related party transactions and balances

The Company in the normal course of business carries out transactions with other business enterprises that fall within the definition of related parties contained in International Accounting Standard No. 24. The transactions among related parties are carried out at terms mutually agreed amongst them.

Transactions with related party

in AED

Particulars	Year ended December 31,	
	2020	2019
Revenue from the shareholder for services rendered	33,845,723	46,490,265
Finance cost	–	346,753
Sub-contracted cost	8,744,806	–

During the year, the Company enter into a sub-contracting agreement with Infosys Limited ("the Shareholder"). Where Infosys Limited bills the Company at total cost-plus markup of 18% on total cost for the services given to the Company.

Balances with related party

Due from a related party

in AED

Particulars	Year ended December 31,	
	2020	2019
Infosys Limited ("the Shareholder")	4,925,342	7,810,129

Due to a related party

in AED

Particulars	Year ended December 31,	
	2020	2019
Infosys Limited ("the Shareholder")	8,927,854	99,453

13 Cash and cash equivalents

in AED

Particulars	As at December 31,	
	2020	2019
Cash at bank	8,754,738	3,335,699

14 Share capital

in AED

Particulars	As at December 31,	
	2020	2019
Authorized, issued and paid-up:		
300 shares of AED 1,000 each	300,000	300,000

15 Provision for employees' end-of-service benefits

in AED

Particulars	As at December 31,	
	2020	2019
At January 1	17,437,542	16,117,866
Provision made during the year	2,191,996	2,577,628
Unrecognized actuarial loss	134,460	704,030
Payments made during the year	(2,434,714)	(1,961,981)
At December 31	17,329,284	17,437,542

The principle actuarial assumptions at the reporting date (expressed as weighted averages) are as follows :

in %

Particulars	Year ended December 31,	
	2020	2019
Discount rate	2.8	3.3
Future salary growth	4	4

Reasonable possible changes at reporting to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation. 1% change in discount rate and weighted average rate of compensation levels will result in increase/ decrease of liabilities by AED 1,663,144 (2019 : AED 1,702,392) and AED 1,581,526 (2019 : AED 1,625,016) respectively.

16 Trade and other payables

in AED

Particulars	As at December 31,	
	2020	2019
Trade payables	7,455	130,577
Accruals	745,087	210,449
Other payables	229,920	263
Provision for incentives (i)	1,306,000	1,492,000
Provision for leave accrual (ii)	1,167,136	755,431
	3,455,598	2,588,720
(i) Movement of the provision for incentives was:		
At January 1	1,492,000	1,735,196
Provision made during the year	1,282,250	1,708,606
Payments made during the year	(1,468,250)	(1,951,802)
At December 31	1,306,000	1,492,000
(ii) Movement of the provision for leave accrual was:		
At January 1	755,431	845,474
Provision made during the year	1,235,528	1,980,134
Reversal made during the year	(823,823)	(2,070,177)
At December 31	1,167,136	755,431

17 Financial instruments

Financial assets of the Company comprise trade and other receivables (excluding prepayments and advances), due from a related party and cash and cash equivalent. Financial liabilities include trade and other payables, lease liabilities and due to a related party.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade debts from customers.

The carrying amount of financial assets represent the maximum credit exposure.

Expected credit losses on financial assets are recognized in statement of profit or loss are as follows :

in AED

Particulars	Year ended December 31,	
	2020	2019
Impairment loss on trade receivables and unbilled revenue	48,825	–

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows :

in AED

Particulars	As at December 31,	
	2020	2019
Cash and cash equivalent	8,754,738	3,335,699
Due from a related party	4,925,342	7,810,129
Trade and other receivables (excluding prepayments and advances)	5,583,007	140,839
	19,263,087	11,286,667

Due from related party and other receivables are considered fully recoverable by the Management.

Bank balances

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks only.

Due from a related party

Due from related party arise from transactions in the normal course of business and are stated net of amounts estimated to be uncollectable. These balances are subject to market credit risks which are closely monitored by the Management.

Trade receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the Management also considers the factors that may influence the credit risk of customer base, including the default risk associated with the industry and the region in which the customers operate.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Credit risk is limited to the carrying values of financial assets in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company maintains adequate reserves, by continuous monitoring, forecast and actual cash flows. The Company does not have any bank loan. Liability comprises of trade and other payables, due to related party and lease liability

The contractual maturities of the Company's financial liabilities are as follows :

in AED

2020	Carrying amount	Contractual cashflows	1 year or less	1 to 5 years
Trade and other payables	3,455,597	(3,455,597)	(3,455,597)	–
Due to a related party	8,927,854	(8,927,854)	(8,927,854)	–
Lease liabilities	3,367,523	(3,465,810)	(1,115,643)	(2,350,167)
	15,750,974	(15,849,261)	(13,499,094)	(2,350,167)

in AED

2019	Carrying amount	Contractual Cashflows	1 year or less	1 to 5 years
Trade and other payables	2,588,720	(2,588,720)	(2,588,720)	–
Due to a related party	99,453	(99,453)	(99,453)	–
Lease liabilities	5,985,650	(6,337,801)	(1,543,337)	(4,794,464)
	8,673,823	(9,025,974)	(4,231,510)	(4,794,464)

(c) Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has no significant exposure to currency risk as most of the Company's transactions are in AED.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the Company is not exposed to interest rate risk as there is no loan outstanding at year end.

Equity price risk

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments and other instruments that derive their value from a particular equity investment or index of equity prices. The Company has no exposure to equity price risk.

Fair value

The fair value of the Company's financial assets and liabilities are not materially different from their carrying amounts as at the reporting date.

18 Capital commitments and contingent liabilities

in AED

Particulars	Year ended December 31,	
	2020	2019
Bank guarantees	2,723,874	–

There are no capital commitments as at 31 December 2020 (31 December 2019: Nil).

19 Accounting estimates and judgment

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of the lease term of contracts

In determining the lease term, the Management considers facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options are only included in the lease term if lease is reasonably certain to be extended.

Residual values and useful lives of property and equipment

The Company's management has reviewed the residual values and useful lives of property and equipment. The Management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Impairment losses on financial assets

The Company reviews its receivables to assess impairment losses. In determining whether impairment losses should be recognized in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date

20 Impact of COVID-19 pandemic

The Company has performed its assessment of the COVID-19 impact and concluded that there are no significant changes in its financial position and performance as at and for the year ended 31 December 2020. Based on that assessment the Company has concluded that significant changes are not required as of 31 December 2020 in its key accounting judgements and estimates except for updating the forward-looking assumptions relating to the macroeconomic environment used to determine the likelihood of credit losses. The effects of COVID-19 on humanity and businesses continues to evolve, hence there are significant risks and uncertainties associated with its future impact on businesses, though the Company continues to update its plans to seek to respond to them.

21 Subsequent events

Subsequent to the year end, there have been no events noted that would require adjustments or further disclosure to the financial statements

Fluido Oy

Auditor’s Report

To the Annual General Meeting of Fluido Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fluido Oy for the year ended December 31, 2020. The financial statements comprise the Balance Sheet, income statement and notes for the group as well as the parent company.

In our opinion, the financial statements give a true and fair view of the group´s and the company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of Financial Statements section of my report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we fulfill my other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company’s and the group´s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of Financial Statements

Our objective is to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidenced regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditia Oy
Authorised Public Accountants

Marko Kämppi
Authorised Public Accountant

Helsinki, 27th April, 2021

Information about the year

Fluido Group is a provider of digital transformation services to companies in Finland, Sweden, Norway, Denmark, Germany, UK and Ireland. Group revenue in 2020 was € 40.098.897 and profit before tax € 4.090.537. Group revenue grew by 7,6% in 2020 and the Company strengthened its market position as a leading service provider in the Nordics in Salesforce technology area. Parent company Fluido Oy revenue was € 24.787.614 and profit before tax € 4.007.956. Fluido UK and Fluido Ireland became part of the Group in June 2020 through internal share transfer.

Temporary changes in business took place due to the COVID-19 pandemic when employees transferred to remote work. After this, Fluido business has continued steady and profitable growth and we have been able to deliver digital transformation services to our customers normally.

Company shares

Fluido Group shares are 100% owned by Infosys Group. Number of shares is 157.116. Infosys Group is based in Bengaluru and it is listed in New York and Mumbai stock exchanges and has over 240.000 employees. Infosys Group revenue in 2020 was US$ 13 billion and profit US$ 2,3 billion.

Fluido Oy has branches in Germany (Registration number : HRB 252914) and in The Netherlands (Registration number : 80799140).

Estimate of risks and uncertainties

Business risks relate mainly to general global economic situation and the impact of economic fluctuations to companies' investments.

We have managed to hire competent employees and invest into Fluido being an interesting and attracting workplace also in the future. Fluido has no major customer risk. The revenue split among customers is such, that no single customer represents over 10% of revenue.

Estimate of future developments

2021 has started as expected. The Group will aim to grow revenue and profit according to its business plan.

Key ratios in € thousand

Fluido Oy	For the period between January 1 to December 31,		
	2020	2019	2018
Revenue	24.787	23.383	19.807
Ebitda	4.189	1.024	1.805
Profit before tax	4.008	860	1.636
EBIT (%)	16,4	3,9	8,6
Equity ratio (%)	63,7	41,8	38,7
ROE (%)	35,7	13,1	31

Group	For the period between January 1 to December 31,		
	2020	2019	2018
Revenue	40.099	37.280	28.256
Ebitda	4.826	1.394	419
Profit before tax	4.091	816	341
EBIT%	10,0	2,3	neg.
Equity ratio%	49,8	22,8	16,8
ROE (%)	48,0	25,7	neg.

Personnel

On average 329 employees worked at Fluido Group during the year. The salaries and bonuses paid to personnel during the year were € 22.4M.

Personnel on average

Particulars	2020	2019	2018
Group	329	284	219
Parent company	186	165	133

Board proposal for dividend distribution

The Board proposes to Annual General Meeting no dividend is distributed.

Fluido Group Balance Sheet

in Euros

Particulars	As at December 31,	
	2020	2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	50 943,65	83 771,80
Goodwill	1 754 977,74	1 067 801,20
Intangible total	1 805 921,39	1 151 573,00
Tangible assets		
Machinery and equipment	409 222,24	388 610,67
Tangible total		
TOTAL NON-CURRENT ASSETS	2 215 143,63	1 540 183,67
CURRENT ASSETS		
Long-term receivables		
Other long-term receivables	314 508,74	716 635,58
Total long-term receivables (Def.tax)	314 508,74	716 635,58
Short-term receivables		
Trade debtors	6 428 580,58	8 499 633,71
Other debtors	701 551,90	646 691,07
Prepayments and accrued income	1 613 889,77	326 713,83
Total short-term receivables	8 744 022,25	9 473 038,61
Cash	7 679 717,34	5 029 344,45
TOTAL CURRENT ASSETS	16 738 248,33	15 219 018,64
Assets total	18 953 391,96	16 759 202,31
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share capital	2 500,00	2 500,00
Other reserves	5 508 812,92	3 012 019,05
Retained earnings	793 507,27	74 776,76
Profit / (loss) of the financial year	3 182 613,34	728 730,51
Translation difference	(47 773,30)	4 790,42
TOTAL CAPITAL AND RESERVES	9 439 660,23	3 822 816,74
PROVISIONS	88 007,50	9 331,00
CREDITORS		
Long-term creditors	245 212,06	0,00
Short-term creditors		
Advances received	309 740,10	717 885,01
Trade creditors	607 768,93	345 012,85
Other creditors	3 525 231,40	3 049 461,58
Accruals and deferred income	4 737 771,74	8 814 695,13
Total short-term creditors	9 180 512,17	12 927 054,57
TOTAL CREDITORS	9 425 724,23	12 927 054,57
Total equity and liabilities	18 953 391,96	16 759 202,31

Fluido Group Profit and Loss

in Euros

Particulars	For the period between January 1 to December 31,	
	2020	2019
REVENUE	40 098 897,84	37 280 542,42
Other income	70 504,99	37 112,54
Materials and services		
Materials		
Purchases during year	(186 796,53)	(462 551,37)
Materials total	(186 796,53)	(462 551,37)
External services		
External services	(2 316 512,25)	(1 822 896,46)
Total materials and services	(2 503 308,78)	(2 285 447,83)
Personnel costs		
Salaries	(22 412 062,22)	(23 370 687,22)
Personnel-related costs		
Pension costs	(3 420 984,24)	(3 318 368,63)
Other social costs	(2 851 402,64)	(1 984 825,30)
Total personnel-related costs	(6 272 386,88)	(5 303 193,93)
Total personnel costs	(28 684 449,10)	(28 673 881,15)
Other expenses	(4 156 126,96)	(4 964 293,03)
EBITDA	4 825 517,99	1 394 032,95
Depreciation		
Depreciation according to plan	(801 493,80)	(544 971,86)
Depreciation total	(801 493,80)	(544 971,86)
EBIT	4 024 024,19	849 061,09
Financial income and cost		
Other interest income		
Other	144 831,62	17 380,77
Total other financial income	144 831,62	17 380,77
Interest expenses and other financial costs		
To others	(78 319,29)	(50 003,86)
Total interest expense and other costs	(78 319,29)	(50 003,86)
Total financial income and cost	66 512,33	(32 623,09)
PROFIT BEFORE TAX	4 090 536,52	816 438,00
Income tax	(907 923,18)	(87 707,48)
NET PROFIT	3 182 613,34	728 730,51

Fluido Oy Balance Sheet

in Euros

Particulars	As at December 31,	
	2020	2019
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Other long-term assets	29 856,10	62 016,10
Intangible total	29 856,10	62 016,10
Tangible assets		
Machinery and equipment	277 382,39	254 297,08
Total tangible assets	277 382,39	254 297,08
INVESTMENTS		
Investment in group companies	3 679 706,31	2 133 239,90
Receivables from group companies	1 317 737,32	514 868,67
Total investments	4 997 443,63	2 648 108,57
TOTAL NON-CURRENT ASSETS	5 304 682,12	2 964 421,75
CURRENT ASSETS		
Long-term receivables		
From Group companies	0,00	1 071 302,82
Deferred tax asset	93 926,74	530 864,00
Total long-term receivables	93 926,74	1 602 166,82
Short-term receivables		
Trade debtors	2 430 956,88	3 004 431,98
Receivables from Group companies	4 844 007,19	4 287 749,51
Other receivables	219 884,01	345 875,71
Prepayments and accrued income	1 247 526,14	204 830,38
Total short-term receivables	8 742 374,22	7 842 887,58
Total receivables	8 836 300,96	9 445 054,40
Cash	4 390 510,33	2 246 683,57
TOTAL CURRENT ASSETS	13 226 811,29	11 691 737,97
TOTAL ASSETS	18 531 493,41	14 656 159,72
Equity and liabilities		
Equity		
Share capital	2 500,00	2 500,00
Other reserves	5 499 123,10	3 010 423,00
Retained earnings	3 105 015,13	2 437 120,71
Profit (loss) of the financial year	3 206 280,93	677 894,42
Equity total	11 812 919,16	6 127 938,13
Provisions	88 007,50	9 331,00
Creditors		
Short-term creditors		
Received advances	138 253,91	206 019,78
Accounts payable	144 783,89	208 592,64
Group creditors	1 748 839,36	907 698,70
Other creditors	1 437 376,88	1 222 204,19
Accruals and deferred income	3 161 312,71	5 974 375,28
Short term creditors total	6 630 566,75	8 518 890,59
Creditors total	6 630 566,75	8 518 890,59
Equity and liabilities total	18 531 493,41	14 656 159,72

Fluido Oy Profit and Loss Statement

in Euros

Particulars	For the period between January 1 to December 31,	
	2020	2019
REVENUE	24 787 614,85	23 383 141,76
Other income	32 077,71	0,00
Materials and services		
Materials		
Purchases during year	(186 796,53)	(462 551,37)
Total materials	(186 796,53)	(462 551,37)
External services		
External services	(2 115 341,47)	(2 218 906,82)
Total materials and services	(2 302 138,00)	(2 681 458,19)
Personnel costs		
Salaries	(12 772 059,85)	(13 811 027,06)
Other personnel-related costs		
Pension costs	(2 221 722,46)	(2 197 485,71)
Other personnel-related costs	(727 360,57)	(417 126,52)
Total other personnel-related costs	(2 949 083,03)	(2 614 612,23)
Total personnel costs	(15 721 142,88)	(16 425 639,29)
Other expenses	(2 606 504,62)	(3 252 309,02)
EBITDA	4 189 907,06	1 023 735,26
Depreciation		
Depreciation according to plan	(132 724,97)	(120 670,66)
Total depreciation	(132 724,97)	(120 670,66)
EBIT	4 057 182,09	903 064,60
Financial income and cost		
Other interest income		
Other	8 759,92	0,00
Total other financial income	0,00	139,82
Interest expenses and other financial costs	0,00	139,82
To others		
Total interest expense and other costs	(57 985,88)	(42 805,77)
Total financial income and cost	(57 985,88)	(42 805,77)
Financial income and cost	(49 225,96)	(42 665,95)
PROFIT BEFORE TAX	4 007 956,13	860 398,65
Income tax	(801 675,20)	(182 504,23)
NET PROFIT	3 206 280,93	677 894,42

Notes to Annual Accounts

Principles for accounting

Annual Accounts have been prepared according to current legislation and other stipulations regarding preparations of the Accounts.

All subsidiaries Sweden AB, Fluido Norway A/S, Fluido Denmark A/S, Fluido Slovakia s.r.o, Infosys Fluido UK Ltd and Infosys Fluido Ireland Ltd have been consolidated into the consolidated accounts. Consolidations have been done according to acquisition method in accounting. All intragroup ownership, receivables, debts, internal margins and other transactions have been eliminated.

Valuation principles for assets

Non-current assets are valued at cost minus depreciation.

Receivables and other financials asset have been valued as Accounting Act, Chapter 5, Section 2.

Depreciation methods

Asset are depreciated according to plan.

The depreciation schedule is:

Intangibles	5 years
Tangibles	25% residual depreciation
Goodwill	5 years

Statement of Profit and Loss – Additional information

Auditors fees

in Euros

	Group		Fluido Oy	
	2020	2019	2020	2109
Audit	60 719,23	40 209,85	14 852,00	13 680,00
Other services	3 921,76	1 133,14	0,00	0,00
TOTAL	64 640,99	41 342,99	14 852,00	13 680,00

Balance Sheet – Additional Information

in Euros

Non-current assets detail	Group		Fluido Oy	
	2020	2019	2020	2019
Non-current assets				
Acq. cost at beginning of year	189 060,34	175 665,72	160 856,70	160 856,70
Additions	0,00	13 394,62	0,00	0,00
Acq cost 31.12	189 060,34	189 060,34	160 856,70	160 856,70
Accumul. depreciation 1.1	(105 288,54)	(71 621,54)	(98 840,60)	(66 680,60)
Depreciation cur. year	(33 662,69)	(33 667,00)	(32 160,00)	(32 160,00)
Accumul. depreciation 31.12	(138 951,23)	(105 288,54)	(131 000,60)	(98 840,60)
Currency difference	834,54	0,00	0,00	0,00
Accounting value 31.12	50 943,65	83 771,80	29 856,10	62 016,10
Goodwill				
Acq. cost at beginning of year	2 042 868,09	2 042 868,09	0,00	0,00
Additions	1 254 520,53	0,00	0,00	0,00
Acq cost 31.12	3 297 388,62	2 042 868,09	0,00	0,00
Accumul. depreciation 1.1	(975 066,89)	(568 915,46)	0,00	0,00
Depreciation cur. year	(626 307,67)	(406 151,43)	0,00	0,00
Accumul. depreciation 31.12	(1 601 374,56)	(975 066,89)	0,00	0,00
Currency difference	58 963,68	0,00	0,00	0,00
Accounting value 31.12	1 754 977,74	1 067 801,20	0,00	0,00
Machinery and equipment				
Acq. cost at beginning of year	677 879,56	494 654,28	473 610,15	366 501,45
Additions	157 067,36	183 225,28	123 650,28	107 108,70
Acq cost 31.12	834 946,92	677 879,56	597 260,43	473 610,15
Accumul. depreciation 1.1	(289 268,89)	(184 115,46)	(219 313,07)	(130 802,41)
Depreciation cur. year	(141 468,64)	(105 153,43)	(100 564,97)	(88 510,66)

Non-current assets detail	Group		Fluido Oy	
	2020	2019	2020	2019
Accumul. depreciation 31.12	(430 737,53)	(289 268,89)	(319 878,04)	(219 313,07)
Currency difference	5 012,85			
Accounting value 31.12	409 222,24	388 610,67	277 382,39	254 297,08
Investments				
Acq. cost at beginning of year	0,00	0,00	2 133 239,90	1 121 135,54
Additions	0,00	0,00	1 546 466,41	1 012 104,36
Acq cost 31.12	0,00	0,00	3 679 706,31	2 133 239,90

Group structure

Fluido group ultimate parent is Infosys Limited, domiciled in Bengaluru, India. Infosys Financial Statements are available at Infosys Limited web page www.infosys.com.

Ownership in other entities

in Euros

Name and residence	Ownership (%)
Fluido Sweden AB	100
Fluido Denmark A/S	100
Fluido Norway AS	100
Fluido Slovakia s.r.o	100
Infosys Fluido UK Ltd	100
Infosys Fluido Ireland Ltd	100

Receivables from group companies

in Euros

Particulars	2020	2019
Long-term		
Loan receivables	1 317 737,32	1 886 171,49
Short-term		
Debtors	3 829 008,77	3 548 945,76
Other receivables	1 014 998,42	738 802,75
TOTAL	4 844 007,19	4 287 748,51

Deferred taxes

Deferred tax is booked from temporary differences related to cost accruals. In group statements, there are deferred tax bookings related to losses.

Specification of taxes in income statement

in Euros

Particulars	2020		2019	
	Group	Parent	Group	Parent
Tax for the year	375 083,94	364 737,94	823 406,31	713 368,23
Change in deferred taxes	532 839,24	436 937,26	(735 698,83)	(530 864,00)
TOTAL	907 923,18	801 675,20	87 707,48	182 504,23

Changes in Equity

in Euros

Particulars	2020		2019	
	Group	Parent	Group	Parent
Share capital	2 500,00	2 500,00	2 500,00	2 500,00
Share issue	0,00	0,00	0,00	0,00
Other reserves	5 508 812,92	5 499 123,10	3 012 019,05	3 010 423,00
Translation difference	(47 773,30)	0,00	4 790,42	0,00
Retained earnings	803 507,27	3 115 015,13	74 776,76	2 437 120,71
Dividends	(10 000,00)	(10 000,00)	0,00	0,00
Own share purchase	0,00	0,00	0,00	0,00
Profit for the year	3 182 613,34	3 206 280,93	728 730,51	677 894,42
Total available equity	9 437 160,23	11 810 419,16	3 820 316,74	6 125 438,13
TOTAL EQUITY	9 439 660,23	11 812 919,16	3 822 816,74	6 127 938,13

Calculation of distributable equity according to Company Act 13:5§:

in Euros

Other reserves	5 499 123,10
Retained earnings	3 105 015,13
Profit for the year	3 206 280,93
Total available equity	11 810 419,16
Capitalised development costs	0,00
Total available equity for dividend	11 810 419,16

Debts to group companies

in Euros

Particulars	2020	2019
Short-term		
Creditors	945 970,71	907 698,70
Other group debt	802 868,65	0,00
TOTAL	1 748 839,36	907 698,70

Group transactions with related party

During financial year Fluido Oy had group sales worth € 3.971.450,24 and group purchases € 1.532.714,44. Sales and purchases have been carried out at normal commercial terms.

Personnel

Average personnel

Group		Parent	
2020	2019	2020	2019
329	284	186	165

Guarantees and future liabilities

Fluido Oy guarantees following on behalf of Fluido Denmark A/S: Fluido Oy irrevocably and unconditionally guarantees to provide sufficient liquidity to Fluido Denmark A/S so that it can all time meet its current and future liabilities.

There is a rental guarantee for Espoo office for € 122.541,81 with Keva (facilities landlord). Lease will end on February 28, 2023. Fluido Oy can end lease by giving notice of six months and paying six months' rent. Total future rent liability is € 1.095.168,29.

Signatures of the Annual Accounts

Kai Mäkelä
CEO

Ravi Kumar Singisetti
Chairman of the Board

Dinesh Ramakrishna
Board member

Jasmeet Singh
Board member

Auditor signature

Audit statement has been given with this date

April 27, 2021

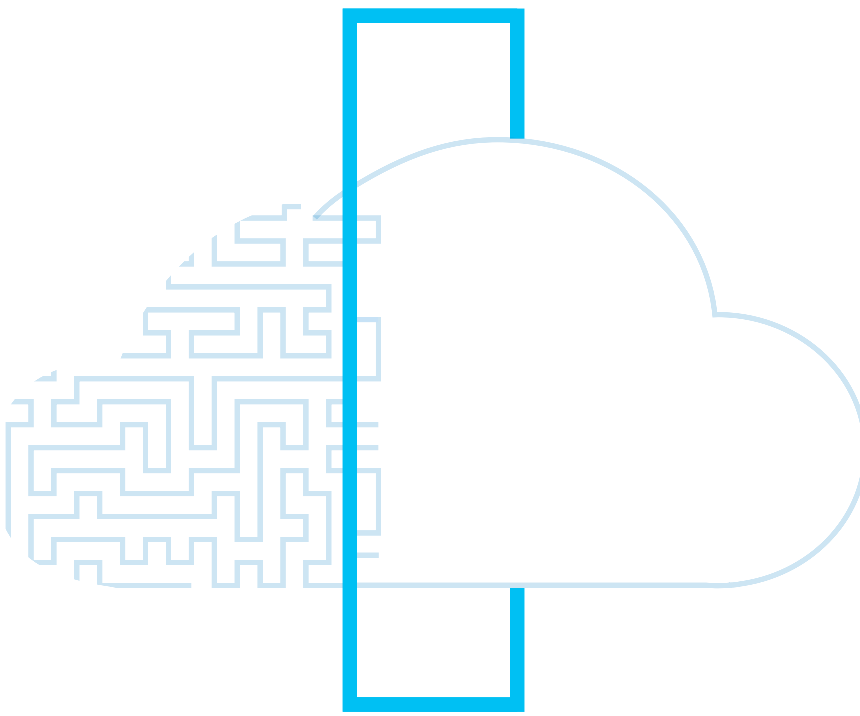
Marko Kämppi, KHT
Auditia Oy, publicly certified auditing firm

List of accounting material

Daily Ledger	Electronic
General Ledger	Electronic
Annual Accounts	Electronic/physical
Balance Sheet spesifications	Electronic/physical

Various accounting material types and method of preserving

Sales invoices	Electronic
Purchase invoices	Electronic
E-invoices	Electronic
Travels expense claims	Electronic
Salaries	Electronic
Bank statements	Electronic
VAT calculations	Electronic
Periodical tax returns	Electronic



Infosys South Africa (Pty) Ltd

Independent Auditor's Report

To the Members of Infosys South Africa (Pty) Ltd

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys South Africa (Pty) Ltd ('the company'), which comprises the Balance Sheet as at 31st December 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as ' Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at 31st December 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, We report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants,
Firm Registration Number. 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841
UDIN : 21202841AAACSK9767

Place: Bengaluru.
Date: April 14, 2021

Balance Sheet

in ZAR

Particulars	Note no.	As at December 31,	
		2020	2019
ASSETS			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	92,842	376
Total current assets		92,842	376
Total assets		92,842	376
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	154,860	7,100
Other equity		(69,202)	(21,724)
Total equity		85,658	(14,624)
LIABILITIES			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.3	7,184	15,000
Total current liabilities		7,184	15,000
Total equity and liabilities		92,842	376

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru.
Date: April 14, 2021

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Authorized Signatory
Arul S. Sambandam

Statement of Profit and Loss

in ZAR

Particulars	Note no.	Year ended December 31, 2020	Year ended December 31, 2019 (1)
Other income, net	2.4	736	30
Total income		736	30
Expenses			
Consultancy and professional charges	2.5	38,197	15,000
Other expenses	2.5	10,018	6,754
Total expenses		48,214	21,754
Profit / (loss) before tax		(47,479)	(21,724)
Tax expense		–	–
Profit / (loss) for the year		(47,479)	(21,724)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		–	–
Total comprehensive income / (loss) for the year		(47,479)	(21,724)

(1) For the period December 19, 2018 to December 31, 2019

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru.
Date: April 14, 2021

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Authorized Signatory
Arul S. Sambandam

Statement of Changes in Equity

in ZAR

Particulars	Equity share capital	Other Equity Reserves and Surplus Retained earnings	Total equity attributable to equity holders of the Company
Changes in equity for the year ended December 31, 2019			
Increase in equity share capital on account of fresh issue	7,100	–	7,100
Profit / (loss) for the year	–	(21,724)	(21,724)
Balance as at December 31, 2019	7,100	(21,724)	(14,624)
Changes in equity for the year ended December 31, 2020			
Increase in equity share capital on account of fresh issue	147,760	–	147,760
Profit / (loss) for the year	–	(47,479)	(47,479)
Balance as at December 31, 2020	154,860	(69,202)	85,658

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 Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru.
Date: April 14, 2021

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Authorized Signatory
Arul S. Sambandam

Statements of Cash Flows

in ZAR

Particulars	Year ended December 31,	
	2020	2019
Cash flow from operating activities :		
Profit / (loss) for the year	(47,479)	(21,724)
Change in asset and liabilities		
Other financial liabilities	(7,816)	15,000
Net cash generated by operating activities	(55,295)	(6,724)
Cash flow from financing activities :		
Proceed from issue of share capital	147,760	7,100
Net cash used in financing activities	147,760	7,100
Net decrease in cash and cash equivalents	92,465	376
Cash and cash equivalents at the beginning of the year	376	–
Cash and cash equivalents at the end of the year	92,842	376

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru.
Date: April 14, 2021

for and on behalf of the Board of Directors of Infosys South Africa (Pty) Ltd

Authorized Signatory
Arul S. Sambandam

Company overview and Significant accounting policies

Company overview

Infosys South Africa (Pty) Ltd is a wholly-owned subsidiary of Infosys Consulting PTE Limited. The purpose of the Company is to expand locally, as the same exists or as may hereafter be amended from time to time.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January to December.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is ZAR.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets(if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

1.5 Foreign currency

Functional currency

The functional currency of the Company is the ZAR. These financial statements are presented in ZAR.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense, and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.6 Cash Flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.7 Investments

Associates are entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Company's investment in associates includes goodwill identified on acquisition.

2.1 Cash and cash equivalents

in ZAR

Particulars	As at December 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	92,842	376
Cash on hand	–	–
Others		
Deposits with financial institution	–	–
	92,842	376

The deposits maintained by the Company with banks and financial institution comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

2.2 Equity

Equity share capital

in ZAR

Particulars	As at December 31,	
	2020	2019
Authorized equity shares, ZAR 10 par value 100,000 (1,000) equity shares	1,000,000	10,000
Issued, subscribed and paid-up equity shares, ZAR 10 par value 15,486 (710) equity shares	154,860	7,100

The details of shareholder holding more than 5% shares as at December 31, 2020 and December 31, 2019 are as follows :

Name of the shareholder	As at December 31,	
	2020	2019
Infosys Consulting Pte Limited	100%	100%

2.3 Other financial liabilities

in ZAR

Particulars	As at December 31,	
	2020	2019
Current		
Financial liabilities		
Accrued expenses	7,184	15,000
Total financial liabilities	7,184	15,000

2.4 Other income

in ZAR

Particulars	Year ended December 31,	
	2020	[1] 2019
Interest income on deposits with bank	736	30
Total other income	736	30

[1] For the period December 19, 2018 to December 31, 2019

2.5 Expenses

in ZAR

Particulars	Year ended December 31,	
	2020	2019 (1)
Consultancy and professional charges		
Registration and filling fees is the bifurcation of Consultancy and professional charges	38,197	15,000
Total consultancy and professional charges	38,197	15,000
Other expenses		
Bank charges is the bifurcation of other expenses	10,018	6,754
Total other expenses	10,018	6,754

[1] For the period December 19, 2018 to December 31, 2019

2.6 Related party transactions

in ZAR

Name of the holding company	Country	Holding as at December 31,	
		2020	2019
Infosys Consulting Pte Limited (Infosys Singapore)	Singapore	100%	100%

Name of the ultimate holding company	Country	Holding as at December 31,	
		2020	2019
Infosys Limited	India	100%	100%

List of related parties :

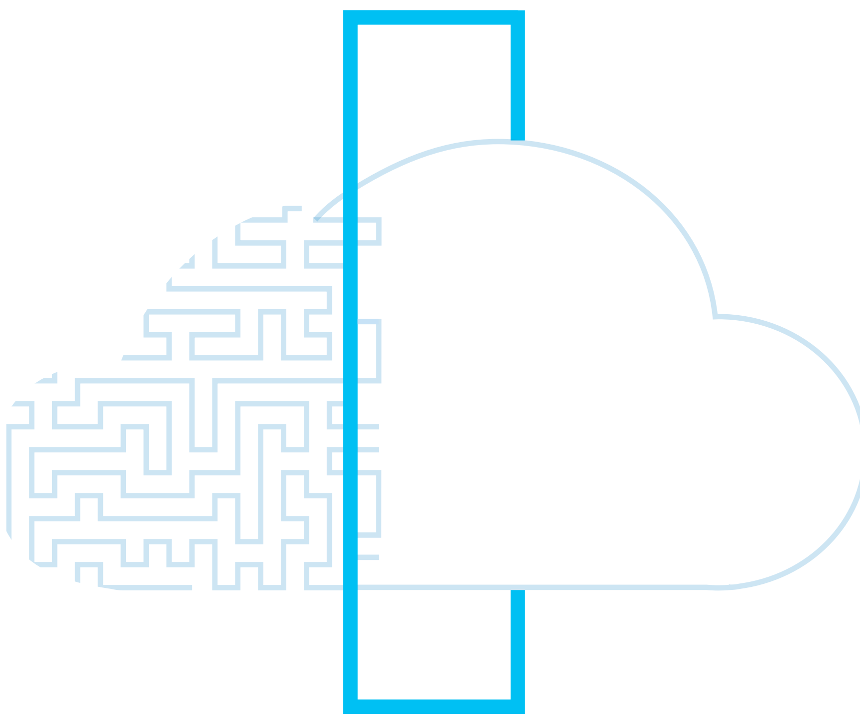
Name of subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) [18]	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India

Name of subsidiaries	Country
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (44)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (43)	China
Infy Consulting Company Ltd (5)	UK
Infy Consulting B.V. (5)	The Netherlands
Infosys Consulting Sp. z.o.o (23) (31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (5) (36)	Portugal
Infosys Consulting S.R.L. (5)	Argentina
Infosys Consulting (Belgium) NV (6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. (7)	Israel
Panaya GmbH (7)	Germany
Panaya Japan Co. Ltd (7) (22)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited (8)	UK
Brilliant Basics (MENA) DMCC (8) (24)	UAE
Infosys Consulting Pte Limited (Infosys Singapore) (1)	Singapore
Infosys Middle East FZ LLC (9)	UAE
Fluido Oy (9)	Finland
Fluido Sweden AB (Extero) (12)	Sweden
Fluido Norway A/S (12)	Norway
Fluido Denmark A/S (12)	Denmark
Fluido Slovakia s.r.o (12)	Slovakia
Fluido Newco AB (12) (38)	Sweden
Infosys Compaz Pte. Ltd (10)	Singapore
WongDoody Holding Company Inc. (WongDoody) (1)	US
WDW Communications, Inc (11)	US
WongDoody, Inc (11)	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) (10) (13)	Japan
Stater N.V. (10) (14)	The Netherlands
Stater Nederland B.V. (15)	The Netherlands
Stater Duitsland B.V. (15) (40)	The Netherlands
Stater XXL B.V. (15)	The Netherlands
HypoCasso B.V. (15)	The Netherlands
Stater Participations B.V. (15)	The Netherlands
Stater Deutschland Verwaltungs-GmbH (16) (39)	Germany
Stater Deutschland GmbH & Co. KG (16) (39)	Germany

Name of subsidiaries	Country
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus North America Inc. [20]	Canada
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd) [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US
SureSource LLC [34]	US
Blue Acorn LLC [34]	US
Simply Commerce LLC [34]	US
iCiDIGITAL LLC [35]	US
Infosys BPM UK Limited [4] [37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi [1] [42]	Turkey

[1] Wholly-owned subsidiary of Infosys Limited
[2] Majority-owned and controlled subsidiary of Infosys Limited
[3] Liquidated effective November 17, 2019
[4] Wholly-owned subsidiary of Infosys BPM Limited
[5] Wholly-owned subsidiary of Infosys Consulting Holding AG
[6] Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
[7] Wholly-owned subsidiary of Panaya Inc.
[8] Wholly-owned subsidiary of Brilliant Basics Holding Limited.
[9] Wholly-owned subsidiary of Infosys Consulting Pte Ltd
[10] Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
[11] Wholly-owned subsidiary of WongDoody
[12] Wholly-owned subsidiary of Fluido Oy
[13] On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
[14] On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
[15] Majority-owned and controlled subsidiary of Stater N.V
[16] Majority-owned and controlled subsidiary of Stater Duitsland B.V.
[17] Majority-owned and controlled subsidiary of Stater Participations B.V.
[18] Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited.
[19] On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
[20] Wholly-owned subsidiary of Outbox Systems Inc.
[21] Wholly-owned subsidiary of Simplus ANZ Pty Ltd
[22] Liquidated effective October 31, 2019
[23] On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
[24] Liquidated effective July 17, 2020
[25] On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
[26] Incorporated effective September 11, 2020.
[27] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
[28] Wholly-owned subsidiary of GuideVision s.r.o.

[29] On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
[30] Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
[31] Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
[32] On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
[33] Wholly-owned subsidiary of Beringer Commerce Inc
[34] Wholly-owned subsidiary of Beringer Commerce Holdings LLC
[35] Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
[36] Liquidated effective November 19,2020
[37] Incorporated, effective December 9, 2020
[38] Merged into Fluido Sweden AB (Extero), effective December 18, 2020
[39] Merged into Stater Duitsland B.V., effective December 18, 2020
[40] Merged with Stater N.V., effective December 23, 2020
[41] On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
[42] Incorporated on December 30, 2020.
[43] Under liquidation
[44] Wholly-owned subsidiary of Infosys Public Services, Inc.



WongDoody Holding Company, Inc.

Independent Auditor's Report

To the Board of Directors,

WONGDOODY Holding Company, Inc. and Subsidiaries

Seattle, Washington

Opinion

We have audited the consolidated financial statements of WONGDOODY Holding Company, Inc. and Subsidiaries (the Company), which comprise the consolidated Balance Sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, statements of stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA LLP

May 6, 2021

Consolidated Balance Sheets

in US$

Particulars	As at December 31,	
	2020	2019
ASSETS		
Current assets		
Cash	4,899,000	10,267,000
Short-term investments – other	7,070,000	3,008,000
Accounts receivable	3,421,000	4,528,000
Unbilled receivables	1,587,000	109,000
Prepaid expenses and other current assets	481,000	344,000
Income taxes receivable	1,430,000	–
Total current assets	18,888,000	18,256,000
Deferred tax assets	11,164,000	7,841,000
Property and equipment, net	846,000	905,000
Other long-term assets	124,000	156,000
Total assets	31,022,000	27,158,000
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	1,660,000	1,049,000
Accrued compensation	2,241,000	3,608,000
Accrued expenses	111,000	23,000
Advance billings	424,000	2,707,000
Income taxes payable	–	289,000
Current portion of deferred rent	76,000	28,000
Current portion of capital lease obligations	32,000	154,000
Total current liabilities	4,544,000	7,858,000
Other long-term liabilities	287,000	–
Deferred rent, net of current portion	214,000	300,000
Capital lease obligations, net of current portion	9,000	39,000
Total liabilities	5,054,000	8,197,000
COMMITMENTS (Refer to Note 5)		
Stockholder's equity		
Common stock – no par value; 50,000 shares authorized, 2,000 shares issued and outstanding	14,004,000	9,911,000
Retained earnings	11,964,000	9,050,000
Total stockholder's equity	25,968,000	18,961,000
Total liabilities and stockholder's equity	31,022,000	27,158,000

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

in US$

Particulars	Year ended December 31,	
	2020	2019
Revenues	35,376,000	34,052,000
Operating expenses		
Salaries and related expenses	23,832,000	23,857,000
General and administrative expenses	13,892,000	6,657,000
Total operating expenses	37,724,000	30,514,000
(Loss) income from operations	(2,348,000)	3,538,000
Other income (expense), net		
Interest expense	(12,000)	(11,000)
Interest income	121,000	155,000
Total other income, net	109,000	144,000
(Loss) income before income taxes	(2,239,000)	3,682,000
Income tax (benefit) expense	(5,153,000)	933,000
Net income	2,914,000	2,749,000

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholder's Equity

in US$

Particulars	Common stock		Retained earnings	Total
	Shares	Amount		
Balance as at December 31, 2018	2,000	9,911,000	6,301,000	16,212,000
Net income	–	–	2,749,000	2,749,000
Balance as at December 31, 2019	2,000	9,911,000	9,050,000	18,961,000
Contributed capital from parent	–	4,093,000	–	4,093,000
Net income	–	–	2,914,000	2,914,000
Balance as at December 31, 2020	2,000	14,004,000	11,964,000	25,968,000

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

in US$

Particulars	Year ended December 31,	
	2020	2019
Operating activities		
Net income	2,914,000	2,749,000
Adjustments to reconcile net income to net cash (used in)		
provided by operating activities :		
Depreciation and amortization	530,000	457,000
Deferred tax benefit	(3,323,000)	174,000
Loss on disposal of long-lived assets	4,000	–
Changes in operating assets and liabilities:		
Accounts receivable	1,107,000	761,000
Unbilled receivables	(1,478,000)	(109,000)
Prepaid expenses and other assets	(105,000)	(138,000)
Income taxes receivable	(1,430,000)	–
Accounts payable	611,000	2,000
Income taxes payable	(289,000)	113,000
Advance billings	(2,283,000)	(2,150,000)
Accrued compensation	(1,367,000)	1,764,000
Accrued expenses	88,000	7,000
Deferred rent	(38,000)	77,000
Other long-term liabilities	287,000	–
Net cash (used in) provided by operating activities	(4,772,000)	3,707,000
Investing activities		
Purchases of property and equipment	(475,000)	(423,000)
Purchases of short-term investments, net	(4,062,000)	(3,008,000)
Net cash used in investing activities	(4,537,000)	(3,431,000)
Financing activities		
Payments of capital lease obligations	(152,000)	(198,000)
Capital contributions from parent	4,093,000	–
Net cash provided by (used in) financing activities	3,941,000	(198,000)
Net (decrease) increase in cash and cash equivalents	(5,368,000)	78,000
Cash and cash equivalents, beginning of year	10,267,000	10,189,000
Cash and cash equivalents, end of year	4,899,000	10,267,000
Supplemental disclosure of cash flow information		
Cash paid for interest	12,000	11,000
Cash paid for taxes	–	647,000
Non-cash investing and financing activities		
Property and equipment acquired under capital lease	–	45,000

See accompanying notes to consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Description of business and summary of significant accounting policies

Description of business

WONGDOODY Holding Company, Inc. and Subsidiaries ("the Company") is incorporated under the laws of the State of Washington and promotes products and services for clients across the United States, primarily through targeted integrated marketing campaigns focused on live, digital, and social brand experiences.

The Company was formed on November 30, 1993. On April 13, 2018, the Company entered into a definitive agreement for all of the Company's outstanding common stock to be acquired by Infosys Limited ("Infosys"), a consulting and information technology company based in India. The acquisition closed on May 22, 2018. The Company is now a wholly-owned subsidiary of Infosys. These consolidated financial statements do not include any adjustments relating to the acquisition of the Company by Infosys.

The recently declared pandemic related to the coronavirus (COVID-19) has negatively impacted the Company's operations during 2020 and could adversely impact the Company's future results, especially if the Company's customers are negatively impacted by the decrease in economic activity caused by the virus. If the Company's customers delay or cancel campaigns or change their plans due to the economic slowdown caused by the virus, the Company could experience lower than expected growth in revenue or lower overall revenue. The full extent of the impact of the COVID-19 pandemic on the Company's business, operations and financial results will depend on numerous evolving factors that the Company may not be able to accurately predict.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Company has elected to defer employer side social security payments as allowed under the CARES Act. As of December 31, 2020, the Company accrued US$ 574,000 of employer-side social security payments. Of this amount, 50% is required to be paid by December 31, 2021 and the remaining amount is to be paid by December 31, 2022. The portion to be paid by December 31, 2022 has been classified as other long-term liabilities within the consolidated Balance Sheet.

On December 27, 2020, President Trump signed into law the Consolidated Appropriations Act, 2021 bill which included additional economic stimulus and COVID-19-related relief including additional PPP funds and expansion of the Employee Retention Credit. The Company continues to examine the impact that the CARES Act and Consolidated Appropriations Act will have on its financial condition, results of operation, and liquidity.

Principles of consolidation

The accompanying consolidated financial statements include WONGDOODY, Inc. and WDW Communications, Inc., two companies that are subsidiaries of WONGDOODY Holding Company, Inc. All significant intercompany accounts and transactions have been eliminated upon consolidation.

Basis of financial statement presentation

The accompanying consolidated financial statements present the financial position, results of operations, and cash flows of the Company in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect certain reported amounts and disclosures. The Company's significant estimates include the allowance for doubtful accounts and the estimated useful lives of assets. Accordingly, actual results could materially differ from those estimates.

Cash and short-term investments – Other

The Company maintains its cash and its short-term investments, in the form of certificates of deposit, in bank accounts that, at times, may exceed federally-insured limits. The Company has not experienced and does not anticipate any losses on such accounts.

The Company holds its excess cash in the form of certain certificates of deposit with maturities greater than three months but less than 12months. As per FASB ASC 320, since these certificates of deposit have original maturities greater than three months and remaining maturities less than one year, they are classified as short-term investments – other. These certificates of deposit are in nature time deposits with the bank earning a fixed interest over its duration. Interest income earned on the short-term investments is recorded in interest income in the accompanying consolidated statements of income.

Accounts receivable

The Company's credit policy towards its customers is 30-60 days. The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on the history of past write-offs and collections and current credit conditions. Receivables are written-off as uncollectible on a periodic judgmental basis after collection efforts have been unsuccessful. There was no allowance for doubtful accounts deemed necessary at December 31, 2020 and 2019.

Unbilled receivables

Unbilled receivables consist of labor hours incurred on behalf of customers that have not yet been invoiced to clients. Such amounts are invoiced to customers at various times over the course of providing services, generally based upon an agreed upon billing schedule included in the contract with the customer.

Property and equipment

Property and equipment are stated at cost. The Company provides for depreciation on a straight-line basis over the estimated useful lives of the respective assets :

Furniture, fixtures, and office equipment	5-7 years
Computer hardware and software	3-7 years
Leasehold improvements	Lesser of expected lease term or useful life

Expenditures for major renewals and betterments are capitalized while those for repairs and maintenance are expensed as incurred.

Accrued compensation

As a result of the acquisition of the Company by Infosys, the Company entered into employment agreements with certain employees. Under each agreement, the employee will be entitled to a retention bonus, payable in three equal annual installments on the anniversary date of the acquisition. The total amount payable over the three-year period is US$ 4,000,000. Per the Share Purchase Agreement, in the event an employee eligible for a retention bonus is no longer with the Company as of the annual payment date, the amount may be reallocated among other employees or be used to recruit or retain new hires. As of December 31, 2020, and 2019, the Company accrued US$ 826,850 and US$ 816,850, respectively. The amount accrued as of year-end represents the portion of the bonus related to the services provided from the date of the last payment in May through the end of the year.

Certain employees are eligible for additional consideration in future periods based on the Company achieving certain financial targets during each of the defined fiscal years. Because employees eligible for these payments must remain employed to receive them for each year, they are accounted for as compensation to the extent earned in each period. As of December 31, 2019, the Company had accrued US$ 1,900,000 for payments due for the year ended December 31, 2019. As of December 31, 2020, the Company does not have any remaining amounts accrued as the Company does not expect any amount to be paid out related to performance in 2020.

Revenue recognition

Effective January 1, 2019, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers, ("ASC 606") using the modified retrospective transition method, with the cumulative effect of the initial adoption being recognized as an adjustment to opening retained earnings at January 1, 2019.

Under ASC 606, revenue is recognized when a customer obtains control of promised goods or services ("the performance obligation") in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services ("the transaction price"). The Company measures revenue by estimating the transaction price based on the consideration specified in the client arrangement. Revenue is recognized as the performance obligations are satisfied. The Company's revenue is primarily derived from providing advertising services to its customers, including creative strategy and development, strategic planning, market plan development, connection planning, advertising, digital marketing, retail marketing, and video / digital / print production. The Company's contracts are primarily retainer contracts for advertising services or fees for service on a rate per hour or per project basis for project-based work.

Performance obligations

In substantially all of the Company's contracts with customers, the performance obligation is to provide creative consulting services at an agreed-upon level of effort to accomplish the specified engagement. The customer contracts are comprised of arrangements involving fees based on an agreed upon monthly billing rate over the term of the agreement, a fixed fee for the defined project, or an agreed upon rate per hour. The transaction price of a contract is allocated to each distinct performance obligation based on its relative stand-alone selling price and is recognized as revenue, when, or as, the customer receives the benefit of the performance obligation. Clients typically receive and consume the benefit of the services as they are performed. Substantially, all client contracts provide that the Company is compensated for services performed to date and allow for cancellation by either party on short notice without penalty.

Generally, the Company's short-term contracts, which normally take 30 to 90 days to complete, consist of a single performance obligation. As a result, the Company does not consider the underlying services as separate or distinct performance obligations because the services are highly interrelated, occur in close proximity, and the integration of the various components of a marketing message is essential to overall service. In certain of the Company's long-term retainer contracts, which have a term of up to one year, the performance obligation is a stand-ready obligation because the Company provides a constant level of similar services over the term of the contract. In certain creative services agreements, the Company acts as an agent and arranges, at the client's direction, for third parties to perform studio production efforts.

Revenue recognition methods

A substantial portion of the Company's revenue is recognized over time, as the services are performed, because the client receives and consumes the benefit of the Company's performance throughout the contract period, or the Company creates an asset with no alternative use and is contractually entitled to payment for the performance to date in the event the client terminates the contract for convenience. For the client contracts, other than when the Company has a stand-ready obligation to perform services, revenue is recognized over time using input measures that correspond to the level of staff effort expended to satisfy the performance obligation on a rate per hour or equivalent basis. For the client contracts when the Company has a stand-ready obligation to perform services on an ongoing basis over the life of the contract, typically for periods up to one year, where the scope of these arrangements is broad and there are no significant gaps in performing the services, the Company recognizes revenue using a time-based measure resulting in a straight-line revenue recognition. From time-to-time, there may be changes in the client service requirements during the term of a contract and the changes could be significant. These changes are typically negotiated as new contracts covering the additional requirements and the associated costs, as well as additional fees for the incremental work to be performed.

Principal vs. Agent

For certain contracts, the Company incurs third-party costs on behalf of clients, including direct costs and incidental or out-of-pocket costs. Third-party direct costs incurred in connection with the creation and delivery of advertising services include, among others : purchased media, studio production services, specialized talent, including artists and other freelance labor, materials and services, and other related expenditures. Out-of-pocket costs include, among others : transportation, hotel, meals and telecommunication charges incurred by the Company in the course of providing services. Billings related to out-of-pocket costs are included in revenue since the Company controls the goods or services prior to delivery to the client.

The inclusion of billings related to third-party direct costs in revenue depends on whether the Company acts as a principal or as an agent in the client arrangement. In the contracts which include studio production efforts and media planning and buying services, the Company acts as an agent and arranges, at the client's direction, for third parties to perform certain services. In these cases, the Company does not control the goods or services prior to the transfer to the client. As a result, revenue is recorded net of these costs.

For contracts entered into with Infosys, the Company's parent, the Company acts as principal when contracting for third-party services on behalf of Infosys. This is because the Company controls the specified services before they are transferred to Infosys and the Company is responsible for providing the specified services or is responsible for directing and integrating the third-party services to fulfill performance obligation outlined in the contract at an agreed upon price. In such arrangements, the Company also assumes pricing risk under the terms of the contract. For all contracts with Infosys, the Company includes the billable amounts related to third-party costs in the transaction price and records revenue over time at the gross amount billed.

Variable consideration

Some of the Company's client arrangements include variable consideration provisions, which include reconcilable fees based on actual labor hours worked on a project compared to budgeted labor hours. Variable consideration is estimated and included in total consideration at contract inception based on either the expected value method or the most likely outcome method. These estimates are based on historical experience and other factors known at the time.

Advertising costs

The Company expenses all advertising costs when incurred. Advertising expense for the years ended December 31, 2020 and 2019 was approximately US$ 48,000 and US$ 142,000, respectively.

Rent expense

The Company recognizes the effect of all rent variances over the expected life of the lease on a straight-line basis. Any variances between cash rental payments and straight-line expense recognition are recorded as a liability, which is included in deferred rent in the accompanying consolidated Balance Sheets.

Leases meeting the criteria for capitalization under FASB ASC Topic 840, Leases, are reported as capital leases.

Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net income in the statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax expense or benefit for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are only included if there is greater than 50 percent likelihood of them being realized upon ultimate settlement.

The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties as income tax expense. As of December 31, 2020, and 2019, the Company had no uncertain tax positions.

Sales taxes

Revenues are presented net of sales taxes. The sales tax obligation is included in accrued liabilities until the taxes are remitted to the appropriate taxing authorities.

Advance billings

Fees billed to clients in excess of fees recognized as revenue along with client deposits related to pass-through costs to cover project expenses are classified as Advance Billings. As of December 31, 2020, advance billings included US$ 273,000 of such fees and US$ 151,000 of pass-through related costs, respectively. As of December 31, 2019, advance billings included US$ 353,000 of such fees and US$ 2,354,000 of pass-through related costs, respectively.

Reclassification of prior year presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. The reclassifications had no effect on the prior year reported Statement of Income.

New accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases ("ASU 2016-02"). The new standard requires lessees to record, for all leases with a term exceeding 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. This standard is currently effective for the Company for the year ending December 31, 2022. Early adoption is permitted, and the Company is currently reviewing the provisions of this update to determine if there will be any material effect on its consolidated financial statements.

Subsequent events

The date to which events occurring after December 31, 2020, have been evaluated for possible adjustment to the consolidated financial statements or disclosure therein is May 6, 2021, which is the date on which the consolidated financial statements were available to be issued.

On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. The Company continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.

2. Concentration of credit risk

Substantially, all of the Company's accounts receivable and revenues are generated from a small group of customers. The Company performs ongoing credit evaluations of its clients and generally does not require collateral. For the year ended December 31, 2020, one third-party customer represented approximately 38% of the Company's total revenues and approximately 29% of the Company's total accounts receivable as of December 31, 2020. For the year ended December 31, 2019, one third-party customer represented approximately 37% of the Company's total revenues and approximately 43% of the Company's total accounts receivable as of December 31, 2019. Two other third-party customers of the Company represented approximately 8% and 13% of the Company's total revenues and approximately 24% and 7% of the Company's total accounts receivable, respectively, as of December 31, 2019. The loss of any of the Company's significant customer relationships would have a material effect on the Company's operations. See also note 8 for discussion of related party concentrations.

3. Property and equipment

Property and equipment consists of the following :

in US$

Particulars	Year ended December 31,	
	2020	2019
Furniture, fixtures, and office equipment	1,302,000	1,136,000
Computer hardware and software	1,369,000	1,084,000
Leasehold improvements	1,273,000	1,258,000
	3,944,000	3,478,000
Less accumulated depreciation and amortization	(3,098,000)	(2,573,000)
Property and equipment, net	846,000	905,000

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2020 and 2019 was US$ 530,000 and US$ 457,000, respectively. Property and equipment as of December 31, 2020 and 2019 included total cost of US$ 1,023,000 and accumulated amortization of US$ 981,000 and US$ 838,000, respectively, of property and equipment held under capital leases.

4. Capital lease obligations

The aggregate amount of capital lease obligations is as follows :

in US$

Particulars	Year ended December 31,	
	2020	2019
Capital lease obligations	41,000	193,000
Less current portion	(32,000)	(154,000)
Capital lease obligations, long-term portion	9,000	39,000

The aggregate amounts of payments of capital lease obligations as of December 31, 2020 are as follows :

in US$

Particulars	As at December 31, 2020
2021	32,000
2022	9,000
2023	1,000
Total future payments	42,000
Less amount representing interest on capital leases	(1,000)
	41,000

5. Operating lease commitments

The Company leases certain computer hardware, equipment, furniture, and office space under various operating leases. These lease terms vary from two to four years. Total rent expense under operating leases was US$ 1,367,000 and US$ 1,467,000 for the years ended December 31, 2020 and 2019, respectively.

The following is a schedule of future minimum rental payments due under non-cancelable operating leases with initial or remaining terms in excess of one year as of December 31, 2020 :

in US$

Particulars	As at December 31, 2020
2021	1,389,000
2022	1,066,000
2023	1,098,000
2024	370,000
Future minimum rental payments	3,923,000

6. Income taxes

Income tax expense in the Statements of Income comprises :

in US$

Particulars	Year ended December 31,	
	2020	2019
Current income tax expense (benefit)	(1,830,000)	759,000
Deferred income tax expense (benefit)	(3,323,000)	174,000
Total income tax expense (benefit)	(5,153,000)	933,000

For the year ended December 31, 2020, the difference between the provision for income taxes and the income tax determined by applying the statutory federal income tax rate of 21% to income before income taxes is primarily due to the Company's goodwill and intangible deferred tax assets recorded in the tax provision from the acquisition by Infosys, but not recorded in the financial statements, state income taxes and permanent items.

Significant components of the Company's deferred tax assets and liabilities are as follows :

in US$

Particulars	As at December 31,	
	2020	2019
Fixed assets	(72,000)	(46,000)
Accrued compensation	206,000	652,000
Accrued vacation	172,000	165,000
Other liabilities	72,000	79,000
Other assets	(50,000)	(79,000)
Goodwill and intangible assets from acquisition	10,674,000	7,070,000
Accrued payroll taxes	143,000	–
Net operating losses	19,000	–
Net deferred tax assets	11,164,000	7,841,000

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. As of December 31, 2020 and 2019, the Company has net operating loss carryforwards of approximately US$ 90,000 and nil, respectively. The net operating loss carryforwards as of December 31, 2020, will be available to offset any future taxable income of the Company indefinitely. As of December 31, 2020, the Company determined that no valuation allowance against its net deferred tax assets was necessary.

7. Retirement plan

The Company has a defined contribution plan covering all employees with at least 1,000 hours after their original date of hire. The Company may make an annual discretionary profit-sharing contribution. The Company made profit sharing contributions of US$ 207,000 and US$ 170,000 for the years ended December 31, 2020 and 2019, respectively.

8. Related party transactions

During the years ended December 31, 2020 and 2019, the Company performed certain services for Infosys, the Company's parent as of May 22, 2018, and its fellow subsidiaries. The related party accounts receivable balance at December 31, 2020 and 2019 totaled US$ 1,713,000 and US$ 768,000, respectively. Revenues from the parent company and its fellow subsidiaries during the year ended December 31, 2020 totaled US$ 15,589,000 from sub-contracting services and US$ 1,075,000 from professional services performed. Revenues from Infosys during the year ended December 31, 2019 totaled US$ 6,600,000 from sub-contracting services and US$ 1,100,000 from professional services performed. For the year ended December 31, 2020, revenue from the parent company and fellow subsidiaries represented approximately 47% of the Company's total revenues and approximately 50% of the Company's total accounts receivable as of December 31, 2020. For the year ended December 31, 2019, revenue from Infosys represented approximately 23% of the Company's total revenues and approximately 17% of the Company's total accounts receivable as of December 31, 2019.

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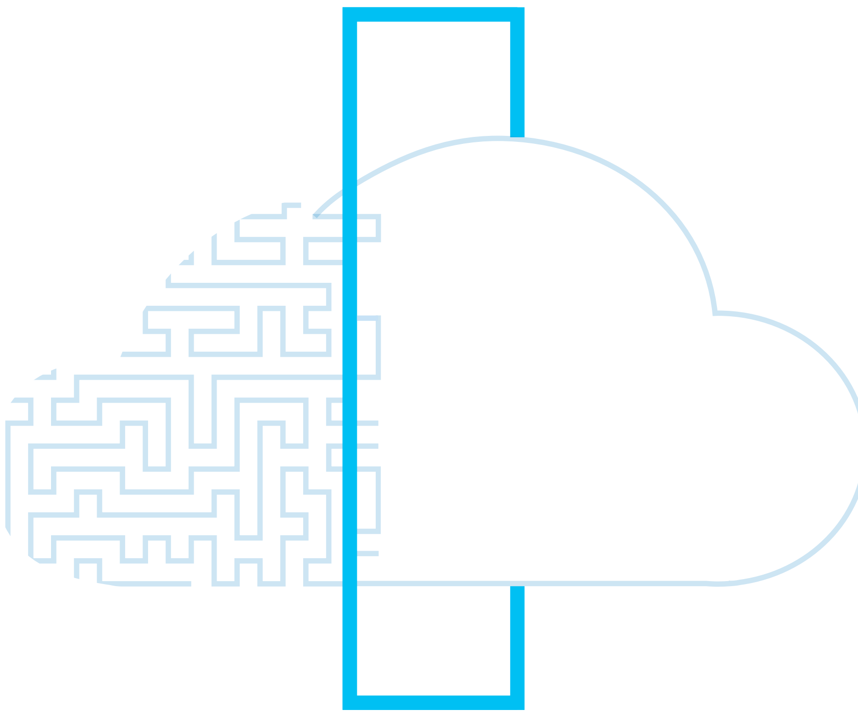


HIPUS Co., Ltd.

Independent Auditor's Report

To the Members of HIPUS Co., Ltd

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of HIPUS Co., Ltd ('the Company'), which comprises the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2021 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and

iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath

Chartered Accountants

Firm Registration Number. 006673S

M. Rathnakar Kamath

Partner

Membership Number. 202841

UDIN : 21202841AAADNG1786

Place: Bengaluru.

Date: May 20, 2021

Balance Sheet

In JPY million

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2	27	21
(b) Goodwill	2A	–	–
(c) Right of use asset	2B	106	202
(d) Other intangible assets	2A	161	98
(e) Deferred tax assets	8	179	159
(f) Financial assets			
(i) Others	4	91	90
(g) Other non-current assets	5	–	–
Total non-current assets		564	569
Current assets			
(a) Financial assets			
(i) Trade receivables	6	12,302	14,749
(ii) Cash and cash equivalents	7	2,667	1,951
(iii) Others	4	4,347	3,240
(b) Other current assets	5	770	510
Total current assets		20,086	20,449
TOTAL ASSETS		20,650	21,019
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	3	500	500
(b) Other equity	3	682	379
Total equity		1,182	879
Liabilities			
Non-current liabilities			
(a) Provisions	9	232	214
(b) Other financial liabilities			
(i) Lease liability	10	8	101
Total non-current liabilities		240	315
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	11	18,480	19,180
(ii) Other financial liabilities	10	571	493
(b) Other current liabilities	12	177	152
Total current liabilities		19,228	19,825
TOTAL EQUITY AND LIABILITIES		20,650	21,019

The accompanying notes are an integral part of these financial statements.

As per our reports of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of HIPUS Co., Ltd

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Place : Bengaluru
Date: May 20, 2021

Statement of Profit and Loss

In JPY million, except equity share and per equity share data

	Particulars	Note No.	For the year ended March 31,	
			2021	2020
I.	Revenue from operations	13	4,046	3,543
	Other income	14	35	11
	Total income (I)		4,081	3,554
II	Expenses			
	Employee benefits expense	15	1,942	1,668
	Depreciation and amortization expense	16	149	132
	Cost of technical sub-contractors		1,130	1,085
	Travel expenses		9	32
	Other expenses	17	346	280
	Total expenses (II)		3,576	3,197
III	Profit before tax (I-II)		505	358
IV	Tax expense			
	(i) Current tax	21	151	127
	(i) Deferred tax	21	(20)	–
	Total tax expense (IV)		131	127
V	Profit for the year (III- IV)		374	230
VI	Other Comprehensive income/ (loss)			
	(i) Items that will not be reclassified subsequently to profit or loss		–	–
	Other comprehensive expense for the year		–	–
VII	Total comprehensive income for the year (V+VI)		374	230
	Earnings per share (EPS)			
	Basic and diluted (JPY)	18	374,125	230,478
	Weighted average equity shares used in computing earnings per equity share		1,000	1,000

The accompanying notes are an integral part of these financial statements.

As per our reports of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of HIPUS Co., Ltd

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Place : Bengaluru
Date: May 20, 2021

Equity share capital and retained earnings

Statement of Changes in Equity

In JPY million

Particulars	Equity	Reserve and surplus		Total equity attributable to the equity holders of the Company
		Legal capital reserve	Retained earnings	
Balance as at 1 April 2019	500	1	151	652
Changes in equity				
Dividend (including tax on dividend)	–	–	6	6
Impact of implementing IFRS 16 (Lease Accounting)	–	–	(10)	(10)
Profit/ (Loss) for the year	–	–	230	230
Total comprehensive income	–	–	230	230
Balance as at March 31, 2020	500	1	379	879
Changes in equity				
Dividend (including tax on dividend)	–	–	(72)	(72)
Profit/ (Loss) for the year	–	–	374	374
Total comprehensive income	–	–	374	374
Balance as at March 31, 2021	500	1	681	1,182

The accompanying notes are an integral part of these financial statements.

As per our reports of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

for and on behalf of the Board of Directors of HIPUS Co., Ltd

M. Rathnakar Kamath
Partner
Membership Number 202841

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Place : Bengaluru
Date: May 20, 2021

Cash Flow Statement

In JPY million

Particulars	Note No.	For the year ended March 31, 2021	2020
Cash flows from operating activities			
Profit before tax for the year:		505	358
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense		149	132
Interest income		–	(1)
Other adjustments		(131)	(139)
Changes in assets and liabilities:			
Trade receivables		2,447	7,655
Other financial asset and other assets		(296)	(466)
Trade payables		(701)	(4,689)
Other financial liabilities, other liabilities and provisions		155	128
Cash used in operations		2,128	2,978
Income taxes paid (net of refunds)		(126)	(61)
Net cash used in operating activities (A)		2,002	2,918
Cash flows from investing activities			
Expenditure on property plant and equipment, intangibles		(122)	(410)
Interest income		–	1
Net cash (used in)/ from investing activities (B)		(122)	(409)
Cash flows from financing activities			
Loan (Given) / Received		(1,093)	(3,235)
Dividend including tax on dividend (Paid) / Refund		(72)	(192)
Others		–	–
Net cash generated by financing activities (C)		(1,165)	(3,426)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		716	(917)
Cash and cash equivalents at the beginning of the year		1,951	2,869
Cash and cash equivalents at the end of the year	7	2,667	1,951

The accompanying notes are an integral part of these financial statements.

As per our reports of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number 202841

Place : Bengaluru
Date: May 20, 2021

for and on behalf of the Board of Directors HIPUS Co., Ltd

Anantha Radhakrishnan
Director

Rajeev Ranjan
Director

Notes to the financial statements

Company overview

HIPUS Co., Ltd is a majority owned subsidiary of Infosys Consulting Pte Ltd. The Company renders procurement outsourcing services to customers, thereby enabling clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The Accounting year for the Company is from April 1 to March 31.

1.2 Basis of preparation of financial statements

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

These financial statements are the Company's first Ind AS financial statement. The Company has adopted all the Ind AS standards and adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is Japanese Yen (JPY)

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the accounting policies and reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, impairment losses on financial assets, income taxes, post-sales customer support, and the useful lives of property, plant, and equipment and intangible assets.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements."

1.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the value of the consideration received or receivable, excluding discounts, value-added tax and other sales taxes.

Arrangements with customers for services are either on a fixed-price, fixed-timeframe or on a transactional basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability

1.7 Property, plant, and equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Asset	Life of asset
Furniture and fixture	5 years
Building	8 - 12 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

1.8 Intangible assets

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software, and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use.

1.9 Leased assets

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116, Leases using the modified retrospective method. On transition, the adoption of the new standard resulted in recognition of ROU asset of JPY 318 million and a lease liability of JPY 328 million. The cumulative effect of applying the standard, amounting to JPY 10 million was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

1.10 Financial instruments

1.11.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.11.2 Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

(ii) Financial assets at fair value through other comprehensive income

financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

A financial asset, which is not classified in any of the above categories, is subsequently fair-valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair-valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Property, plant, and equipment

Property, plant, and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset.

An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in previous years.

1.13 Employee Benefits

Provision for retirement benefits

Provided for payment of retirement benefits to employees, in the amount deemed accrued at the fiscal year-end, based on the projected retirement benefit obligation at the fiscal year-end. (Equals the benefits payable for voluntary retirements at the current year based on simplified method)

Provision for director bonus and employee bonus

Recognized based on the estimated payment amount for bonus to directors and employees

1.14 Income taxes

Income tax is computed basis the consolidated tax system.

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 Earning per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

Note 2: Property, Plant, and Equipment

In JPY million

Particulars	Buildings	Furniture and fixtures	Construction in progress	Total
Gross Block				
Balance as at 1 April 2019	24	–	–	24
Additions	–	5	12	18
Balance as at March 31, 2020	24	5	12	41
Additions	–	23	11	34
Deletions	(1)	–	(23)	(24)
Balance as at March 31, 2021	23	28	–	51
Accumulated depreciation				
Balance as at 1 April 2019	18	–	–	18
Depreciation expense for the year	2	1	–	3
Deletions	–	–	–	–
Balance as at March 31, 2020	20	1	–	20
Depreciation expense for the year	1	4	–	145
Deletions	(1)	–	–	(1)
Balance as at March 31, 2021	20	5	–	24
Net Block as at March 31, 2020	4	5	12	21
Net Block as at March 31, 2021	3	24	–	27

Note 2A: Goodwill and other Intangible assets

In JPY million

Particulars	Goodwill	Other intangible assets	
		Software	Construction in progress
Balance as at 1 April 2019	–	172	4
Additions	–	75	–
Deletions	–	–	(1)
Balance as at March 31, 2020	–	247	3
Additions	–	100	107
Deletions	–	(20)	(101)
Balance as at March 31, 2021	–	327	9
Accumulated Amortization and impairment losses			
Balance as at 1 April 2019	–	138	–
Amortization expense for the year	–	14	–
Balance as at March 31, 2020	–	152	–
Amortization expense for the year	–	28	–
Deletions	–	(4)	–
Balance as at March 31, 2021	–	175	–
Net Block as at March 31, 2020	–	95	3
Net Block as at March 31, 2021	–	152	9

Note 2B: Leases

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021:

In JPY million

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2020	–	202	–	202
Additions	–	20	–	20
Deletion	–	–	–	–
Depreciation	–	(116)	–	(116)
Balance as at March 31, 2021	–	106	–	106

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

In JPY million

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2019	–	318	–	318
Additions	–	–	–	–
Deletion	–	–	–	–
Depreciation	–	(116)	–	(116)
Balance as at March 31, 2020	–	202	–	202

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31, 2020:

In JPY million

Particulars	As at March 31,	
	2021	2020
Current lease liabilities	107	111
Non-current lease liabilities	8	101
Total	115	212

The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020:

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Balance at the beginning	212	328
Additions	–	–
Finance cost accrued during the period	–	–
Deletions	–	–
Payment of lease liabilities	(97)	(116)
Balance at the end	115	212

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on an undiscounted basis:

In JPY million

Particulars	As at March 31,	
	2021	2020
Less than one year	8	111
One to five years	107	101
More than five years	–	–
Total	115	212

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Note 3: Equity share capital

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Authorized		
Equity shares, JPY 500,000 par value		
1,000 common stock	500	500
Issued, Subscribed and Paid-up capital		
Equity shares, JPY 500,000 par value		
1,000 common stock	500	500

The details of shareholder holding more than 5% shares as at March 31, 2021 and March 31, 2020 is as follows:

Name of shareholder	As at March 31,			
	2021		2020	
	Number of shares	Holding %	Number of shares	Holding %
Infosys Limited	810	81%	810	81%
Hitachi Limited	150	15%	150	15%

The number of shares outstanding and the amount of share capital as at March 31, 2021 and March 31, 2020 is as follows:

Number of shares at the beginning and end of the period	As at March 31,			
	2021		2020	
	Number of shares	Amount	Number of shares	Amount
Number of shares	1,000	500,000,000	1,000	500,000,000

Note 4: Other financial assets

In JPY million

Particulars	As at March 31,			
	2021		2020	
	Non-current	Current	Non-current	Current
Considered good				
(a) Other financial assets	91	–	90	–
(b) Loan	–	4,347	–	3,240
	91	4,347	90	3,240

Note 5: Other assets

In JPY million

Particulars	As at March 31,			
	2021		2020	
	Non-current	Current	Non-current	Current
Considered good				
(a) Prepaid Expenses	–	98	–	23
(b) Balances with statutory/government authorities	–	269	–	214
(d) Others	–	403	–	272
	–	770	–	510

Note 6: Trade receivables

In JPY million

Particulars	As at March 31,	
	2021	2020
Trade receivables (unsecured) [1]		
Considered good	12,302	14,749
Less: Allowance for doubtful debts	–	–
	12,302	14,749

[1] Refer note 22 for related party balances

Note 7: Cash and cash equivalents

In JPY million

Particulars	As at March 31,	
	2021	2020
(a) Cash on hand	–	–
(b) Balances with bank		
In current accounts	2,667	1,951
	2,667	1,951

Note 8: Recognized deferred tax (net)

In JPY million

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liability		
Excess of depreciation on fixed assets under income-tax law over depreciation provided in accounts	–	–
	–	–
Deferred tax assets		
Provision for employee benefits	175	155
Provisions for property, plant and equipment	4	4
Deferred tax assets (net) [1]	179	159

[1] Net deferred tax assets have been recognized only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realized.

Note 9: Provisions

In JPY million

Particulars	As at March 31,			
	2021		2020	
	Non-current	Current	Non-current	Current
Asset Retirement Obligation	11	–	11	–
Provision for retirement benefits	221	–	203	–
	232	–	214	–

Note 10: Other financial liabilities

In JPY million

Particulars	As at March 31,			
	2021		2020	
	Non-current	Current	Non-current	Current
Accrued expenses	–	175	–	122
Deposits received	–	11	–	13
Employee benefits payable	–	278	–	246
Lease liability	8	107	101	111
	8	571	101	493

Note 11: Trade payables

In JPY million

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables [1]	18,480	19,180
	18,480	19,180

[1] Refer note 22 for related party balances

Note 12: Other liabilities

In JPY million

Particulars	As at March 31, 2021	As at March 31, 2020
Income taxes payable	92	88
Others	85	65
	177	152

Note 13: Revenue from operations

In JPY million

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from services	4,046	3,543
	4,046	3,543

Trade receivables

The Company classifies the right to consideration in exchange for deliverables as either a receivable. Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021, other than those meeting the exclusion criteria mentioned above, is NIL. Out of this, the Group expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

The impact on account of applying the erstwhile Ind AS 18 Revenue Standard instead of Ind AS 115 Revenue from contract with customers on the financials results of the Group for the year ended December 31, 2020 is insignificant.

Note 14: Other income

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Interest income	14	6
Miscellaneous income (Net)	21	5
	35	11

Note 15: Employee benefits expense

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Salaries and wages	1,562	1,316
Staff welfare expenses	282	260
Pension costs	83	70
Directors remuneration	15	21
	1,942	1,668

Note 16: Depreciation and amortization expense

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Depreciation of property, plant and equipment (1)	120	118
Amortization of intangible assets	29	14
	149	132

(1) Including RoU Amortization

Note 17: Other expenses

In JPY million

Particulars	For the year ended March 31, 2021	2020
Communication expenses	15	9
Office expenses	229	191
Rental	36	39
Recruitment	13	16
Consumables	11	4
Auditor's remuneration		
Statutory audit fees	9	6
Miscellaneous expenses	1	2
Rates and taxes	32	14
	346	280

Note 18: Earnings per share

i) Basic earnings per share

The calculations of earnings attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculations are as follows:

In JPY million, except equity share and per equity share data

Particulars	For the year ended March 31, 2021	2020
a. Profit after tax (JPY Mn.)	374	230
b. Weighted average number of equity shares for the purposes of earnings per share	1,000	1,000
Basic and dilutive earnings per equity share (a/b) JPY	374,125	230,478

Note 19: Financial instruments

Set out below, is a comparison by class of the carrying amount and fair value of the Company's financial instruments other than those with carrying amount that are reasonable approximations of fair values:

In JPY million

As at March 31, 2021	Note No	Amortized cost	Financial assets/liabilities: Fair value through profit and loss	Financial assets/liabilities: Fair value through other comprehensive income	Total carrying value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
ASSETS									
Financial assets									
Other Financial Assets	4	4,437	–	–	4,437	–	–	–	–
Trade receivables	6	12,302	–	–	12,302	–	–	–	–
Cash and cash equivalents	7	2,667	–	–	2,667	–	–	–	–
Total financial assets		19,406	–	–	19,406	–	–	–	–
LIABILITIES									
Financial liabilities									
Trade payables	11	18,480	–	–	18,480	–	–	–	–
Other financial liabilities	10	579	–	–	579	–	–	–	–
Total financial liabilities		19,059	–	–	19,059	–	–	–	–

In JPY million

As at March 31, 2020	Note No	Amortized cost	Financial assets/liabilities: Fair value through profit and loss	Financial assets/liabilities: Fair value through other comprehensive income	Total carrying value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
ASSETS									
Financial assets									
Other Financial Assets	4	3,330	–	–	3,330	–	–	–	–
Trade receivables	6	14,749	–	–	14,749	–	–	–	–

As at March 31, 2020	Note No	Financial assets/liabilities			Total carrying value	Fair value			
		Amortized cost	Fair value through profit and loss	Fair value through other comprehensive income		Level 1	Level 2	Level 3	Total
Cash and cash equivalents	7	1,951	–	–	1,951	–	–	–	–
Total financial assets		20,030	–	–	20,030	–	–	–	–
LIABILITIES									
Financial liabilities									
Trade payables	11	19,180	–	–	19,180	–	–	–	–
Other financial liabilities	10	593	–	–	593	–	–	–	–
Total financial liabilities		19,773	–	–	19,773	–	–	–	–

Notes:

The carrying value of all the items in the table above have been classified as amortized cost. Amortized cost is deemed to be the carrying value.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Note 20: Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, Trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk.

(a) Risk management framework

The Company's risk management is carried out by the management under the policies approved by the Board of Directors that help in identification, measurement, mitigation and reporting all risks associated with the activities of the Company. These risks are identified on a continuous basis and assessed for the impact on the financial performance. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below. "

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, trade receivables, trade payables, deposits and investments.

(i) Foreign currency risk

The Company operates primarily in Japan and does not have any foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any debt and hence does not carry any interest rate risk.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to the credit risk from its trade receivables, unbilled revenue, investments, cash and cash equivalents, bank deposits and loans. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a credit evaluation before entering into an arrangement. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous group and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company considers the credit risk with respect to trade receivables as low, since majority of the customers are parties with good repute and are regular in discharging their obligation within the credit period provided by the Company. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information

Expected credit loss for the year ended March 31, 2021 and March 31, 2020 is nil."

(ii) Financial instrument and cash deposit

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from nonperformance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 is as follows:

In JPY million

Particulars	Less than 1 year	1 to 5 Years	More than 5 years	Total
March 31, 2021				
Trade payables	18,480	–	–	18,480
Other financial liabilities	579	–	–	579
	19,059	–	–	19,059

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2020is as follows:

In JPY million

Particulars	Less than 1 year	1 to 5 Years	More than 5 years	Total
March 31, 2020				
Trade payables	19,180	–	–	19,180
Other financial liabilities	593	–	–	593
	19,773	–	–	19,773

Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Note 21: Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Current taxes	151	127
Deferred taxes	(20)	–
Income tax expense	131	127

The details of income tax assets and income tax liabilities as of March 31, 2021 and March 31, 2020 is as follows:

In JPY million

Particulars	As at March 31,	
	2021	2020
Income tax assets	–	–
Current income tax liabilities	92	88
Net current income tax assets/ (liability) at the end	92	88

The gross movement in the current income tax assets/ (liabilities) for the year ended March 31, 2021 and March 31, 2020 are as follows:

In JPY million

Particulars	As at March 31,	
	2021	2020
Net current income tax assets/ (liabilities) at the beginning	88	21
Income tax paid	(126)	(61)
Current income tax expense	131	127
Net current income tax assets/ (liabilities) at the end	92	88

The movement in gross deferred income tax asset/ (liabilities) for the year ended March 31, 2021 is as follows:

In JPY million

Particulars	Carrying Value as on March 31, 2020	Changes through Profit & Loss A/c	Carrying Value as on March 31, 2021
Deferred income tax assets / (liabilities)			
Property plant and equipment	4	–	4
Accrued compensation to employees	155	20	175
Total Deferred income tax assets / (liabilities)	159	20	179

The movement in gross deferred income tax asset/ (liabilities) for the year ended March 31, 2020 is as follows:

In JPY million

Particulars	Carrying Value as on March 31, 2019	Changes through Profit & Loss A/c	Carrying Value as on March 31, 2020
Deferred income tax assets / (liabilities)			
Property plant and equipment	4	–	4
Accrued compensation to employees	155	–	155
Total Deferred income tax assets / (liabilities)	159	–	159

Note 22: Related party transactions

Name of holding company	Relationship with related party	Country	% of Holding	
			For the year ended March 31, 2021	For the year ended March 31, 2020
Infosys Consulting Pte Limited (Infosys Singapore)	Parent entity	Singapore	81%	81%
Hitachi Limited (former parent entity)	Shareholder (parent entity)	Japan	15%	15%

List of related parties:

Fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)(18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)(13)	India
Kallidus Inc, (Kallidus)(44)	US

Fellow subsidiaries	Country
Infosys Chile SpA	Chile
Infosys Arabia Limited[2]	Saudi Arabia
Infosys Consulting Ltda.[1]	Brazil
Infosys CIS LLC [1] [19]	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[3]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.[4]	Czech Republic
Infosys Poland, Sp z.o.o[4]	Poland
Infosys McCamish Systems LLC[4]	US
Portland Group Pty Ltd[4]	Australia
Infosys BPO Americas LLC.[4]	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited[5]	Australia
Infosys Consulting AG[5]	Switzerland
Infosys Consulting GmbH[5]	Germany
Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting SAS[5]	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)[5][13]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.[5][13]	China
Infy Consulting Company Ltd[5]	UK
Infy Consulting B.V.[5]	The Netherlands
Infosys Consulting Sp. z.o.o[24][32]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.[5][37]	Portugal
Infosys Consulting S.R.L.[5]	Argentina
Infosys Consulting (Belgium) NV[6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.[7]	Israel
Panaya GmbH[7]	Germany
Panaya Japan Co. Ltd[7][23]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited[8]	UK
Brilliant Basics (MENA) DMCC[8][25]	UAE
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore
Infosys Middle East FZ LLC[9]	UAE
Fluido Oy[9]	Finland
Fluido Sweden AB (Extero)[12]	Sweden
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][39]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][41]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][40]	Germany
Stater Deutschland GmbH & Co. KG[16][40]	Germany
Stater Belgium N.V./S.A.[17][42]	Belgium

Fellow subsidiaries	Country
Outbox systems Inc. dba Simplus (US)[20]	US
Simplus North America Inc.[21]	Canada
Simplus ANZ Pty Ltd.[21]	Australia
Simplus Australia Pty Ltd[22]	Australia
Sqware Peg Digital Pty Ltd[22]	Australia
Simplus Philippines, Inc.[21]	Philippines
Simplus Europe, Ltd.[21]	UK
Infosys Fluido UK, Ltd. (formerly Simplus U.K, Ltd)[12][26]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[12][26]	Ireland
Infosys Limited Bulgaria EOOD[1][27]	Bulgaria
Kaleidoscope Animations, Inc.[30]	US
Kaleidoscope Prototyping LLC[31]	US
GuideVision s.r.o.[28]	Czech Republic
GuideVision Deutschland GmbH[29]	Germany
GuideVision Suomi Oy[29]	Finland
GuideVision Magyarország Kft[29]	Hungary
GuideVision Polska SP.Z.O.O[29]	Poland
GuideVision UK Ltd[29]	UK
Beringer Commerce Inc[33]	US
Beringer Capital Digital Group Inc[33]	US
Mediotype LLC[34]	US
Beringer Commerce Holdings LLC[34]	US
SureSource LLC[35]	US
Blue Acorn LLC[35]	US
Simply Commerce LLC[35]	US
iCiDIGITAL LLC[36]	US
Infosys BPM UK Limited[4][38]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][43]	Turkey
Infosys Germany Holding Gmbh[1][45][46]	Germany

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody
(12) Wholly-owned subsidiary of Fluido Oy
(13) Under liquidation
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Wholly-owned subsidiary of Stater N.V
(16) Wholly-owned subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) Liquidated effective January 28, 2021.
(20) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(21) Wholly-owned subsidiary of Outbox Systems Inc.
(22) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(23) Liquidated effective October 31, 2019
(24) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(25) Liquidated effective July 17, 2020
(26) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(27) Incorporated effective September 11, 2020.
(28) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(29) Wholly-owned subsidiary of GuideVision s.r.o.

(30) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(31) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(32) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(33) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(34) Wholly-owned subsidiary of Beringer Commerce Inc
(35) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(36) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(37) Liquidated effective November 19,2020
(38) Incorporated, effective December 9, 2020
(39) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(40) Merged into Stater Duitsland B.V., effective December 18, 2020
(41) Merged with Stater N.V., effective December 23, 2020
(42) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(43) Incorporated on December 30, 2020.
(44) Liquidated effective March 9,2021
(45) Incorporated on March 23, 2021
(46) On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.

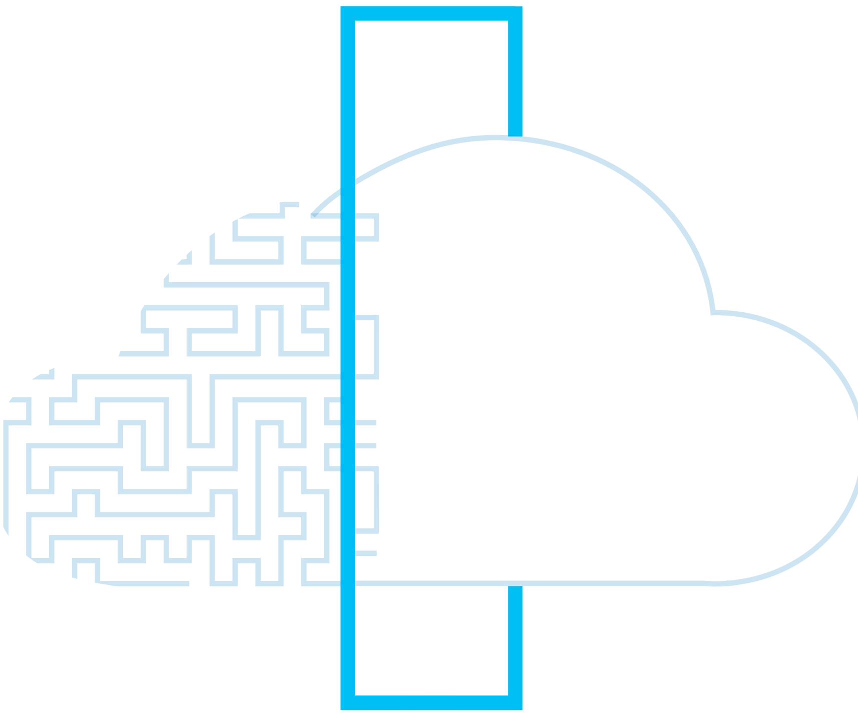
The details of amounts due to or from related parties as at March 31, 2021 and March 31, 2020 are as follows:

In JPY million

Particulars	For the year ended March 31,	
	2021	2020
Trade payables		
Payable to Infosys BPM Limited	1	7
Payable to Portland Group Pty Ltd	2	10
Payable to Infosys Limited	–	22
Payable to Infosys China	33	–
Trade Receivables		
Receivable to Infosys Limited	10	–
Receivable to Infosys BPM Limited	8	–
Intercompany Revenue		
Services provided to Infosys Limited	7	–
Services provided to Infosys BPM Limited	8	–
Intercompany Sub-contractors		
Services taken from Infosys BPM Limited	1	7
Services taken from Portland Group Pty Ltd	2	10
Services taken from Infosys Limited	–	6
Services taken from Infosys China	78	–
Intangible Asset		
Services taken from Infosys Limited	–	16
Loan		
Loan given to Infosys Singapore	4,328	3,235
Interest Income		
Interest accrued on Loan given to Infosys Singapore	14	5

Note 23: Segment reporting

The Company is engaged in developing and marketing solutions in a single geography. Its operations are therefore considered to constitute a single segment. Based on the 'management approach' as defined in Ind AS 108 Segment reporting, the Chief Operating Decision Maker (CODM) evaluates performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment reporting.



Outbox Systems, Inc. dba Simplus (US)

Independent Auditors' Report

To the Board of Directors of Outbox Systems, Inc. dba Simplus

We have audited the accompanying consolidated financial statements of Outbox Systems, Inc. dba Simplus and subsidiaries (collectively, the Company), which comprise the consolidated Balance Sheets as of January 31, 2021 and 2020, the related consolidated statements of operations, stockholders' equity, and cash flows for the fiscal years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Outbox Systems, Inc. dba Simplus and subsidiaries as of January 31, 2021 and 2020, and the consolidated results of their operations and their cash flows for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Tanner LLC

May 6, 2021

Balance Sheets

For the Fiscal Years Ended January 31, 2021 and January 31, 2020

in US$

Particulars	Year ended January 31, 2021	Year ended January 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	9,396,407	5,043,619
Accounts receivable, net of allowance of $296,319 and $151,946, respectively	11,422,252	9,328,670
Prepaid expenses and other	1,689,214	1,738,560
Total current assets	22,507,873	16,110,849
Goodwill, net	16,934,062	20,597,930
Property and equipment, net	977,140	1,045,087
Other long-term assets	59,538	137,706
Total assets	40,478,613	37,891,572
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	716,348	850,094
Accrued expenses	14,319,180	8,323,612
Loan from affiliate	5,039,903	–
Deferred revenue	1,957,275	3,476,615
Current portion of long-term debt	–	2,000,000
Other current liabilities	–	3,147,216
Total current liabilities	22,032,706	17,797,537
Long-term debt, net	–	1,828,966
Other long-term liabilities	1,139,914	2,918,852
Total liabilities	23,172,620	22,545,355
Commitments and Contingencies		
Stockholders' equity:		
Series Seed convertible preferred stock, par value $0.001 per share: 709,345 shares designated, issued and outstanding as of January 31, 2020. No shares designated, issued or outstanding as of January 31, 2021	–	710
Series Seed 2 convertible preferred stock, par value $0.001 per share: 47,291 shares designated, issued and outstanding as of January 31, 2020. No shares designated, issued or outstanding as of January 31, 2021	–	47
Series A convertible preferred stock, par value $0.001 per share: 3,437,211 shares designated, issued and outstanding as of January 31, 2020. No shares designated, issued or outstanding as of January 31, 2021	–	3,437
Series B convertible preferred stock, par value $0.001 per share: 5,437,807 shares designated, issued and outstanding as of January 31, 2020. No shares designated, issued or outstanding as of January 31, 2021	–	5,438
Series C convertible preferred stock, par value $0.001 per share: 6,368,346 shares designated; 5,660,027 shares issued and outstanding as of January 31, 2020. No shares designated, issued or outstanding as of January 31, 2021	–	5,660
Common stock, $0.001 par value: 36,000,000 shares authorized; 14,959,438 shares issued and outstanding as of January 31, 2020	–	14,960
Common stock held by Infosys, par value $0.001 per share, 100 shares designated, 10 shares issued and outstanding as of January 31, 2021	–	–
Additional paid-in capital	55,816,632	45,910,578
Accumulated deficit	(38,510,639)	(30,594,613)
Total stockholders' equity	17,305,993	15,346,217
Total liabilities and stockholders' equity	40,478,613	37,891,572

Consolidated Statements of Operations

For the Fiscal Years Ended January 31, 2021 and January 31, 2020

in US$

Particulars	Year ended January 31,	
	2021	2020
Professional and managed services revenues, net	68,813,273	65,849,269
Cost of professional services	41,644,331	39,905,734
Gross profit	27,168,942	25,943,535
Operating expenses:		
Sales and marketing	17,156,236	19,499,255
General and administrative	15,194,412	13,837,949
Depreciation and amortization	2,681,251	2,615,595
Total operating expenses	35,031,899	35,952,799
Loss from operations	(7,862,957)	(1,0009,264)
Other income (expense):		
Interest income	14,152	115,983
Interest expense	(72,590)	(365,890)
Loss on sale of business	(386,647)	–
Realized FX Gains, net	518,524	–
Other income, net	92,539	64,007
Total other income (expense), net	165,978	(185,900)
Net loss before provision for income taxes	(7,696,979)	(1,019,5164)
Provision for income taxes	219,047	–
Net loss	(7,916,026)	(1,019,5164)

Consolidated Statements of Stockholders' Equity

For the Fiscal Years Ended January 31, 2021 and January 31, 2020

in US$

Particulars	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders 'Equity
Balance, January 31, 2019	11,902,988	11,903	14,304,537	14,305	31,368,063	(20,399,449)	10,994,822
Issuance of series C preferred stock, net of direct issuance costs of $7,471	3,136,583	3,137	–	–	12,039,389	–	12,042,526
Issuance of common stock for cash	–	–	82,318	82	181,018	–	181,100
Issuance of common and preferred stock in connection with acquisitions	252,110	252	571,028	571	1,902,747	–	1,903,570
Exercise of common stock options	–	–	1,555	2	2,649	–	2,651
Stock-based compensation expense	–	–	–	–	424,220	–	424,220
Other	–	–	–	–	(7,508)	–	(7,508)
Net loss	–	–	–	–	–	(10,195,164)	(10,195,164)
Balance, January 31, 2020	15,291,681	15,292	14,959,438	14,960	45,910,578	(30,594,613)	15,346,217
Exercise of common stock options	–	–	1,079,997	1,080	1,433,343	–	1,434,423
Exercise of warrants	–	–	43,200	43	41,861	–	41,904
Exercise of stock appreciation rights	–	–	15,400	15	33,865	–	33,880
Shareholder payments of exercise price	–	–	–	–	(1,510,107)	–	(1,510,107)
Forfeiture of previously granted restricted stock units	–	–	(199,500)	(200)	–	–	(200)
Stock-based compensation expense	–	–	–	–	829,757	–	829,757
Conversion of ownership to Infosys	(15,291,681)	(15,292)	(15,898,525)	(15,898)	31,090	–	(100)
Liabilities settled through the change in ownership	–	–	–	–	8,980,855		8,980,855
Other	–	–	–	–	65,390	–	65,390
Net loss	–	–	–	–	–	(7,916,026)	(7,916,026)
Balance, January 31, 2021	–	–	10	–	55,816,632	(38,510,639)	17,305,993

Consolidated Statements of Cash Flows

For the Fiscal Years Ended January 31, 2021 and January 31, 2020:

in US$

Particulars	Year ended January 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	(7,916,026)	(10,195,164)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion expense for hold back liabilities	47,122	29,785
Bad debt expense	250,897	314,997
Depreciation and amortization	2,681,251	2,615,595
Stock-based compensation expense	829,757	483,972
Loss on sale of business	386,647	–
Change in operating assets, liabilities, net of acquisitions (see Note 2)		
Accounts receivable	(2,575,867)	(1,969,329)
Prepaid expenses and other current assets	332,917	(888,338)
Accounts payable and accrued expenses	6,131,132	1,360,982
Deferred revenue	(1,474,259)	2,485,504
Other noncurrent assets and liabilities	(6,872)	(144,785)
Net cash used in operating activities	(1,313,301)	(5,906,781)
Cash flows from investing activities:		
Purchases of property and equipment	(282,600)	(314,646)
Net cash given for sale of business (see Note 2)	(66,068)	–
Cash paid for acquisitions, net of cash acquired (see Note 2)	–	(7,179,690)
Net cash used in investing activities	(348,668)	(7,494,336)
Cash flows from financing activities:		
Borrowings from Infosys	5,000,000	–
Net change in line of credit	1,286,739	–
Repayments from affiliate	610,033	–
Proceeds from issuance of preferred stock	–	12,042,526
Proceeds from issuance of common stock	–	181,100
Other financing activities	26,137	24,154
Payments on long-term debt	(333,333)	(1,171,391)
Net cash provided by financing activities	6,589,576	11,076,389
Effect of exchange rates on cash and cash equivalents	(574,819)	(54,576)
Net increase (decrease) in cash and cash equivalents	4,352,788	(2,379,304)
Cash and cash equivalents as of beginning of the fiscal year	5,043,619	7,422,923
Cash and cash equivalents as of end of the fiscal year	9,396,407	5,043,619
Supplemental disclosure:		
Cash paid for interest	54,245	335,375
Supplemental disclosure of non-cash investing and financing activities:		
Issuance of holdback shares		221,538
Liabilities settled through the change in ownership	8,980,855	–

1. Description of Organization and Summary of Significant Accounting Policies

Organization

Outbox Systems, Inc. was incorporated on September 12, 2014 as a Delaware corporation. On April 14, 2015, Outbox Systems, Inc. began operating under the business name of Simplus. Outbox Systems, Inc. dba Simplus (Simplus) is a platinum Salesforce partner and leading provider of quote-to-cash implementations. Simplus provides advisory, implementation, change management, custom configuration, and managed services for the following Saleforce platforms: CPQ, Billing, Sales Cloud, Service Cloud, Community Cloud, Mulesoft, and CLM.

In March 2020, the Company entered into an agreement for all of the Company's outstanding common stock to be acquired by Infosys Limited (Infosys), a consulting and information technology company based in India. Outbox Systems, Inc. and its subsidiaries are now wholly-owned subsidiaries of Infosys. These financials do not include any pushdown accounting adjustments relating to the acquisition of the Company by Infosys.

Consolidated Financial Statements

The consolidated financial statements include the accounts of Simplus and its wholly-owned subsidiaries: Simplus ANZ, Pty Ltd, Simplus Australia, Pty Ltd., Simplus Europe, Ltd., Simplus UK, Ltd, Simplus Ireland, Ltd. and Simplus Philippines Inc. (SPI) (collectively, the Company). SPI provides managed services and implementation services for the Company's customers and performs certain administrative and information technology functions for the Company. Simplus UK, Simplus Ireland, and Simplus Australia all perform quote-to-cash implementation services in their respective regions. All material intercompany accounts and transactions have been eliminated in consolidation. Simplus UK and Simplus Ireland were spun-off to another Infosys affiliated entity effective June 1, 2020 (see Note 2).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect reported amounts and disclosures. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities as well as the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Key management estimates include allowances for doubtful accounts receivable, the estimated useful life of goodwill, recognition of revenues and sales credits, valuation allowances for net deferred income tax assets, and fair values of stock options, stock appreciation rights, restricted stock units and warrants.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

In the normal course of business, the Company provides unsecured credit terms to its customers and requires no collateral. The Company maintains allowances for estimated losses, which, when realized, have been within the range of management's expectations.

The Company maintains its cash in bank deposit accounts which balances, at times, exceed federally insured limits. To date, the Company has not experienced a lack of access to its cash.

No customers accounted for more than 10% of accounts receivable as of January 31, 2021 or January 31, 2020. No customer accounted for more than 10% of revenue for the fiscal year ended January 31, 2021. One customer accounted for 13% of revenues for the fiscal year ended January 31, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Carrying amounts approximate fair value. Cash equivalents, which consisted of money market funds, totaling \$7,829,202 and \$3,632,506 as of January 31, 2021 and January 31, 2020, respectively.

Accounts Receivable

The Company records its trade receivables at sales value and allowances are provided for customer accounts as collection problems become known due to insolvency, disputes or other issues. The amounts of these allowances reduce accounts receivables to the estimated net realizable value as estimated by management based on the customer's financial condition, age of the customer's receivables, and changes in payment trends. Accounts outstanding longer than the contracted payment terms are considered past due. Accounts receivable are written off when management determines the likelihood of collection is remote. Recoveries of accounts receivable previously written off are recorded as income when the cash is received.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the net fair value of the identifiable assets acquired and liabilities assumed. The Company uses the simplified approach under US GAAP and included all customer related intangible assets and noncompetition agreements acquired in goodwill. Goodwill is stated at cost less accumulated amortization. Amortization expense is determined using the straight-line method over the estimated useful life of 10 years. The Company assesses goodwill for impairment at the entity level, whenever a triggering event occurs that indicates the fair value of the Company may be below its carrying amount. As of January 31, 2021, management determined that the Company's goodwill was not impaired.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives. Estimated useful lives for financial reporting purposes are determined based on the expected term the asset is expected to be utilized.

Debt Issuance Costs

Costs incurred in connection with obtaining financing are capitalized, recorded as a discount to the debt issued, and amortized over the term of the debt using the straight-line method, which approximates the effective interest method.

Revenue Recognition

The Company generates revenue through the performance of professional services, either in a time-and-materials-based contract or through a managed services contract. We determine revenue recognition through the following steps:

- Identification of the contract with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation

Revenue is presented net of sales credits, which are recognized proportionate to revenue over the estimated life of the project.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606 (see Recent Accounting Pronouncements below). The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied by transferring the promised good or service to the customer. The Company identified and tracks performance obligations at contract inception so that the Company can monitor and account for the performance obligations over the life of the contract.

Materially all of the Company's contracts are single performance obligation arrangements—either a professional services implementation project or a managed services arrangement.

Professional Services

Revenue from professional services is typically comprised of implementation or other consulting services. Professional services are typically sold on a time-and-materials basis. The Company recognizes time-and-materials arrangements as the services are performed. Services are invoiced either bi-monthly or monthly and payments are typically due 30 days after the invoice.

Managed Services

Revenue from managed services is recognized ratably over the term of the arrangement, typically either one-year or three-years in length. The services are typically invoiced monthly and payments are typically due 30 days after invoice.

Disaggregated Revenue

The Company disaggregates revenue from contracts with customers by geography and by the product type, as it believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The Company's revenue by geography is as follows for the fiscal years ended January 31:

in US$

Particulars	Year ended January 31,	
	2021	2020
North America	58,589,688	56,680,259
Asia Pacific	9,560,420	8,946,295
Europe	663,165	222,715
Total	68,813,273	65,849,269

The Company's revenue by offering is as follows for the fiscal years ended January 31:

in US$

Particulars	Year ended January 31,	
	2021	2020
Professional services	54,759,082	55,310,123
Managed services	14,054,191	10,539,146
Total	68,813,273	65,849,269

Deferred Revenue

Deferred revenue primarily consists of cash deposits or payments received in advance of revenue recognition and is recognized as the revenue recognition criteria are met. The Company generally invoices customers semi-monthly as work is performed or monthly based on contractual terms.

Practical Expedients and Exemptions

There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and the Company's disclosure. Below is a list of practical expedients the Company applied in the adoption of Topic 606:

-The Company does not evaluate a contract for significant financing component if payment is expected within one year or less from the transfer of promised items to the customer

Costs to Obtain and Fulfill a Contract

The Company's incremental direct costs of obtaining a contract consist of sales commissions. The Company's policy is to pay sales commission upon invoicing. As the invoicing occurs consistent with when the revenue is recognized, the timing of the expensing of the contract asset matches the revenue recognition.

Cost of Professional Services

Cost of professional services primarily consists of employee-related costs associated with the delivery of these services, the cost of subcontractors and certain third-party fees, as well as any expenses incurred by these personnel that are not billed to the customer.

Advertising

Advertising costs are expensed as incurred. Advertising expenses, including sponsorships and events, totaled

$795,865 and $1,607,242 for the fiscal years ended January 31, 2021 and January 31, 2020, respectively.

Stock-Based Compensation

The Company measures compensation cost for all stock-based awards by estimating the fair values of those awards on their grant date and recognizes compensation expense over the service period during which the awards are expected to vest. The Company uses the Black-Scholes option-pricing model to estimate the fair value of equity awards, which requires the input of highly subjective assumptions, including the fair value of the underlying stock on the date of grant and expected stock price volatility. Expected volatility for all new awards was calculated by averaging the historical volatility of a peer group of publicly traded companies. The risk-free rate was based on the US Treasury rate on the date of grant corresponding to the expected life of the award. The expected life of awards is determined based on historical trends of stock option exercises and based on management's estimate of the period the awards will remain outstanding.

The Company estimated the forfeiture rate based on its historical experience with forfeitures. As of January 31, 2021, the Company had never declared or paid any cash dividends on common stock and did not plan to pay cash dividends in the foreseeable future. Consequently, the Company used an expected dividend yield of zero.

Simplus did not issue any stock-based compensation in the fiscal year-ended January 31, 2021. The following weighted-average assumptions for the fiscal year ended January 31, 2020 were used in the Black-Scholes option-pricing model:

Particulars	Year ended January 31,	
	2021	2020
Expected life	–	7 years
Risk–free interest rate	–	1.74 – 2.26%
Expected volatility	–	77%
Expected dividend yield	–	0%

Income Taxes

The Company recognizes deferred income tax assets and liabilities for temporary differences between the financial reporting and tax reporting bases of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards.

The impact on deferred income taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, is reflected in the consolidated financial statements in the period of enactment. The Company records net deferred income tax assets to the extent it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event the Company determines it would be able to realize its deferred income tax assets in the future in excess of their recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

The Company recognizes an income tax benefit from an uncertain tax position only if it is "more likely than not" that the position is sustainable upon examination, including resolutions of any related appeals or litigation processes, based on its technical merits. The income tax benefit of a qualifying position is the largest amount of income tax benefit that is greater than 50% likely of being realized upon settlement with a tax authority having full knowledge of all relevant information. The liability for unrecognized income tax benefits is classified as noncurrent unless the liability is expected to be settled in cash within 12 months of the reporting date. The Company records any estimated interest or penalties from the uncertain tax position as income tax expense. As of January 31, 2020, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. The Company has no federal or state income tax return examinations in progress.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This guidance requires organizations to recognize lease assets and liabilities on the Balance Sheet and disclosing essential information about leasing transactions. Topic 842 will be effective for Simplus on February 1, 2022. Management is currently evaluating the anticipated impact related to this pronouncement.

Recent Accounting Pronouncements Adopted

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customer (Topic 606). Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires enhanced disclosures, including disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company adopted Topic 606 on the first day of fiscal 2020 using the modified retrospective transition method. Under this method, the Company evaluated contracts that were in effect at the beginning of fiscal 2020 as if those contracts had been accounted for under Topic 606. Under the modified retrospective transition method, periods prior to the adoption date were not adjusted and continue to be reported in accordance with historical, pre-Topic 606 accounting. A cumulative catch-up adjustment would have been recorded to beginning accumulated deficit to reflect the impact of all existing arrangements under Topic 606, if there were any impacts due to the adoption of Topic 606. However, based on the Company's analysis, it was determined that the revenue recognition for contracts was not impacted. In addition, all contract assets and contract liabilities are correctly stated under Topic 606.

2. Acquisitions and Businesses Sold

On November 20, 2019 the Company acquired all membership interests in Clout Partners Limited (Clout) for the aggregate purchase price of $1,586,655. The purchase price consisted of $456,054 in cash consideration due at closing. In addition, there was a $1,130,601 holdback. The goodwill recognized from the transaction is primarily associated with Clout's specialized and technical workforce as well as the value of entry into the European market. The following table summarizes the purchase price allocation for the Clout acquisition:

in US$

Particulars	
Computation of purchase price:	
Cash paid to sellers	456,054
Holdback liability - cash at present value	1,130,601
Total consideration	1,586,655
Allocation of purchase price:	
Assets acquired:	
Cash	61,223
Accounts receivable	214,687
Prepaid expenses and other assets	41,500
Liabilities assumed:	
Accounts payable	(25,266)
Deferred revenue	(20,562)
Other liabilities	(107,074)
Goodwill	1,422,147
Total net assets acquired	1,586,655

On June 1, 2020 the Company spun-off all membership interests in Simplus UK and Simplus Ireland (formerly Clout Partners Limited) to another Infosys affiliated entity for an aggregate sale price of $0. In addition, the $1,130,601 holdback was transferred as a part of the transaction.

in US$

Particulars	
Computation of purchase price:	
Cash paid by buyers	–
Net investment in sub	164,508
Goodwill, net of amortization	1,339,188
Holdback liability - cash at present value	(1,117,049)
Loss on sale of business	386,647
Allocation of purchase price:	
Assets sold:	
Cash	66,068
Accounts receivable	353,540
Prepaid expenses and other assets	41,432
Liabilities relieved:	
Accounts payable	(31,261)
Deferred revenue	(43,506)
Other liabilities	(221,765)
Holdback liability	(1,117,049)
Goodwill	1,339,188
Total net assets sold	386,647

Below are the financial results of Simplus UK and Simplus Ireland for the fiscal years ended January 31, 2021 and January 31, 2020:

in US$

Particulars	Year ended January 31,	
	2021	2020
Revenue	663,165	222,715
Cost of professional services	498,129	172,897
General and administrative	441,410	189,375
Sales and marketing	7,450	14,806
Other income/(expense)	11,318	(22,324)
Net loss	(272,506)	(176,687)

On February 1, 2019, the Company acquired all membership interests in Sqware Peg Pty. Ltd. (Sqware Peg) for the aggregate purchase price of $11,366,077. The purchase price consisted of $5,013,492 in cash consideration, plus 349,490 shares of common stock and 240,616 shares of Series C preferred stock due at closing. On August 2, 2019, the working capital true-up was calculated, requiring consideration of $311,593 in cash plus 11,494 shares of Series C preferred stock. In addition, $3,249,000 of cash, 287,317 shares of common stock, and 209,372 shares of preferred stock were subject to a one-year holdback. In the absence of a public trading market for the Company's common and preferred stock at the time of the acquisition, the fair value of the stock consideration was determined using a discounted cash flow analysis.

The goodwill recognized from the transaction is primarily associated with Sqware Peg's specialized and technical workforce as well as the value of entry into the Australian market. The following table summarizes the purchase price allocation for the Sqware Peg acquisition:

in US$

Computation of purchase price:	
Cash paid to sellers	5,325,085
Fair value of equity consideration	
Holdback liability - cash at present value	3,249,000
Holdback liability - equity at present value	
Total consideration	11,366,077
Allocation of purchase price:	
Assets acquired:	
Cash	222,187
Accounts receivable	696,969
Fixed assets	73,651
Prepaid expenses and other assets	218,613
Liabilities assumed:	
Accounts payable	(424,874)
Deferred revenue	(95,542)
Other liabilities	(902,612)
Goodwill	11,577,685
Total net assets acquired	11,366,077

3. Goodwill

Goodwill consisted of the following:

in US$

Particulars	Year ended January 31,	
	2021	2020
Goodwill	22,765,818	24,187,964
Less accumulated amortization	(5,831,756)	(3,590,034)
	16,934,062	20,597,930

Amortization related to goodwill was $2,323,380 and $2,312,135 for the fiscal years ended January 31, 2021 and January 31, 2020, respectively.

4. Property and Equipment

Property and equipment and accumulated depreciation and amortization were as follows:

in US$

Particulars	Estimated useful lives	Year ended January 31, 2021	2020
Leasehold improvements	5 years	943,623	945,022
Furniture and fixtures	5 years	494,098	393,135
Equipment	3 - 5 years	302,064	81,504
Other	5 years	1,772	21,048
Total property and equipment		1,741,557	1,440,709
Accumulated depreciation and amortization		(764,417)	(395,622)
Total property and equipment, net		977,140	1,045,087

Depreciation and amortization associated with property and equipment was $357,871 and $303,460 for the fiscal years ended January 31, 2021 and January 31, 2020, respectively.

5. Accrued Expenses

Accrued expenses consisted of the following:

in US$

Particulars	Year ended January 31, 2021	2020
Retention bonus accrual	7,606,709	–
Accrued compensation	4,499,711	6,192,375
Reimbursable expenses	138,897	1,011,675
Sales credits	–	288,922
Other accrued expenses	2,073,863	830,640
	14,319,180	8,323,612

The Company has credit card lines of credit with a borrowing capacity of $1,050,000 that are secured by all assets of the Company and mature in August 2021 and utilized by employees to purchase reimbursable expenses. The interest rates range from 13.1% to 16.1%.

6. Line of Credit

During the year, the Company had a revolving line-of-credit agreement with a financial institution with a borrowing capacity of up to $10,000,000, subject to certain borrowing base limits. Draws on the line of credit accrued interest at the prime rate (Wall Street Journal) plus 0.75% per annum (5.50% as of January 31, 2020). The line of credit was secured by substantially all assets of the Company. The line of credit required the Company to meet certain financial and other covenants. Management believes the Company was in compliance with these covenants as of January 31, 2020. The Company had no outstanding balances on the line of credit as of January 31, 2020. On January 20, 2021, Simplus terminated the line of credit.

7. Debt

Debt consisted of the following:

in US$

Particulars	Year ended January 31, 2021	2020
Unsecured loan payable to Infosys, bears interest at an interest rate equal to LIBOR plus 0.60% interest (0.94% as of January 31, 2021). The principal amount of loan is payable on demand.	5,039,903	–
Term loan payable to a financial institution, secured by substantially all assets of the Company, bears interest at a floating annual rate equal to 2.00% above the prime rate (Wall Street Journal) (6.75% as of January 31, 2020), matures February 2022. Paid in full in connection with the Infosys acquisition.	–	2,083,333
Term loan payable to a financial institution, secured by substantially all assets of the Company, bears interest at a floating annual rate equal to 1.50% above the prime rate (Wall Street Journal) (6.25% as of January 31, 2020), matures October 2021. Paid in full in connection with the Infosys acquisition.	–	1,750,000
	5,039,903	3,833,333
Less current portion	(5,039,903)	(2,000,000)
Less debt issuance costs and discount	–	(4,367)
Long-term debt	–	1,828,966

8. Equity

Preferred Stock

As of January 31, 2020, the Company was authorized to issue 16,000,000 shares of preferred stock, $0.001 par value. Information regarding designated and outstanding preferred stock as of January 31, 2020 was as follows (in order of liquidity):

in US$

Particulars	Shares Outstanding	Conversion Rate	Liquidation Value/ Preference
Series C	5,660,027	3.86	218,346,861
Series B	5,437,807	2.4515	13,330,784
Series A	3,437,211	1.7603	6,050,523
Series Seed 2	47,291	1.0573	50,001
Series Seed	709,345	0.5639	400,000

1On September 24, 2018, the Company received $8,050,404 in exchange for convertible notes. On January 29, 2019, the notes, along with accumulated interest of $84,011, converted to equity at a price of $3.6648 per share. In fiscal year 2020, an additional $12,042,526 was raised at a share price of $3.8577 per share.

In March 2020, all the Company's common stock and preferred stock was acquired by Infosys and consolidated into 10 shares of common stock.

Common Stock Warrants

The Company had warrants outstanding. The warrants allowed the holder to purchase 43,200 shares of the Company's common stock at an exercise price of $0.97 per share. The warrants were immediately exercisable and were set to expire in 2028. On March 13, 2020, the warrants were exercised as a result of the Infosys acquisition.

Stock Options

The Company established an equity incentive plan (the Plan) that provides for the grant of incentive stock options, nonqualified options, stock appreciation rights, and shares of restricted stock. Under the terms of the Plan, shares of the Company's common stock were made available for grant to employees, officers, directors and consultants.

Options generally vest over a period of 4 years, with 25% vesting after the first year of service and ratably thereafter and are exercisable up to a maximum period of 10 years from the date of grant. Certain common stock options have provisions that accelerate vesting upon the occurrence of certain events. Unvested shares are forfeited upon termination of employment. The designated shares to be granted under the Plan was not to exceed 3,850,990 as of January 31, 2020. There were 421,165 shares of common stock available for grant under the Plan at January 31, 2020. On March 13, 2020, as a result of the Infosys acquisition, all vested options were exercised.

Stock-based compensation expense related to stock options and restricted stock units was $829,757 and $424,220 for the fiscal years ending January 31, 2021 and January 31, 2020, respectively.

The following summarizes the Company's common stock option activity:

Particulars	Number of Options	Weighted Average Exercise Price
Outstanding January 31, 2019	1,081,818	1.20
Granted	369,225	2.20
Exercised	(1,555)	1.71
Forfeited	(248,527)	1.80
Outstanding January 31, 2020	1,200,961	1.39
Granted	–	–
Exercised	(1,079,997)	1.33
Forfeited	(120,964)	1.90
Outstanding January 31, 2021	–	–

Restricted Stock Units

The Company offered service-based and performance-based restricted stock units over either one-year or three-year service based vesting periods. The following table summarizes information outstanding under the plan:

Particulars	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding, unvested at January 31, 2019	791,593	1.16
Granted	2,000	1.69
Vested	(285,463)	0.99
Forfeited	(201,000)	1.69
Outstanding, unvested at January 31, 2020	307,130	0.97
Granted	–	–
Vested	(307,130)	0.97
Forfeited	–	–
Outstanding, unvested at January 31, 2021	–	–

Restricted stock units had a weight-average remaining years of 1.7 as of January 31, 2020 and an intrinsic value of $377,770. On March 13, 2020, as a result of the Infosys acquisition, all restricted stock units were vested.

Stock Appreciation Rights

Under the Plan, in fiscal 2020, the Company issued 16,200 shares of stock appreciation rights (SARs) with a strike price of $2.20 per share, that are payable in cash upon change of control. As of January 31, 2020, there were 15,400 SARs outstanding, resulting in a total liability and expense of $59,752. On March 13, 2020, the 15,400 shares vested as a result of the Infosys acquisition, paying out a total of $57,713 to the SARs holders.

9. Commitments and Contingencies

Litigation

The Company is involved in legal proceedings from time to time arising in the normal course of business. Management, after consultation with legal counsel, believes that the outcome of these proceedings will not have a material impact on the Company's financial position, results of operations, or liquidity.

Operating Leases

The Company leases office facilities under non-cancelable operating leases. As of January 31, 2021, future minimum lease payments under non-cancelable operating leases with terms of one year or more are as follows:

in US$

Fiscal Years Ending January 31,	
2022	433,846
2023	412,766
2024	423,794
2025	32,339
2026	–
	1,302,745

Rent expense under operating leases was $1,286,973 and $1,123,913 for the fiscal years ending January 31, 2021 and January 31, 2020, respectively.

10. Income Taxes

The domestic and foreign components of income before benefit from income taxes consisted of the following:

in US$

Particulars	Year ended January 31,	
	2021	2020
Domestic	(6,628,299)	(8,128,759)
Foreign	(1,068,680)	(2,066,405)
	(7,696,979)	(10,195,164)

The federal income tax provision differed from the federal income tax benefit computed at the statutory rate for the following reasons for the fiscal years ended:

in US$

Particulars	Year ended January 31,	
	2021	2020
Federal income tax benefit at statutory rate	(1,616,366)	(2,135,322)
State income tax benefit, net of federal tax benefit	(408,387)	(312,175)
Permanent difference related to stock compensation expense and goodwill amortization	836,029	–
Prior period tax expense	117,221	–
Change in tax rate	(9,504)	(194,603)
Change in valuation allowance	1,073,402	3,107,662
Change in deferred due to purchase accounting	–	(868,290)
Other	226,652	402,728
	219,047	–

Deferred income tax assets (liabilities) consisted of the following as of:

in US$

Particulars	Year ended January 31,	
	2021	2020
Net operating loss carryforwards	8,464,765	7,439,403
Accrued expenses and allowances	345,002	317,146
Stock compensation	–	72,069
Depreciation	(69,088)	(92,459)
Intangibles	336,906	236,080
Other	44,485	76,429
Valuation allowance	(9,122,070)	(8,048,668)
	–	–

Deferred income taxes reflect the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax reporting purposes. The Company establishes a valuation allowance if it is more likely than not these assets will not be realized. Annually, the valuation allowance is reviewed and adjusted based on management's assessments of realizability. Management has evaluated the available evidence about future taxable income and other possible sources of realization of deferred income tax assets. Based on no profitability to date, management has determined that a full valuation allowance as of January 31, 2021 is appropriate.

As of January 31, 2021, the Company has net operating loss (NOL) carryforwards available to offset future taxable income of $27,143,403, which will begin to expire in 2034. The utilization of the NOL carryforwards is subject to annual limitations under Section 382 of the Internal Revenue Code. Section 382 imposes limitations on a corporation's ability to utilize its NOL carryforwards if it experiences an "ownership change." In general terms, an ownership change results from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50% over a three-year period.

11. Employee Benefit Plan

The Company has a defined contribution plan eligible to employees that meet certain requirements. The Company makes matching contributions to the plan. Matching contributions made to the plan by the Company for the fiscal years ended January 31, 2021 and January 31, 2020 totaled $260,019 and $998,355, respectively.

12. Related Parties

During the year ended January 31, 2021, the Company performed certain services for Infosys, the Company's parent as of March 13, 2020. The related party receivable balance as of January 31, 2021 was $1,460,998 included in accounts receivable on the accompanying consolidated Balance Sheet. Revenues from Infosys during the year totaled $3,844,642 and the professional services performed by Infosys for Simplus totaled $294,754. For the year-ended January 31, 2021, revenue from Infosys represented approximately 6% of the Company's total revenues and approximately 14% of the Company's total accounts receivable.

The Company incurred expenses of $59,632 and $389,111 for the fiscal years ended January 31, 2021 and January 31, 2020, respectively, for marketing services. The marketing services company is considered a related party because an officer of the marketing services firm is also the Chief Marketing Officer for the Company. The Company had no outstanding balance as of January 31, 2021 and an outstanding balance of $52,083 as of January 31, 2020 payable under standard payment terms with the marketing firm.

13. Subsequent events

Management has evaluated events and transactions for potential recognition or disclosure through May 6, 2021, which is the date the financial statements were available to be issued.

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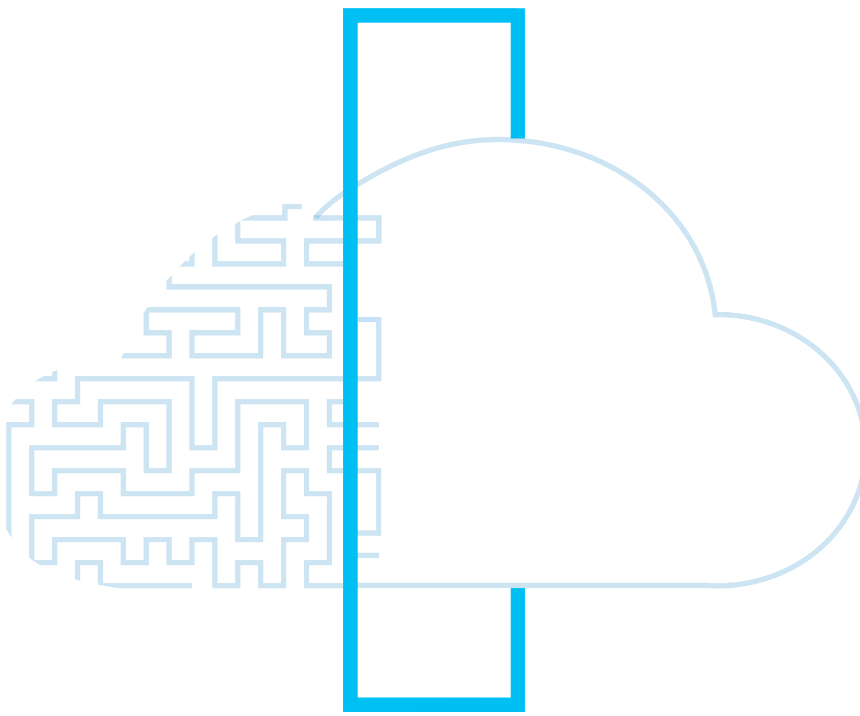

Infosys Limited Bulgaria EOOD

Independent Auditor's Report

To the Members of Infosys Limited Bulgaria EOOD

Report on the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Infosys Limited Bulgaria EOOD., ('the company'), which comprises the Balance Sheet as at December 31, 2020, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements')

In our opinion and to the best of our information and according to the explanation given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS , of the financial position of the Company as at December 31, 2020 and its financial performance including other comprehensive income and its Cash Flows and the Changes in Equity for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Responsibilities of Management's and those Charged with Governance for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, Cash Flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act, read with relevant rule issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
   i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and
   iv) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued there under.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number. 006673S

M. Rathnakar Kamath
Partner
Membership Number. 202841

UDIN : 21202841AAACSN2976

Place: Bengaluru.
Date: April 14, 2021

Balance Sheet

in BGN

Particulars	Note no.	As at December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	2.1	457,116
Total current assets		457,116
Total assets		457,116
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2.2	458,000
Other equity		(884)
Total equity		457,116
Total equity and liabilities		457,116

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 Registration Number : 006673S

for and on behalf of the Board of Directors of Infosys Limited Bulgaria EOOD

M. Rathnakar Kamath
Partner
Membership Number 202841

Lilly Vasanthini
Director

Place : Bengaluru
Date: April 14, 2021

Statement of Profit and Loss

in BGN

Particulars	Note no.	Year ended December 31, 2020[1]
Other income, net	2.3	80
Total income		80
Expenses		
Other expenses	2.4	964
Total expenses		964
Profit / (loss) before tax		(884)
Tax expense		
Profit / (loss) for the year		(884)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		–
Items that will be reclassified subsequently to profit or loss		–
Total other comprehensive income, net of tax		–
Total comprehensive income / (loss) for the year		(884)

[1] For the period September 11, 2020 to December 31, 2020

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 Registration Number : 006673S

for and on behalf of the Board of Directors of Infosys Limited Bulgaria EOOD

M. Rathnakar Kamath
Partner
Membership Number 202841

Lilly Vasanthini
Director

Place : Bengaluru
Date: April 14, 2021

Statement of Changes in Equity

in BGN

Particulars	Equity share capital	Other equity Reserves and surplus Securities premium reserve	 Retained earnings	Total equity attributable to equity holders of the Company
Changes in equity for the year ended December 31, 2020	–	–	–	–
Increase in equity share capital on account of fresh issue	458,000	–	–	458,000
Profit / (loss) for the year			(884)	(884)
Balance as at December 31, 2020	458,000	–	(884)	457,116

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 Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number 202841

for and on behalf of the Board of Directors of Infosys Limited Bulgaria EOOD

Lilly Vasanthini
Director

Place : Bengaluru
Date: April 14, 2021

Statements of Cash Flows

in BGN

Particulars	Year ended December 31, 2020
Cash flow from operating activities :	
Profit / (loss) for the year	(884)
Net cash used in operating activities	(884)
Cash flow from financing activities:	
Proceed from issue of share capital	458,000
Net cash used in financing activities	458,000
Net decrease in cash and cash equivalents	457,116
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	457,116

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 Registration Number : 006673S

for and on behalf of the Board of Directors of Infosys Limited Bulgaria EOOD

M. Rathnakar Kamath
Partner
Membership Number 202841

Lilly Vasanthini
Director

Place : Bengaluru
Date: April 14, 2021

Company overview and significant accounting policies

Company overview

Infosys Limited Bulgaria EOOD is a wholly-owned subsidiary of Infosys Limited incorporated on September 11, 2020. The purpose of the Company is to expand locally, as the same exists or as may hereafter be amended from time to time.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January to December. For the current year, the financial statements are prepared from the incorporation date (i.e. September 11, 2020) to December 31, 2020.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Reporting currency

The Company's reporting currency is BGN.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities, and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19) :

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, unbilled revenues, goodwill and intangible assets(if necessary to give). In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information on the expected future performance of the Company . The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these consolidated financial statements.

1.5 Foreign currency

Functional currency

The functional currency of the Company is the BGN. These financial statements are presented in BGN.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense, and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.6 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.1 Cash and cash equivalents

in BGN

Particulars	As at December 31, 2020
Balances with banks	
In current and deposit accounts	457,116
Cash on hand	–
	457,116

2.2 Equity

Equity share capital

in BGN

Particulars	As at December 31, 2020
Authorized share capital	458,000
458,000 equity shares of BGN 1 par value	
Issued, subscribed and paid-up	458,000
458,000 equity shares of BGN 1 par value	

The details of shareholder holding more than 5% shares as at December 31, 2020 are as follows :

Name of the shareholder	As at December 31, 2020
Infosys Limited	100%

2.3 Other income

in BGN

Particulars	Year ended December 31, 2020
Miscellaneous income	80
Total other income	80

2.4 Expenses

in BGN

Particulars	Year ended December 31, 2020
Other expenses	
Bank charges	964
Total other expenses	964

2.5 Related party transactions

Name of the holding company	Country	Holding as at December 31, 2020
Infosys Limited	India	100%

List of related parties:

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) (18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited (2)	Saudi Arabia
Infosys Consulting Ltda. (1)	Brazil
Infosys CIS LLC (1)	Russia
Infosys Luxembourg S.à.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o. (4)	Czech Republic
Infosys Poland, Sp. z.o.o (4)	Poland
Infosys McCamish Systems LLC (4)	US
Portland Group Pty Ltd (4)	Australia
Infosys BPO Americas LLC. (4)	US
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Infosys Management Consulting Pty Limited (5)	Australia
Infosys Consulting AG (5)	Switzerland
Infosys Consulting GmbH (5)	Germany
Infosys Consulting S.R.L. (1)	Romania
Infosys Consulting SAS (5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.) (5) (43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd. (5) (43)	China

Name of fellow subsidiaries	Country
Infy Consulting Company Ltd [5]	UK
Infy Consulting B.V. [5]	The Netherlands
Infosys Consulting Sp. z.o.o [23] [31]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [5] [36]	Portugal
Infosys Consulting S.R.L. [5]	Argentina
Infosys Consulting (Belgium) NV [6]	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd. [7]	Israel
Panaya GmbH [7]	Germany
Panaya Japan Co. Ltd [7] [22]	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited [8]	UK
Brilliant Basics (MENA) DMCC [8] [24]	UAE
Infosys Consulting Pte Limited (Infosys Singapore) [1]	Singapore
Infosys Middle East FZ LLC [9]	UAE
Fluido Oy [9]	Finland
Fluido Sweden AB (Extero) [12]	Sweden
Fluido Norway A/S [12]	Norway
Fluido Denmark A/S [12]	Denmark
Fluido Slovakia s.r.o [12]	Slovakia
Fluido Newco AB [12] [38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd [9]	South Africa
WongDoody Holding Company Inc. (WongDoody) [1]	US
WDW Communications, Inc [11]	US
WongDoody, Inc [11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd) [10] [13]	Japan
Stater N.V. [10] [14]	The Netherlands
Stater Nederland B.V. [15]	The Netherlands
Stater Duitsland B.V. [15] [40]	The Netherlands
Stater XXL B.V. [15]	The Netherlands
HypoCasso B.V. [15]	The Netherlands
Stater Participations B.V. [15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH [16] [39]	Germany
Stater Deutschland GmbH & Co. KG [16] [39]	Germany
Stater Belgium N.V./S.A. [17] [41]	Belgium
Outbox systems Inc. dba Simplus (US) [19]	US
Simplus North America Inc. [20]	Canada
Simplus ANZ Pty Ltd. [20]	Australia
Simplus Australia Pty Ltd [21]	Australia
Sqware Peg Digital Pty Ltd [21]	Australia
Simplus Philippines, Inc. [20]	Philippines
Simplus Europe, Ltd. [20]	UK
Infosys Fluido UK., Ltd. (formerly Simplus UK, Ltd) [25]	UK
Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) [25]	Ireland
Infosys Limited Bulgaria EOOD [1] [26]	Bulgaria
Kaleidoscope Animations, Inc. [29]	US
Kaleidoscope Prototyping LLC [30]	US
GuideVision s.r.o. [27]	UK
GuideVision Deutschland GmbH [28]	Germany
GuideVision Suomi Oy [28]	Finland
GuideVision Magyarország Kft [28]	Hungary
GuideVision Polska SP.Z.O.O [28]	Poland
GuideVision UK Ltd [28]	UK
Beringer Commerce Inc [32]	US
Beringer Capital Digital Group Inc [32]	US
Mediotype LLC [33]	US
Beringer Commerce Holdings LLC [33]	US

Name of fellow subsidiaries	Country
SureSource LLC (34)	US
Blue Acorn LLC (34)	US
Simply Commerce LLC (34)	US
iCiDIGITAL LLC (35)	US
Infosys BPM UK Limited (4) (37)	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi (1) (42)	Turkey

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

(7) Wholly-owned subsidiary of Panaya Inc.

(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd

(11) Wholly-owned subsidiary of WongDoody

(12) Wholly-owned subsidiary of Fluido Oy

(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)

(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V

(15) Majority-owned and controlled subsidiary of Stater N.V

(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.

(17) Majority-owned and controlled subsidiary of Stater Participations B.V.

(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Ltd.

(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(20) Wholly-owned subsidiary of Outbox Systems Inc.

(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd

(22) Liquidated effective October 31, 2019

(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG

(24) Liquidated effective July 17, 2020

(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido UK, Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd. (formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd

(26) Incorporated effective September 11, 2020.

(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o

(28) Wholly-owned subsidiary of GuideVision s.r.o.

(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.

(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.

(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020

(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc

(33) Wholly-owned subsidiary of Beringer Commerce Inc

(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC

(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.

(36) Liquidated effective November 19,2020

(37) Incorporated, effective December 9, 2020

(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020

(39) Merged into Stater Duitsland B.V., effective December 18, 2020

(40) Merged with Stater N.V., effective December 23, 2020

(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA

(42) Incorporated on December 30, 2020.

(43) Under liquidation

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Kaleidoscope Animations Inc.

Independent Auditor's Report

To the Board of Directors of Kaleidoscope Animations, Inc.

We have audited the accompanying consolidated financial statements of Kaleidoscope Animations, Inc. and its subsidiary (the "Company"), which comprise the consolidated Balance Sheet as of December 31, 2020, and the related consolidated statement of income and comprehensive income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaleidoscope Animations, Inc. and its subsidiary as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Delloitte & Touche LLP

April 22, 2021

Consolidated Balance Sheet

in US$

Particulars	As of December 31, 2020
ASSETS	
Current assets	
Cash and cash equivalents	1,178,390
Contract receivables	5,899,397
Other current assets	355,265
Total current assets	7,433,052
Property and equipment, net	1,030,819
Other assets	
Deposits	23,640
Total other assets	23,640
Total assets	8,487,511
Liabilities and stockholder's equity	
Current liabilities	
Accounts payable	487,802
Accrued expenses	838,738
Other short-term payable	25,000
Unearned revenue	844,008
Total current liabilities	2,195,548
Long-term liabilities	
Deferred taxes, net	12,499
Total long-term liabilities	12,499
Total liabilities	220,847
Stockholder's equity	
Common stock – Authorized 429,150 shares, no par value, 429,150 shares issued and outstanding	–
Additional paid-in capital	4,512,008
Retained earnings	1,767,456
Total stockholder's equity	6,279,464
Total liabilities and stockholder's equity	8,487,511

See notes to consolidated financial statements.

Consolidated Statement of Income and Comprehensive Income

in US$

Particulars	Year ended December 31, 2020	
	Amount	% of Revenue
Revenue	26,161,074	100.00%
Cost of revenue	17,862,472	68.30%
Gross profit	8,298,602	31.70%
Operating expenses		
Salaries and related expenses	2,384,401	9.10%
Occupancy and office expenses	622,954	2.40%
Real estate and other taxes expenses	128,987	0.50%
Travel, meals and entertainment expenses	174,698	0.70%
Information technology expenses	394,780	1.50%
Insurance expenses	82,678	0.30%
Departmental and other staff-related expenses	207,074	0.80%
Professional fees	416,086	1.60%
Total operating expenses	4,411,658	16.90%
Operating income	3,886,944	14.90%
Other income (expenses)		
Other asset disposal gains	89,074	0.30%
Interest expenses	(47,487)	(0.20%)
Depreciation and amortization	(113,035)	(0.40%)
Provision for income taxes	(40,107)	(0.20%)
Total other income (expenses)	(111,555)	(0.40%)
Net income and total comprehensive income	3,775,389	14.40%

See notes to consolidated financial statements.

Consolidated Statement of Changes in Stockholder's Equity

in US$

Particulars	Common Stock	Paid in Capital	Treasury Stock	Retained Earnings	Total
Balance, January 1, 2020	20,000	616,023	(522,000)	2,571,964	2,685,987
Retirement of Treasury Stock and Par Value	(20,000)	(502,000)	522,000	–	–
Plus: Capital Contributions	–	4,485,377	–	–	4,485,377
Plus: Net Income and Total Comprehensive Income	–	–	–	3,775,389	3,775,389
Less: Impact of Tax Status Conversion (see footnote 4)	–	(87,392)	–	–	(87,392)
Less: Distributions		–	–	(4,579,897)	(4,579,897)
Balance, December 31, 2020	–	4,512,008	–	1,767,456	6,279,464

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

in US$

Cash Flows from Operating Activities	Year ended December 31, 2020
Net income	3,775,389
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Non-monetary gain	(75,000)
Depreciation and amortization	113,035
Gain on sale of fixed assets	(13,795)
Deferred income tax expense	(74,893)
Changes in operating assets and liabilities :	
Accounts receivable	(1,227,097)
Other current assets	124,837
Change in deposits	(3,000)
Accounts payable	40,485
Accrued expenses	473,974
Unearned revenue	(484,438)
Net cash provided by operating activities	2,649,497
Cash flows from investing activities	
Purchase of fixed assets	(817,301)
Proceeds from sales of fixed assets	15,000
Net cash used in investing activities	(802,301)
Cash flows from financing activities	
Repayments on-line of credit	(2,643,845)
Borrowings on-line of credit	480,000
Repayments of long-term debt	(2,617,997)
Proceeds from debt	2,330,407
Distributions to shareholders	(3,684,323)
Capital contributions	4,485,377
Net cash used in financing activities	(1,650,381)
Net increase in cash and cash equivalents	196,815
Beginning cash and cash equivalents	981,575
Ending cash and cash equivalents	1,178,390
Interest paid	47,487
Income taxes paid	24,078
Non-cash financing and investing activities consist of :	
Property purchased in exchange for future services	100,000
Non-cash distributions to shareholders	895,574
Acquisition of other current assets financed through debt	165,933

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 – Basis of presentation and summary of significant accounting policies

General information

Kaleidoscope Animations, Inc. ("Animations" or the "Company") is a full-service insights, design, and development firm innovating across medical, consumer, and industrial markets.

These consolidated financial statements include the accounts of its wholly owned subsidiary Kaleidoscope Prototyping ("Prototyping"), which manufacturers prototypes based on specifications requested by customers. All intercompany transactions have been eliminated. Animations and Prototyping are headquartered in Cincinnati, Ohio, with customer bases concentrated in southwest Ohio.

On October 9, 2020, Animations was purchased by Infosys Nova Holdings, LLC. However, Animations elected not to apply push down accounting. Accordingly, the consolidated financial statements are presented at the Company's historical carrying amounts.

Basis of accounting

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual method of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and amounts on deposit at financial institutions.

Contract receivables

Contract receivables are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. Contract receivables are generally based on amounts billed and currently due from customers and amounts currently due but unbilled.

The Company begins to assess its ability to collect receivables that are over 120 days past due and provides for an adequate allowance for doubtful accounts based on the Company's collection history, the financial stability and recent payment history of the customer, and other pertinent factors. Receivables are written off as uncollectible after the Company has used reasonable collection efforts and deems them uncollectible. Based on these criteria, no allowance for doubtful accounts has been provided at December 31, 2020.

It is the Management's policy not to accrue interest on past due accounts as they are typically difficult to collect. There was no bad debt expense for the year ended December 31, 2020.

Property and equipment

Property and equipment are presented at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from 3-15 years for furniture and equipment and software and 15 years for leasehold improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the income statement for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Revenue, cost recognition and contract assets and liabilities

The Company follows the practical expedient whereby costs incurred to obtain a contract are expensed as incurred when the amortization period is one year or less. All of the Company's revenue is recognized over time as the Company satisfies its performance obligations by performing consulting services, on-site services to customers or prototyping work. There are no performance obligations satisfied at a point in time.

For contracts based on time and materials, revenue is recorded as the hours are incurred. For fixed rate contracts, the Company recognizes revenue over time as performance obligations progress under statements of work or purchase orders primarily based on labor hours incurred or milestones reached. The revenue earned in a period is based on the ratio of hours incurred to total estimated hours required by the contract, as the Company believes this output method best depicts the transfer of value to the customer. The majority of the projects do not contain variable consideration.

Contracts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals or upon achievement of contractual milestones. Billings do not necessarily correlate with revenues recognized under the labor hours output method. The Company records contract assets and contract liabilities to account for these differences in timing.

Income taxes

Through October 8, 2020, the Company was an S Corporation for income tax purposes. In lieu of corporate federal and state income taxes, the owners are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes related to the Company has been included in these consolidated financial statements through October 8, 2020.

In conjunction with Animation's acquisition by Infosys Nova, LLC on October 9, 2020, the Company changed its status from an S Corporation to a C Corporation. Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC). As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

In assessing the realizability of deferred tax assets, the Management considers the likelihood that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of temporary differences and projected future taxable income in making this assessment.

Uncertain tax positions

The Company is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax returns. The Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties, and interest as a result of such challenge. The Company believes it is no longer subject to income tax examinations for years ended prior to December 31, 2016. The Company's policy with regard to interest and penalties, if incurred, is to recognize interest through interest expense and penalties through other expenses.

Advertising costs

Advertising is expensed as incurred. Advertising costs for the year ended December 31, 2020 were US$ 12,067 and are included in occupancy and office expenses on the statement of income and comprehensive income.

Impairment of long-lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less the costs to sell. The Management has determined that no impairment exists at December 31, 2020.

Recently-issued significant accounting standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, Elements of Financial Statements, and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2021.

In June 2016, the FASB issued its final standard on measurement of credit losses on financial instruments. This standard, issued as ASU 2016-13, Financial Instruments-Credit Losses (Topic 326) : Measurement of Credit Losses on Financial Instruments, requires that an entity measure impairment of certain financial instruments, including trade receivables, based on expected losses rather than incurred losses. This update is effective for financial statement periods beginning after December 15, 2022, with early adoption permitted.

The Company is currently in the process of evaluating the impact of adoption of these ASUs on their financial statements.

Note 2 – Contract assets and contract liabilities

Contract Assets, net on the Balance Sheet consist of the following:

in US$

Contracts in progress - billed	5,623,094
Contracts in progress - unbilled	276,303
	5,899,397

The Company's only contract liability is deferred revenue, which represents payments received in advance of services performed. The following table depicts activities for contract liabilities:

in US$

Balance at Dec. 31, 2019	Refunds Issued	Revenue Recognized included in Dec. 31 2019 Balance	Cash Received in Advance of Performance	Balance at Dec. 31, 2020
1,451,155	–	1,451,155	844,088	844,088

The Company expects to recognize the balance in deferred revenue as revenue within the next year.

Note 3 – Property and equipment

At yearend, property and equipment consisted of:

in US$

Furniture and equipment	1,490,249
Leasehold improvements	31,341
Software	229,068
Subtotal	1,750,658
Less: Accumulated depreciation	(719,839)
Net book value	1,030,819

Note 4 – Income taxes

As discussed in Note 1, Animations was purchased by Infosys Nova, LLC on October 9, 2020, and the Company changed its status from an S Corporation to a C Corporation. At that time, the Company became subject to and pays taxes as a C corporation. The Company recognized a net deferred tax liability in the amount of US$ 87,392 for existing temporary differences at the time of the change in tax status.

The provision for taxes on income consists of the following :

in US$

Current tax expense	
Federal	84,592
State	30,408
	115,000
Deferred tax expense	
Federal	(46,256)
State	(28,637)
	(74,893)
Total provision for income taxes	40,107

FASB ASC requires the following disclosure of the Company's total federal deferred tax assets and liabilities at yearend :

Deferred tax asset

in US$

Accrued expenses	72,446
Intangibles	152,917
	225,363
Deferred tax liability	
Property and equipment depreciation, net	(92,586)
Goodwill	(54,793)
Other current assets	(90,483)
	(237,862)
Net deferred tax liability	(12,499)

There were no valuation allowances for deferred tax assets at December 31, 2020. There are no net operating loss carryforwards. The Management does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Note 5 – Line of credit and notes payable

Animations had a US$ 3,000,000 line of credit that bore interest at the prime rate less 1% and matured on August 21, 2021. The line of credit was closed upon the purchase of Animations by Infosys in October 2020.

Animations had four equipment, vehicle and software license loans, of which two of these loans were received in 2020 for a total principal amount of US$ 340,706. All of these loans were repaid in full upon the purchase of Animations by Infosys in October 2020. In addition, Animations also received a Paycheck Protection Program loan during the year in the amount of US$ 2,174,863. This loan, which bore interest at 1%, was also repaid in full prior to yearend.

Note 6 – Concentrations, risks and uncertainties

The Company maintains cash balances at two financial institutions. At times, the cash account may exceed federally insured limits of US$ 250,000. At December 31, 2020, the amount uninsured was US$ 969,468.

The Company generates approximately 60% of its external sales from three customers. At December 31, 2020, approximately 73% of contract receivables are due from three customers.

In addition, the Company is currently undergoing an Ohio sales and use tax audit. No amounts have been accrued at yearend for any potential findings, penalties, or interest.

Note 7 – Retirement plan

The Company sponsors a 401(k) Retirement Plan covering all employees who are 21 years old and have completed at least one year of service based on employment status of at least 1,000 service hours per year. Employees may enter the plan on either January 1, April 1, July 1, or October 1. Participants are vested over a six-year period at 20% per year beginning in year 2. There is also a discretionary employer match in which the Company has the discretion to make a matching contribution to the plan in a pro rata formula based on compensation. There was US$ 133,208 of discretionary contributions expensed on the statement of income and comprehensive income in cost of revenue and salaries and related expenses on behalf of the Company's employees in 2020.

Note 8 – Commitments and contingencies

The Company has entered into various operating leases for facilities. The lease agreements expire in periods between 2021 through 2028. In addition, the Company is responsible for insurance, utilities, maintenance, repair and replacement expenses, real estate taxes, and improvements on the properties. Rent expense for the year ended December 31, 2020 was $256,206 and is included in occupancy and office expenses on the statement of income and comprehensive income.

Future minimum lease payments under the terms of the leases are due as follows :

in US$

2021	332,127
2022	306,117
2023	253,107
2024	260,097
2025	266,168
	1,417,616
Thereafter	786,412
	2,204,028

Note 9 – Subsequent events

In preparing these combined financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through April 22, 2021, the date the financial statements were available to be issued. The Management has determined that there were no events that occurred that require additional disclosure.

GuideVision s.r.o

Basic Data of the Company

Parent company : GuideVision, s.r.o.

Registered office : Türkova 2319/5b, Chodov, 149 00 Praha 4, Czech Republic

Legal form : limited company

Incorporated : August 27, 2014, Municipal Court of Prague, Section C, Insert 230363

Executive : Mgr. Norbert Nagy, Mgr. Radovan Krejčí – Directors

Economic results of the consolidated accounting unit in the year 2020 and anticipated development

The main subject of the Company business is advisory, consultancy and implementation services in the field of information technology in the region of Europe and the US. The customers are primarily great corporate companies.

In the accounting period of 2020, the consolidated Group has achieved consolidated profit of 66,785 thousand CZK, and consolidated net turnover was 469,865 thousand CZK.

In 2021, the Company expects further sales growth of approximately 30% at the current level of profitability. Last year, the Company became part of the Infosys holding group, which brings new business opportunities, development of marketing and business, improvements in internal processes and automation. The Group's goal for 2021 remains primarily to provide services of the highest quality and customer satisfaction. In the medium term, the Company plans to expand to the markets of the Scandinavian countries and the DACH region.

Research and Development, organizational units abroad

The Company does not expend resources for research and development, it has no organizational unit abroad. Foreign daughter companies consolidated within the GuideVision, s.r.o. group operates like independent companies, established based on the local law.

Employment relations

The whole Group has 177 employees in total by December 31, 2020.

Events after the date of the financial statement

Important events that occurred between the Balance Sheet date and the date of compilation of the financial statement are recorded in the accounting statements in case that these events provide supplementary evidence about the conditions that existed by the date of the financial statement.

The Company´s management is not aware of any other subsequent events which would have impact on the financial statement by December 31, 2020 and the Annual Report for 2020.

Mgr. Norbert Nagy
Director
GuideVision, s.r.o.

Place : Prague

Date : April 29, 2021

Independent Auditor's Report

To the Statutory Body of GuideVision s.r.o. company, IČO 033 40 414

Address : Praha 4-Chodov, Türkova 2319/5b,PSČ 149 00

Opinion

We have audited the accompanying consolidated financial statements of GuideVision s.r.o. Company ("the Company"), which comprise the Balance Sheet as at December 31, 2020, and the profit and loss account, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Information about GuideVision s.r.o. Company is disclosed in Note 1 to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at December 31, 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with accounting regulations applicable in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in (jurisdiction), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The statutory body of the Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of opinion thereon. However, in connection with our audit of the financial statements, our responsibility is to read the other information and consider whether the other information is not materially inconsistent with the financial statements or our knowledge obtained in the audit, the annual report has been prepared in accordance with the applicable legal requirements, or the other information does not otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that the above is not true; we are required to report such facts.

Based on the work we have performed, we have nothing to report in this regard

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of GuideVision s.r.o. Company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting regulations applicable in the Czech Republic, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We are also responsible to provide appropriate information to the statutory body of the Company regarding planned scope and timing of audit procedures as well as to communicate significant findings of potential misstatements or gaps in the internal control system that we identify during our audit.

MASTER Audit spol. s r.o.
License Number : 176
Pod Vápenkou 270
252 44 Psáry

Ing. Hana Ortová
Auditor
License Number : 1495

Place : Psary, Czech Republic

Date : April 30, 2021

Consolidated Balance Sheet

in CZK thousands

Class	ASSETS	As at December 31, 2020	As at December 31, 2019
	TOTAL ASSETS	200,518	148,599
A.	Receivables from subscriptions	–	–
B.	Fixed assets	1,670	2,628
B.I.	Intangible fixed assets	306	316
B.II.	Tangible fixed assets	1,354	2,301
B.III.	Financial investments	–	–
B.IV.	Consolidation difference	10	11
B.V.	Securities and investments in equity	–	–
C.	Current assets	179,979	134,115
C.I.	Purchased goods	–	–
C.II.	Receivables	97,945	87,338
C.III.	Short-term financial assets	–	–
C.IV.	Cash	82,034	46,777
D.	Accruals	18,869	11,856

in CZK thousands

Class	LIABILITIES	As at December 31, 2020	As at December 31, 2019
	TOTAL LIABILITIES	200,518	148,599
A.	Shareholders' equity	67,040	46,362
A.I.	Registered capital	200	200
A.II.	Capital funds	–	–
	Valuation differences form revaluation of assets and liabilities (+/-)	–	–
	Valuation differences from revaluation transformations (+/-)	–	–
A.III.	Profit funds	–	–
A.IV.	Profit / loss brought forward (+/-)	55	9,260
A.V.	Retained profit / loss of the current financial year excluding minority interests (+/-)	66,785	36,902
A.V.1.	Profit / loss for the current account period (+/-)	66,785	36,902
A.V.2.	Share in profit / loss in equivalence	–	–
A.VI.	Consolidation reserve fund	–	–
B.+C.	Liabilities	69,362	51,816
B.I.	Reserves	17,245	1,262
C.I.	Long-term payables	–	–
C.II.	Short-term payables	52,117	50,554
D.	Accruals	64,115	50,421

in CZK thousands

Class	PASIVA	As at December 31, 2020	As at December 31, 2019
E.	Minority equity	–	–
E.I.	Minority registered capital	–	–
E.II.	Minority capital funds	–	–
E.III.	Minority profit funds, including retained earnings of previous years	–	–
E.IV.	Minority profit / loss for the current accounting period	–	–

Place: Prague
Date : April 29, 2021

Mgr. Norbert Nagy
Director

Consolidated Profit and Loss Account

in CZK thousands

Class	Particulars	Year ended December 31,	
		2020	2019
I.	Sales of own products and services	448,979	330,236
II.	Sales of goods	–	–
A.	Consumption from production	140,781	122,069
B.	Increase / decrease in finished goods and in work-in-progress	–	–
C.	Own work capitalized	(1,054)	(1,023)
D.	Staff costs	201,648	155,971
E.	Adjustment of values in operating activities	2,198	2,248
III.	Other operating income	3,772	2,717
F.	Other operating expenses	21,557	2,238
*	Consolidated profit / loss from operating activities (+/-)	87,620.10	51,450
IV.	Revenues from long-term investments – shares	–	–
G.	Costs of shares sold	–	–
V.	Revenues from other long-term investments	–	–
H.	Costs related to revenues from other long-term investments	–	268
VI.	Interest income and similar income	–	–
I.	Adjustment of values in financial activities	–	–
J.	Interest expense and similar expenses	38.62	45
VII.	Other financial revenues	17,106.85	3,734
K.	Other financial expenses	17,752.82	6,759
*	Consolidated profit / loss from financial activities (+/-)	(677.61)	(3,338)
**	Consolidated profit / loss before tax (+/-)	86,942.49	48,112
L.	Income tax	20,158	11,210
**	Consolidated profit / loss after tax	66,785	36,902
M.	Transfer of profit to partners (+/-)	–	–
***	Consolidated profit / loss for the accounting period (+/-) excluding equivalence	66,785	36,902
	of which: Amortization of goodwill	1	2
	- Profit / loss excluding minority interests	66,785	36,902
	- Profit / loss minority interests	–	–
	Profit / Loss in equivalence	–	–
*	Consolidated net turnover	469,865	336,687

Place: Prague
Date : April 29, 2021

Mgr. Norbert Nagy
Director

Summary of Changes in Owner's Equity

As at December 31, 2020

in CZK thousands

	Particulars	Opening balance	Increase	Decrease	Closing balance
A.	Equity registered within the commercial register	200	–	–	200
B.	Not registered equity	–	–	–	–
C.	Total A +/- B	200	–	–	–
D.	Own shares and own business shares	–	–	–	–
*	Total A +/- B +/- D	–	–	–	200
E.	Share premium	–	–	–	–
F.	Reserve funds	–	–	–	–
G.	Other profit funds	–	–	–	–
H.	Capital funds	–	–	–	–
I.	Differences from revaluations not included in profit / loss	–	–	–	–
J.	Profit / loss after from previous accounting period	46,162	–	46,107	55
K.	Profit / loss after taxation for accounting period	–	66,785	–	66,785
*	Total	46,362	66,785	46,107	67,040

Place: Prague
Date : April 29, 2021

Mgr. Norbert Nagy
Director

Appendix to the Consolidated Financial Statements

1 Definition of the consolidation unit

1.1 Consolidation unit

Mother company	:	GuideVision, s.r.o.
Registered office	:	Türkova 2319/5b, Chodov, 149 00 Praha 4, Czech Republic
Date of establishment	:	August 27, 2014
Legal form	:	Limited liability company
Register court	:	Municipal Court of Prague, Section C, Insert 230363
Method of acting	:	The Company is represented by the Director

The value data are reported in thousands rounded up to the next CZK, unless indicated otherwise. For the conversion of currencies, we used the exchange rate of ČNB as at December 31, 2020.

1.2 Daughter companies

in CZK thousands

Company	Registered office	Share in EC	Method of consolidation	Equity capital as of December 31, 2020
GuideVision UK Ltd	71-75 Shelton Street Covent Garden, London, Great Britain	100%	Full	13,016
GuideVision Magyarország Kft.	1119 Budapest, Fehérvári út 79., Hungary	100%	Full	16,559
GuideVision Polska sp. z.o.o.	Wołoska 18, 02-675 Warsaw, Poland	100%	Full	(16,065)
GuideVision Suomi Oy	Urho Kekkosen katu 4-6 E, 00100 Helsinki, Finland	100%	Full	302
GuideVision Deutschland GmbH	Am Weiher 17a, 85435 Erding, Germany	100%	Full	(9,043)

1.3 Balance date of the accounting units included into the consolidation unit

Name	Balance date
GuideVision, s.r.o.	December 31, 2020
GuideVision UK Ltd	December 31, 2020
GuideVision Magyarország Kft.	December 31, 2020
GuideVision Polska sp. z.o.o.	December 31, 2020
GuideVision Suomi Oy	December 31, 2020
GuideVision Deutschland GmbH	December 31, 2020

1.4 Companies not included into the consolidation

Into the consolidation unit, all accounting units in which the mother accounting unit owns a share are included.

1.5 System of consolidation

The consolidated Financial Statements include the financial statements of the Company, GuideVision, s.r.o. and the financial statements of the daughter companies. The system of full consolidation was used.

The financial statements of the daughter companies used for setting up the consolidated Financial Statements are set up as of the date of the Financial Statements of GuideVision, s.r.o. with the use of the identical accounting methods. In comparison with the preceding periods, no changes of the consolidation rules occurred. All inter-group transactions, balances, as well as the costs and revenues were fully excluded.

The consolidation difference is defined as a difference between the acquisition price of the share at the accounting unit and the proportional interest in the equity capital of the consolidated accounting unit as of the day of the acquisition.

2 General data contained in Appendix

2.1 Average number of the employees and the amount of personal costs

in CZK thousands

Accounting unit	Number of employees	Of which the managerial staff	Personal costs
GuideVision, s.r.o.	117	3	127,425
GuideVision UK Ltd	–	–	–
GuideVision Magyarorzság Kft.	31	1	25,272
GuideVision Polska sp. z.o.o.	19	1	19,430
GuideVision Suomi Oy	3	–	9,122
GuideVision Deutschland GmbH	7	1	20,399
Total	177	6	201,648

2.2 Changes to the method of appreciation, assets

In the past accounting period, no change to the appreciation occurred.

Purchased intangible assets are shown in the acquisition prices reduced by adjustments. If any intangible item does not satisfy the criteria for showing an intangible asset, i.e., the acquisition price is less than 60 thousand CZK, then the acquisition of such an asset is posted into the costs at the moment of its origination. The costs for research are posted in the current period in the Profit and Loss Account.

The tariffs of depreciations are defined on the basis of the estimated period of the life of the intangible asset.

Tangible assets are appreciated on acquisition with the acquisition prices or proper costs reduced by adjustments and decline, if any, of the value. The balance of the property in use corresponds to the time of its acquisition. Costs for repairs and maintenance are posted into the costs at the moment of their origination.

Tangible assets the acquisition price of which is lower than 40 thousand CZK are posted into the costs at the moment of the acquisition and influences the result of the economic performance of the Company.

2.3 Receivables

Receivables shall be appreciated on their origination with the nominal value. Purchased receivables shall be appreciated with the acquisition price. The appreciation of bad receivables shall be reduced using adjustments to the debit of costs to their realization value of which, on the basis of the individual assessment of individual debtors, and the age structure of the receivables.

Contingencies debit shall be appreciated on the basis of expertise estimates and calculations.

In the item Other receivables, also the values ascertained as a consequence of the appraisal of the financial derivatives with the real value are shown.

Receivables as well contingencies debit are sorted into short-time ones (the maturity period within 12 months, inclusive) and long-time ones (the maturity period over 12 months), whereas the short-time ones are payable within one year from the Balance date.

2.4 Long-time investments

Long-time investments mark the proprietary share in a daughter company which is shown in the amount of the acquisition costs.

2.5 Operative leasing

Operative leasing is such a leasing which does not transfer all substantial risks and remunerations resulting from the ownership of an asset. All leasing payments paid by the lessee are posted into costs on the accrual basis.

2.6 Use of estimates

Setting up the financial statements requires that the management of the Company uses estimates and assumptions which have an impact upon the shown values of the assets and liabilities as of the date of the financial statements and upon the shown amount of the revenues and costs for the period concerned. The management of the Company set such estimates and assumptions on the basis of all relevant information being available to the Management. Nevertheless, as implied from the essence of estimate, the real values in the future may differ from such estimates.

2.7 Posting revenues and costs

Revenues and costs shall be posted as timely differentiated, i.e., into periods, they materially and timely relate to.

The profit resulting from long-time agreements is subject to accounting until the moment of the completion and invoicing of the order (using the method defined in the executed agreement, for example, sequential invoicing).

2.8 An overview of the method of the transformation of the data from the individual financial statements of enterprises of the consolidation unit into the items of the consolidated financial statements

The transformation of the data from the individual financial statements of the Company in the consolidation unit into the items of the consolidated Financial Statements were consolidated by the full method.

The individual components of the Balance Sheet and Profit and Loss of the daughter companies were, after the re-sorting and excluding mutual receivables, liabilities, costs and revenues, included into the Balance Sheet and Profit and Loss of the mother Company, GuideVision, s.r.o.

2.9 Consolidation difference

in CZK thousands

Accounting unit	Share total as of December 31, 2020	Consolidation difference as at December 31, 2019	Depreciation of consolidation difference as at December 31, 2020	Consolidation difference as of December 31, 2020
GuideVision Polska sp. z.o.o.	100%	-11	-1	-10
TOTAL		-11	-1	-10

3 Additional information to the Balance Sheet and Profit and Loss Account

3.1 Average number of the employees and the amount of personal costs

See the table in paragraph 2.1.

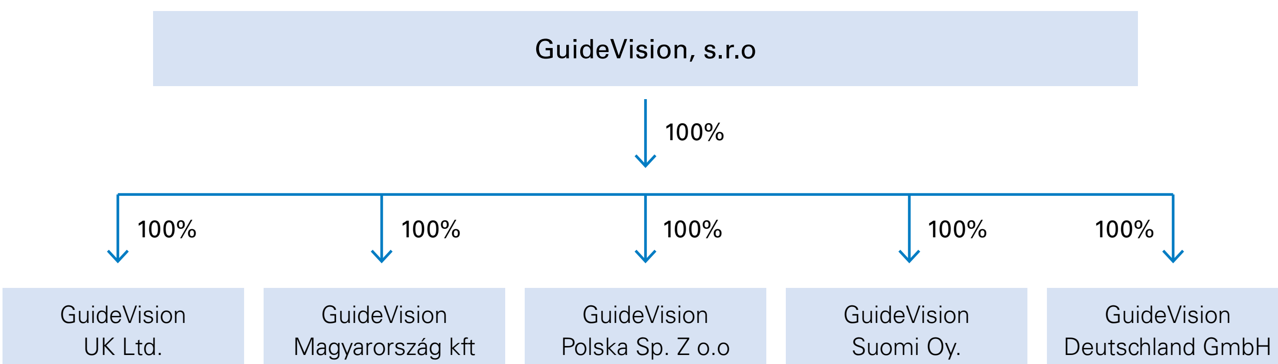
3.2 The number of remunerations paid out to the members of the bodies

In the accounting period of 2020, no remunerations were paid out.

3.3 Advances, loans and other receivables granted to the members of the bodies

In the accounting period of 2020, no advances or loans were granted to the persons that are a statutory body, or to the members of the statutory bodies or other controlling and supervisory bodies.

3.4 Securities and interests owned by the daughter companies



3.5 The individual items of the assets, liabilities, revenues and costs, including the result of the economic performance in the sorting in which the consolidated statements are set up, separately for each company, included in the consolidation by the proportional method.

In the accounting period of 2020, no companies were consolidated by the proportional method.

3.6 Comments and justification to the change of the equity capital of the consolidated unit between two consolidations, particularly in case of a change to the extent of the consolidation unit, and the settlement of securities and deposits with a feedback

The shares with a feedback are settled in the consolidated Financial Statements according to the character of their acquisition.

In case that they are acquired on a short time basis with the intention of selling them, then they are shown in the assets of the consolidated Balance Sheet in the item of short time financial assets.

In case of their acquisition with the aim of long-time possession, then such shares are shown as the data representing the decrease or increase of the equity capital in the item Registered capital in the amount of the nominal value, and the difference, if any, is settled in the item of Capital Funds in the consolidated Balance Sheet.

3.7 Receivables and liabilities

Aging of trade receivables as of December 31, 2020

in CZK thousands

	As of December 31, 2020
Before the due date	87,554
Maturity within 30 days	2,484
Maturity from 31 to 60 days	1,025
Maturity from 61 to 90 days	191
Maturity from 91 to 180 days	98
Maturity more than 181 days	0
Total	91 352

Aging of trade payables as of December 31, 2020

in CZK thousands

	As of December 31, 2020
Before the due date	11,602
Maturity within 30 days	1,202
Maturity from 31 to 60 days	0
Maturity from 61 to 90 days	4
Maturity from 91 to 180 days	0
Maturity more than 181 days	28
TOTAL	12,836

3.8 The summarized number of other payables and receivables, if any, which are not watched in the current bookkeeping of the individual enterprises of the consolidated unit and are not indicated in the Consolidated Balance Sheet.

In the bookkeeping of the individual units, all monetary and non-monetary payables and receivables as of December 31, 2020 are included.

3.9 Long-time payables

The consolidation unit does not register long-time trade payables.

3.10 Deferred tax

In the bookkeeping of the individual companies, the deferred tax was not subject to accounting.

3.11 Reserves

In the course of the monitored accounting period, an accounting reserve was created for employee´s unspent leave, for management bonuses and for the untaken points in the employees' program Cafeteria in GuideVision, s.r.o.

3.12 Adjustments

Adjustments are created only to property accounts. It is possible to create them to long-time assets, to receivables, to inventory, and to securities.

3.13 Fixed assets

Tangible and intangible assets in the companies as of December 31, 2020

in CZK thousands

Accounting unit	Fixed assets
GuideVision s.r.o.	1,073
GuideVision UK Ltd	0
GuideVision Magyarorzság Kft.	424
GuideVision Polska sp. z.o.o.	87
GuideVision Suomi Oy	0
GuideVision Deutschland GmbH	76
CELKEM	1,660

3.14 Revenues from the current activity sorted by main activities of the consolidation unit

in CZK thousands

Revenues	Amount
Sale of goods	0
Sale of products and services	448,979
TOTAL	448,979

3.15 Assumption of continual existence of the Company of the consolidation unit

The accounting methods which are based on the assumption that the consolidated unit will continue continually in its business activity were used, and no fact which would limit the continuation or prevent it in the foreseeable future is known to us.

The Company's management considered the potential impacts of COVID-19 pandemic on its activities and business and has concluded that they have no significant influence on the presumption of continuous activity of the enterprise and the Company will be further able to continue in its activity.

3.16 Infosys acquisition

In last year (October 6, 2020), Infy Consulting Company bought a 100% of share in GuideVision, s.r.o. and thus took over the entire consolidated group as a whole. Infy Consulting Company is limited company registered in the United Kingdom and is a part of the Infosys Holding AG.

3.17 Significant events which occurred after the Balance Sheet date

After the date of the financial statements, no events which would have a significant impact upon the financial statements occurred.

Place : Prague

Date : April 29, 2021

Signature of the statutory body :

Mgr. Norbert Nagy,
Director

GuideVision, s.r.o.

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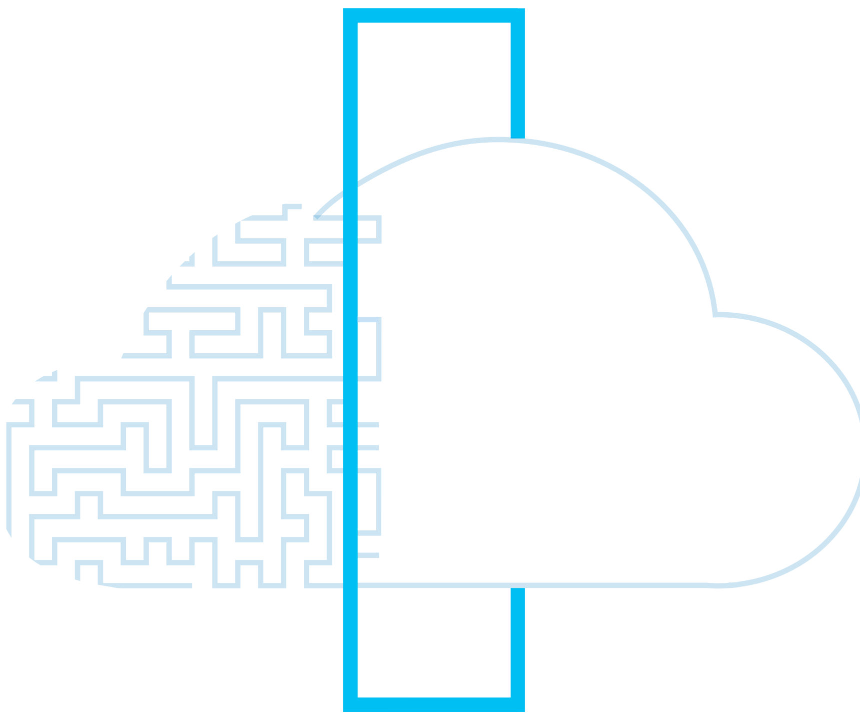

Beringer Commerce Inc.

Independent Auditors' Report

To the Board of Directors of

Beringer Commerce Inc.

We have audited the accompanying consolidated financial statements of Beringer Commerce Inc. and its subsidiaries (the "Company"), which comprise the consolidated Balance Sheet as of December 31, 2020, and the related consolidated statements of operations, equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beringer Commerce Inc. and its subsidiaries as of December 31, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Delloitte & Touche LLP

May 18, 2021

Consolidated Balance Sheet

In US $

Particulars	As at December 31, 2020
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	4,021,807
Accounts receivable, net	2,609,871
Inventories, net	61,403
Unbilled receivables	2,056,571
Prepaid expenses and other current assets	573,754
Total current assets	9,323,406
NONCURRENT ASSETS:	
Property and equipment, net (Note 3)	230,497
Goodwill, net (Note 4)	18,716,720
Intangible asset, net (Note 5)	244,003
Lease deposits	417,336
Total noncurrent assets	19,608,556
TOTAL ASSETS	28,931,962
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	4,404,956
Deferred revenue	522,796
Sublease liability—current portion (Note 9)	147,083
Due to affiliate (Note 10)	389,158
Total current liabilities	5,463,993
NONCURRENT LIABILITIES:	
Sublease deposit and liability (Note 9)	448,423
Deferred rent	62,273
Total noncurrent liabilities	510,696
Total liabilities	5,974,689
COMMITMENTS AND CONTINGENCIES (NOTE 9)	
EQUITY	
Common stock - $1 par; 1,000 shares authorized, 100 shares issued and outstanding	100
Contributed surplus	47,775,304
Accumulated deficit	(22,960,213)
Total shareholders' equity	24,815,191
Non-controlling interest	(1,857,918)
Total equity	22,957,273
TOTAL LIABILITIES AND EQUITY	28,931,962

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

In US $

Particulars	Year ended December 31, 2020
Revenue	34,135,130
Cost of revenue	20,476,156
Gross profit	13,658,974
Expenses:	
Selling, general and administrative	10,908,676
Amortization of goodwill	8,807,708
Depreciation of property and equipment	176,271
Provision for bad debt	116,284
Bank charges	80,008
Total expenses	20,088,947
Loss from operations	(6,429,973)
Interest, net	566,598
Other expense	324,550
Loss before income taxes	(7,321,121)
Income tax expense	59,550
Consolidated net loss	(7,380,671)
Less: net loss attributable to non-controlling interest	(2,541,372)
Net loss attributable to parent	(4,839,299)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Equity

In US $

Particulars	Year ended December 31, 2020					
	Common Stock	Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total
Balance—January 1, 2020	100	28,705,646	(18,120,914)	10,584,832	683,454	11,268,286
Net loss	–	–	(4,839,299)	(4,839,299)	(2,541,372)	(7,380,671)
Recapitalization, October 27, 2020	–	19,069,658	–	19,069,658	–	19,069,658
Balance—December 31, 2020	100	47,775,304	(22,960,213)	24,815,191	(1,857,918)	22,957,273

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

In US $

Particulars	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	(7,380,671)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation of property and equipment	176,271
Amortization of goodwill	8,807,708
Provision for doubtful accounts	116,284
Changes in operating assets and liabilities:	
Accounts receivable	3,504,924
Unbilled revenue	(1,895,674)
Prepaid expense and other current assets	108,249
Inventories, net	92,705
Accounts payable and accrued expenses	(1,408,714)
Deferred revenue	(1,377,890)
Deferred rent	(926,732)
Due to affiliate	274,849
Net cash provided by operating activities	91,309
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(72,647)
Net cash used in investing activities	(72,647)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from notes issued under SBA Payroll Protection Program	2,889,887
Proceeds advanced from related party under common control	250,000
Payment to related party under common control	(250,000)
Repayment of obligation under capital lease obligation	(2,010)
Net cash provided by financing activities	2,887,877
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,906,539
CASH AND CASH EQUIVALENTS—Beginning of year	1,115,268
CASH AND CASH EQUIVALENTS—End of year	4,021,807
NON-CASH ACTIVITIES CONNECTED WITH RECAPITALIZATION UPON ACQUISITION	
Conversion of convertible notes payable and related accrued interest at acquisition	4,912,219
Conversion of demand notes payable to parent company at acquisition	4,480,809
Conversion of promissory notes and related accrued interest at acquisition	2,700,000
Conversion of demand note payable to a noncontrolling member at acquisition	580,000
Conversion of note payable to company under common control and related accrued interest at acquisition	3,951,704
Conversion of term notes issued by SBA under Payroll Protection Program and related accrued interest at acquisition	2,903,935
Conversion of select accounts receivable at acquisition	(459,009)
	19,069,658

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

As of and for the year ended December 31, 2020

1. Nature of business

Beringer Commerce Inc. (the "Company") provides digital commerce services via its operating subsidiaries, Blue Acorn, LLC ("Blue Acorn"), SureSource LLC and Mediotype, LLC ("Mediotype"). The Company was incorporated on September 13, 2017 in the state of Delaware and was wholly owned by Beringer Capital Fund III, L.P., the ultimate parent company.

SureSource LLC, doing business as BrandShop ("BrandShop") is a leading provider of branded digital commerce solutions offering everything from site design to package delivery based in Shelton, Connecticut. Blue Acorn is a digital commerce agency based in Charleston, South Carolina. Mediotype is a digital commerce agency based in Superior, Colorado.

On October 8, 2020, Beringer Capital Fund III, L.P. (the "Seller") entered into an Equity Purchase Agreement with Infosys Nova Holdings, LLC (the "Purchaser"), a Delaware limited liability partnership, whereby the Purchaser was to acquire all outstanding equity interests of Beringer Commerce, Inc. and related minority interests, free and clear of any, and all liens. The transaction ("Infosys transaction") was consummated on October 27, 2020 at which time the Purchaser became the owner, directly or indirectly, of all issued and outstanding equity interests of Beringer Commerce, Inc. All debt-related interest accruals, and select accounts receivable discharged or converted at the Infosys transaction date are reflected as recapitalization in the consolidated statement of equity.

The Company has considered the possible effects that may result from the pandemic relating to the Coronavirus disease ("COVID-19") in the preparation of these consolidated financial statements, including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. The impact of COVID-19 on the Company's consolidated financial statements may differ from that estimated as of May 18, 2021, the date on which the consolidated financial statements were available to be issued.

2. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the United States of America ("US GAAP").

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as of and for the year ended December 31, 2020. All intercompany balances and transactions are eliminated upon consolidation.

The Company has consolidated its wholly owned subsidiary, Mediotype, and its 65.28% owned subsidiary, Beringer Commerce Holdings, LLC, which includes the wholly-owned operating subsidiaries, BrandShop and Blue Acorn.

Use of Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates also affect the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Significant estimates and assumptions include revenue recognition related to fixed-price estimates utilizing the percentage completion method for measuring progress and the valuation of accounts receivable, unbilled revenue, and goodwill.

Credit Risk

The Company is exposed to credit risk with respect to collectability of customer accounts receivable and unbilled revenue. Management provides for probable uncollectable amounts through a charge to net loss and a credit to a valuation allowance based on its assessment of the current status of individual contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable.

Concentration Risk

The Company does not have any concentration risk with respect to revenue or accounts receivable nor with respect to any vendors.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost and consist of bank deposits that, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2020, the Company had balances in excess of insured limits totaling $2,621,152.

Accounts Receivable

Accounts receivable are generated from service agreements for information technology solutions, consulting, and business process services. Billed amounts represent invoices that have been prepared and sent to the customer. The Company also has accounts receivable from funds owed to Company by various merchant service providers for customers' orders that have been paid for by the customer using credit and/or debit cards. Unbilled receivables represent revenues earned on contracts to be billed, in subsequent periods, as per terms of the related contracts.

The Company determines the need for an allowance for doubtful accounts by evaluating the creditworthiness of each customer, historical collection experiences and other information, including the aging of the receivables. The Company evaluates the collectability of its accounts receivable on an on-going basis. Accounts receivable are written off when they are deemed to be uncollectible. The allowance for doubtful accounts at December 31, 2020 totaled $32,734.

Unbilled Receivables and Deferred Revenue

The timing of revenue recognition may differ from the timing of billing and cash receipts from customers. Amounts are invoiced as work progresses, typically monthly in arrears, or upon achievement of contractual milestones. The Company records an asset when revenue is recognized prior to invoicing, or deferred revenue when cash is received in advance of satisfying the performance obligation. Unbilled receivables and deferred revenue are recorded net on a contract by contract basis and are generally classified as current based on the Company's contract operating cycle.

Inventories

Inventories, which consist of purchased products for a single customer related to its owned-inventory business, which was discontinued in 2019, are valued at the lower of cost or net realizable value. Provisions are made for slow moving or obsolete inventory based upon historical usage and management's estimate of expected recovery. The Company uses the first-in, first-out method of valuing inventory. The inventory reserve at December 31, 2020 was $-0-.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized while expenditures for repair and maintenance costs are expensed as incurred. Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

Leasehold improvements	Shorter of estimated useful life or lease term
Machinery and equipment	5 years
Computer equipment and software	3–5 years
Furniture and fixtures	7 years

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets held for disposal are reported at the lower of the carrying amount and fair value less costs to sell.

Financial Instruments

The fair value of financial instruments classified as current and non-current assets or liabilities, including accounts receivable, accounts payable and accrued liabilities and amounts due to related party, approximates carrying value, principally due to the short maturity of those items.

The Company initially measures the net assets acquired in a business combination at fair value using Level 3 inputs. There were no business combinations requiring this measurement in the current year. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are estimated based on inputs categorized as follows:

- Level 1 inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that are observable.
- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs include unobservable inputs that reflect the Company's own assumption about what factors market participants would use in pricing the asset or liability.

When measuring fair value, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Goodwill

Goodwill is recorded at the excess of the purchase price of an acquired subsidiary over the fair value of the net assets acquired.

The Company has adopted the accounting alternative outlined in ASC 350-20, Goodwill, which allows for private companies to amortize goodwill on a straight-line basis over a period of 10 years or less than 10 years if the Company demonstrates that another useful life is more appropriate. As of January 1, 2019, the Company revised the estimate of the useful life of goodwill from 10 years to a remaining useful life of 4 years to reflect a change in the strategic direction of the Company.

The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value with its carrying amount, including goodwill. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value (or the excess of the carrying amount of the reporting unit over the fair value of the reporting unit). No triggering events occurred during the year December 31, 2020 that required goodwill impairment testing and, accordingly, no impairment loss was recorded in 2020.

Intangible Asset

The intangible asset represents internally-developed software, which is amortized via the straight-line method over its estimated useful life of two years.

Leases

Rent under operating leases is charged to expenses on a straight-line basis over the lease term. Any difference between the straight-line rent and the rent payable under the escalating lease term is reflected as deferred rent liability on the consolidated Balance Sheet. Rental expense is recorded as a component of selling, general and administrative expense within the consolidated statement of operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the consolidated financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. A valuation allowance is recorded against deferred tax assets if the Company determines that it is more likely than not that such deferred tax assets will not be realized within the foreseeable future.

Revenue Recognition

The Company's revenue is primarily derived from the planning and execution of consulting services centric to customer experience, including digital marketing and commerce application development and architecture, and data driven strategic services ("Analytic Services"), such as, design, strategic analysis, process reviews, data research and optimization.

In accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), revenue is recognized when a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services (the transaction price). Revenue recognition is determined through the application of the following steps:

Step 1: Identification of the contract with a customer
Step 2: Identification of the performance obligations in the contract
Step 3: Determination of the transaction price
Step 4: Allocation of the transaction price to the performance obligations in the contract; and
Step 5: Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company's contracts with customers are comprised of diverse arrangements involving fees based on any one or a combination of the following: an agreed rate per hour for the level of effort expensed by the Company's resources (Time and Materials); a monthly fee for support services which typically are capped at a designated number of hours (Fixed Price – Retainer); and/or a fixed fee engagement which is priced based on the estimated effort to complete the identified work (Fixed Price – Milestone).

Substantially all the Company's contracts provide that the Company is compensated for services performed and allow for cancellation by either party, on short notice, without penalty. The Company's contracts with customers typically do not include extended warranty periods; warranty-type work is typically limited to correction to deliverables within the defined user acceptance test periods.

At contract inception, the Company assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service that is distinct. When identifying individual performance obligations, the Company considers all services promised in the contract regardless of whether they are explicitly stated in the customer contract or implied by customary business practices. For all revenue streams, the performance obligation is to provide consulting services at an agreed-upon level of effort to accomplish the specific engagement.

The transaction price of a contract is allocated to each distinct performance obligation based on its relative standalone selling price and is recognized as revenue when, or as, the customer receives the benefit of the performance obligation. In most situations, the Company's customers typically receive and consume the benefit of the Company's services as they are performed. The Company's contracts with customers typically allow for the use of third-party contractors. The contractors are typically engaged to function in a staff augmentation model whereby, the Company controls the assignments and tasks to be completed; the Company retains all risks and liabilities related to the defined performance obligations. The Company maintains the relationship of a principal in the subcontracting of client work.

For Time and Material and Retainer contracts, the hours of development and or support provided each day or month represents a series of distinct services that have the same pattern of transfer to the customer and thus are considered a single performance obligation. For Fixed Price – Milestone contracts, the performance obligations are typically based on defined deliverables within the individual contracts. For each of these contracts, the Company determines whether the performance obligations are separately identifiable (distinct) or should be combined (bundled) for measurement purposes. The Company considers:

1. The presence of a significant integration service;
2. The presence of significant modification or customization; and/or
3. The level of interdependencies between the services.

For these transactions the transaction price is allocated to the distinct and bundled performance obligations based on their standalone selling price which is the standard rate multiplied by the estimated hours to complete the performance obligation. The standard rates are those quoted to customers which reflect a cost-plus margin approach.

A substantial portion of the Company's revenue is recognized over time, as the services are performed, because the customer receives and consumes the benefit of performance throughout the contract period (Time and Materials and Fixed Priced – Retainer). For these contracts, revenue is recognized over time using the input method on the basis of hours incurred, which correspond to the level of effort expended to satisfy the performance obligation on a rate per hour or equivalent basis. The Company recognizes revenue for distinct performance obligations defined by Fixed Price Milestone contracts at a point in time; upon delivery and/or completion of the performance obligation at which time value transfers to the customer. Revenue for bundled performance obligations identified within these contracts is recognized over time using the percentage of completion method.

Other Revenue

The Company partners with software and/or service providers to cross sell and market each other's products or services. In certain cases, the Company recognizes revenue based on rebates received. Because the Company is not providing the actual license, subscription and/or professional services (in most cases), which the partner is selling, the Company is an agent as defined by ASC 606 versus a principal. Specifically, the Company is not controlling the goods and/or services to be provided to the end customer in any way and, the consideration to be received is not tied to specific services the Company is providing to the customer. The Company recognizes this revenue evidenced that the performance obligation has been completed.

Cost of Revenue

Cost of revenue consists primarily of contractor services, labor incurred, and fulfillment costs.

Recently Issued Accounting Standards Not Yet Adopted

The Financial Accounting Standards Board has issued the following standards.

Standard	Particulars	Effective Date
2016-13	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	January 1, 2023
2017-04	Intangibles—Goodwill and Other (Topic 350): Simplifying the test for Goodwill Impairment	January 1, 2022
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	January 1, 2022
2019-01	Leases (Topic 842): Codification Improvements	January 1, 2022

The Company is still assessing the impact on the consolidated financial statements.

3. Property and equipment

The components of property, and equipment are summarized as follows:

In US $

Particulars	As at December 31, 2020		
	Cost	Accumulated Depreciation	Net Book Value
Leasehold improvements	1,365,704	1,327,828	37,876
Machinery and equipment	4,447,871	4,443,478	4,393
Computer equipment and software	3,188,931	3,028,884	160,047
Furniture and fixtures	987,123	958,942	28,181
	9,989,629	9,759,132	230,497

4. Goodwill

The components of goodwill as of December 31, 2020, are summarized as follows:

In US $

Cost	Accumulated Amortization	Net Book Value
40,203,387	21,486,667	18,716,720

Amortization expense for the year ended December 31, 2020 was $8,807,708. Amortization expense for goodwill for the three-succeeding fiscal years is as follows:

In US $

2021	8,807,708
2022	8,807,708
2023	1,101,304
Total	18,716,720

5. Intangible asset

The component of intangible assets, which consists of internally developed software, as of December 31, 2020, are summarized as follows:

In US $

Cost	Accumulated Amortization	Net Book Value
325,150	81,147	244,003

Amortization expense for the year ended December 31, 2020 was $81,147. Amortization expense for intangible assets for the five-succeeding fiscal years is as follows:

In US $

2021	162,468
2022	81,535
Total	244,003

6. Notes payable and term debt

Convertible Notes

On June 30, 2017, the Company issued a convertible note payable of $2,000,000 to a third-party investment group that, if not converted, was due and payable after the third anniversary of its issuance being June 30, 2020. The convertible note payable accrued interest at a rate of 8% per annum that was payable upon the earlier of (i) payment in full of the entire outstanding balance or (ii) conversion of the note. The note was extended by the investment group through the Infosys transaction date. From inception through December 31, 2019, the Company accrued interest of $400,000 which was added to the principal balance. During the period January 1 to the Infosys transaction date, the Company accrued interest of $129,096 which was added to the principal balance.

On May 29, 2018, the Company issued a convertible note payable of $2,000,000 to a third-party investment group that, if not converted, was due and payable after the third anniversary of its issuance being May 29, 2021. The convertible note payable accrues interest at a rate of 8% per annum that was payable upon the earlier of (i) payment in full of the entire outstanding balance or (ii) conversion of the note. From inception through December 31, 2019, the Company accrued interest of $253,328 which was been added to the principal balance. During the period January 1 to the Infosys transaction date, the Company accrued interest of $129,795, which was added to the principal balance.

As of the Infosys transaction date, the convertible notes and related accrued interest totaling $4,912,219 were assumed by the Seller, paid in full with transactions proceeds, and are included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding with respect to the convertible notes as of December 31, 2020.

Notes Payable

The Company had notes payable outstanding to its former parent company, Beringer Capital Fund III, LP. The notes payable was non-interest bearing, unsecured and had no established maturity date. These notes payable totaling $4,480,809 were assumed by the Seller, paid in full with transactions proceeds, and included as part of the recapitalization balance included in the Consolidated Statement of Equity. There were no amounts outstanding with respect to the notes payable as of December 31, 2020.

The Company had a demand note from a non-controlling member which was non-interest bearing, unsecured and had no established maturity date. As of the Infosys transaction date, the outstanding balance of $580,000 for the demand note was assumed by the Seller, paid in full with transactions proceeds, and included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding with respect to the demand note as of December 31, 2020.

In March 2019, the Company received $4,000,000 in funding from a related company under common control in exchange for a promissory note payable. The promissory note bears interest calculated based on LIBOR rate plus 3.25% adjusted monthly and was due on demand. Interest expense recognized on the promissory note totaled $133,462 for the year ended December 31, 2020. No payments were made on the promissory note during the period January 1, to October 26, 2020. As of the Infosys transaction date, the loan and related accrued interest totaling $3,951,704 were assumed by the Seller, paid in full with transactions proceeds, and included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding with respect to the loan as of December 31, 2020.

On September 13, 2019, the Company issued a promissory note of $3,000,000 in connection with its acquisition of Mediotype, LLC. The promissory note was discounted at a rate of 8% per annum resulting in a present value of $2,621,982 and accrued interest at a rate of 3% per annum compounded annually. The note was due at the earlier of (i) a disposition by the Company of substantially all of its assets; (ii) a direct or indirect sale of more than 50% of membership interests; or (iii) as of June 30, 2021. As of the Infosys transaction date, the promissory note plus accrued interest totaling $2,700,000 were assumed by the Seller, paid in full with transaction proceeds, and are included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding with respect to the promissory note as of December 31, 2020.

Term Debt

On April 21, 2020, Blue Acorn received a $1,869,800 Small Business Administration ("SBA") loan under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act"). The loan bears interest at 1% per annum and matures on April 21, 2022.

On May 1, 2020, BrandShop received a $610,587 SBA loan under the PPP of the CARES Act. The loan bears interest at 1% per annum and matures on May 1, 2022.

On May 2, 2020, Mediotype received a $409,500 SBA loan under the PPP of the CARES Act. The loan bears interest at 1% per annum and matures on May 2, 2022.

The Company filed applications for forgiveness with the SBA for each of the respective loans. The applications were still pending at the date of the Infosys transaction. In accordance with the SBA Procedural Notice dated October 2, 2020, the Company provided written notice to the respective PPP lenders and established interest-bearing escrow accounts controlled by the respective PPP lenders with funds equal to the outstanding balance of the loans plus accrued interest totaling $2,903,935. As of the Infosys transaction date, the escrow accounts were funded by the Seller with transaction proceeds and are included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding for these SBA loans as of December 31, 2020.

7. Revenue recognition

Revenue was disaggregated into the following categories:

In US $

Particulars	Year ended December 31, 2020				
	Commerce Services	Analytics Services	Experience-Driven Commerce Services	Other	Total
Time and materials	16,144,259	100,837	–	–	16,245,096
Fixed Price—Retainer	5,678,017	1,221,640	–	–	6,899,657
Fixed Price—Milestone	3,395,961	155,282	–	–	3,551,243
Partner referrals and commissions	43,234	21,000	7,042,854	332,047	7,439,135
	25,261,471	1,498,759	7,042,854	332,047	34,135,131

8. Income taxes

The Company has accrued $59,550 of income taxes, primarily related to certain state franchise/income taxes. The effective income tax rates for 2020 differ from the federal statutory rates principally because of the effect of valuation allowance, state income taxes, and other non-deductible expenses.

The component of the deferred tax assets and liabilities are as follows:

In US $

Particulars	As at December 31, 2020
Net operating loss	3,359,993
Investment in partnerships	(468,500)
Valuation allowance	(2,891,493)
Net deferred tax asset	–

The Company continually assesses the realizability of its deferred tax assets. Due the history of losses, the Company concluded that it was not more likely not to realize the net deferred tax asset. Therefore, the Company recorded a full valuation on its net deferred tax asset as of December 31, 2020. The valuation allowance as of December 31, 2020 is $2,891,493, representing an increase of $824,121 in the current year. As of December 31, 2020, the Company had federal and state net operating loss ("NOL") carryforwards of approximately $12,598,278 and $7,127,800, respectively. For the federal NOL's, $1,121,318 expire in 2037 and the remaining $11,476,960 carry forward indefinitely. The state NOL's will expire at various times beginning in 2022. The utilization of the federal and state net operating loss carryforwards may be subject to limitation under the rules regarding a change in stock ownership as determined by the Internal Revenue Code or the laws of the respective state. Additionally, the indefinite lived Federal NOL's will be limited to 80% of taxable income in future tax years.

The Company has determined that there are no significant tax positions that result in uncertainty requiring recognition as at and for the year ended December 31, 2020. The Company recognizes interest and penalties accrued related to any unrecognized tax benefits in interest within the consolidated statement of operations. As of December 31, 2020, the Company had no accrued interest and penalties related to unrecognized tax benefits. Tax years 2017 – 2020 remain open to audit by the in the federal and state jurisdictions in which the Company operates.

9. Commitments and contingencies

Periodically, the Company may be involved in claims and other legal matters. The Company records accruals for loss contingencies to the extent that management concludes that it is probable that a liability has occurred, and the amount of the related loss can be reasonably estimated. Legal fees and other expenses related to litigation are expensed as incurred and included in selling, general and administrative expenses within the consolidated statement of operations.

The Company (Brandshop) leases its administrative and distribution facility in Shelton under an operating lease that expires on June 2024. The initial lease commenced on January 1, 2005, required monthly rent payments of $100,000 for the first year with annual escalations of 3% and expired on January 31, 2019. The lease was subsequently amended in 2007 which reset the monthly base rent for 2007 to $138,113 with annual escalations of 3% to continue for the remaining lease term. On February 4, 2014, a second amendment to the lease was executed which extended the lease term to June 30, 2024 and fixed the monthly rent to $126,777 through December 31, 2018 and $133,116 for the period January 2019 through the remaining lease term. In January 2018, the Company signed a third amendment to the lease agreement under which the landlord granted the Company a rent deferral in the amount of $60,000 per month for a total of 10 months commencing February 2018. As consideration for the deferral of the base rent, the Company was obligated to pay the landlord a fee equal to 13% of the aggregate deferred amount. This consideration amounting to $78,000 was also permitted to be deferred. The aggregate deferred balance was not payable until the earlier of (i) January 2020 or (ii) the date of any default. Interest on the deferred balance accrued at a rate of 10% per annum, compounded monthly. In September 2020, the Company paid the deferred base rent, accrued consideration, and interest due totaling $912,528 which was recorded within selling, general and administrative expenses within the consolidated statement of operations.

The Company (Brandshop) entered into a sublease agreement for the warehouse portion of the administrative and distribution facility in Shelton representing 70% of the total leased space. The sublease dated April 1, 2019 with Fulfillment Works LLC requires monthly sublease payments of $51,850 with annual escalations approximating 6.5%. The income generated from the sublease is less than the minimum rental payments required and as such, the Company recognized a loss on the sublease as of the sublease inception date totaling $756,834. Amortization of the related sublease loss liability, net of related interest, for the year ended December 31, 2020 totaled $137,645. As of December 31, 2020, the sublease liability was $538,865 and sublease deposits were $56,641.

The future minimum lease income from the sublease of these premises over the next five years are as follows:

	In US $
2021	621,864
2022	697,769
2023	722,160
2024	361,080
	2,402,873

The Company (Mediotype) leases an administrative facility in Colorado under an operating lease that expires in August 2024. The lease dated April 5, 2018 provided three months' rent abatement, initial monthly rent payments of $3,965 and annual escalations of $0.25 per square.

The Company (Blue Acorn) leases two administrative facilities in Charleston, South Carolina under operating leases that expire in August 2022. The leases required initial monthly rent payments totaling $29,653 with annual escalations of 3%.

Future minimum lease obligations under the terms of these operating leases (exclusive of sublease income), which is a component of selling, general and administrative expense within the consolidated statement of operations, are as follows:

	In US $
2021	2,077,831
2022	1,941,620
2023	1,650,835
2024	835,197
2025	–
	6,505,483

Rental expense was $2,101,470, net of sublease income of $654,308, for the year ended December 31, 2020.

10. Related party transactions

In January 2020, the Company was advanced $250,000 from a related party under common control. The advance was non-interest bearing and payable on demand. The advance was paid in full on June 5, 2020.

During the year ended December 31, 2020, the Company recognized $912,415 in revenue from companies under common control and recognized $1,784,356 in expenses for services provided by companies under common control. Due to affiliates reflects payments due to related parties under common control. These amounts are non-interest bearing, due on demand, and measured at the exchange amount. The amounts payable represent compensation due for contracted services and shared resource and operating costs. As of December 31, 2020, amounts due to affiliates were $389,158.

11. Retirement plans

The Company sponsors 401K plans which cover all employees of each of its operating subsidiaries. The plans provide for safe harbor employer matching contributions. Employer matching contributions to the retirement plans for the year ended December 31, 2020 were $423,973 and are included as a component of selling, general and administrative expenses within the consolidated statement of operations.

12. Subsequent events

Management has evaluated subsequent events through May 18, 2021, the date on which the consolidated financial statements were available to be issued and no other events were noted.

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Beringer Capital Digital Group Inc.

Independent Auditors' Report

To the Board of Directors of

Beringer Digital Capital Group Inc.

We have audited the accompanying consolidated financial statements of Beringer Digital Capital Group Inc. and its subsidiary (the "Company"), which comprise the consolidated Balance Sheet as of December 31, 2020, and the related consolidated statements of operations, equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Beringer Digital Capital Group Inc. and its subsidiary as of December 31, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Delloitte & Touche LLP

May 18, 2021

Consolidated Balance Sheet

In US$

Particulars	As at December 31, 2020
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	5,459,348
Restricted cash	34,826
Accounts receivable, net	2,003,292
Unbilled receivables	1,065,116
Prepaid expenses	57,611
Due from affiliate	389,158
Income tax receivable	444
Total current assets	9,009,795
NONCURRENT ASSETS:	
Property and equipment, net	1,036,086
Lease deposit	42,658
Goodwill, net	5,626,215
Total noncurrent assets	6,704,959
TOTAL ASSETS	15,714,754
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	1,727,336
Capital lease obligations—current portion (Note 5)	37,523
Total current liabilities	1,764,859
NONCURRENT LIABILITIES:	
Capital lease obligations (Note 5)	91,608
Deferred rent	937,548
Total noncurrent liabilities	1,029,156
Total liabilities	2,794,015
COMMITMENTS AND CONTINGENCIES (Note 11)	
EQUITY:	
Common stock, $1 par value—authorized, 1,000 shares; issued and outstanding, 100 shares	100
Contributed surplus	14,471,819
Accumulated deficit	(2,021,602)
Total shareholders' equity	12,450,317
Non-controlling interest	470,422
Total equity	12,920,739
TOTAL LIABILITIES AND EQUITY	15,714,754

See accompanying notes to consolidated financial statements.

Consolidated Statement of Operations

In US$

Particulars	Year ended December 31, 2020
Revenue	21,383,487
Cost of revenue	12,457,612
Gross profit	8,925,875
Expenses:	
Selling, general and administrative	6,019,306
Management Fees	450,000
Amortization of goodwill	2,813,208
Depreciation of property and equipment	216,686
Loss on disposal of fixed assets	956
Total expenses	9,500,156
Loss from operations	(574,281)
Interest, net	138,668
Loss before income taxes	(712,949)
Income tax benefit	(17,954)
Consolidated net loss	(694,995)
Less: net loss attributable to non-controlling interest	(42,801)
Net loss attributable to parent	(652,194.00)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Equity

In US$

Particulars	For the year ended December 31, 2020					
	Common Stock	Contributed Surplus	Accumulated Deficit	Total Shareholders' Equity	Non-Controlling Interest	Total
Balance—January 1, 2020	100	10,838,504	(1,369,408)	9,469,196	512,984	9,982,180
Net loss for the year	–	–	(652,194)	(652,194)	(42,801)	(694,995)
Distributions	–	–	–	–	239	239
Conversion of equity incentive units—October 27, 2020	–	287,418	–	287,418	–	287,418
Recapitalization—October 27, 2020	–	3,345,897	–	3,345,897	–	3,345,897
Balance—December 31,2020	100	14,471,819	(2,021,602)	12,450,317	470,422	12,920,739

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flow

In US$

Particulars	Year ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	(694,995)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Amortization of goodwill	2,813,208
Depreciation of property and equipment	216,686
Loss on disposal of property and equipment	956
Deferred income taxes	431,581
Changes in operating assets and liabilities:	
Accounts receivable	1,492,455
Unbilled revenue	(1,065,116)
Prepaid expenses	54,726
Income tax receivable	(336,466)
Accounts payable and accrued expenses	1,194,375
Deferred revenue	(13,105)
Deferred rent	976,523
Due from affiliate	(367,607)
Net cash provided by operating activities	4,703,221
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(18,660)
Leasehold improvements funded by Landlord	(800,104)
Funds advanced to related party under common control	(250,000)
Funds received from related party under common control	250,000
Net cash used in investing activities	(818,764)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings under line of credit agreement	300,000
Payments on line of credit agreement	(1,200,000)
Proceeds from note issued under SBA Payroll Protection Program	2,048,100
Payments on term debt	(466,667)
Distribution to non-controlling interest	239
Repayment of obligation under capital lease obligation	(43,443)
Net cash provided by financing activities	638,229
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	4,522,686
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of year	971,488
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH—End of year	5,494,174
CASH AND CASH EQUIVALENTS	5,459,348
RESTRICTED CASH	34,826
TOTAL CASH AND CASH EQUIVALENTS	5,494,174
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the period for interest	251,835
NON-CASH ACTIVITIES:	
Discharge of debt outstanding and related accrued interest under credit agreement	5,239,536
Discharge of term loan issued by SBA under Payroll Protection Program and related accrued interest	2,058,065
Conversion of note receivable from company under common control	(3,951,704)
Conversion of liability for bonus compensation related to equity incentive units	287,418
Obligation under capital lease	158,025
	3,791,340

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

As of and for the year ended December 31, 2020

1. Nature of business

Beringer Capital Digital Group Inc. (the "Company" or "Beringer Digital") is a Delaware C Corporation. Beringer Digital owns 94.1% of its subsidiary, iCiDIGITAL, LLC doing business as iCiDIGITAL. Collectively, Beringer Digital and iCiDIGITAL are referred to as the "Company". iCiDIGITAL is a provider of information technology solutions, consulting, and business process services with specialization in web experience management and managed services. The Company engages with its customers to accelerate and optimize their use of business- critical technology systems. The Company's core competencies include data migrations, software deployment, system integrations, data and system assessments and business analytics.

Beringer Capital Fund III, L.P. owned 100% shares of common stock of Beringer Digital. On October 8, 2020 Beringer Capital Fund III, L.P. (the "Seller") entered into an Equity Purchase Agreement with Infosys Nova Holdings, LLC ("the Purchaser"), a Delaware limited liability partnership, whereby the Purchaser was to acquire all outstanding equity interests of Beringer Digital and related minority interests, free and clear of any, and all liens. The transaction ("Infosys transaction") was consummated on October 27, 2020 at which time the Purchaser became the owner, directly or indirectly, of all issued and outstanding equity interests of Beringer Digital. All debt discharged, related interest accruals, and transaction related compensation funded at the Infosys transaction date are reflected as recapitalization in the consolidated statement of equity.

The Company has considered the possible effects that may result from the pandemic relating to the Coronavirus disease ("COVID-19") in the preparation of these consolidated financial statements, including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has used internal and external sources of information. The impact of COVID-19 on the Company's financial statements may differ from that estimated as of May 18, 2021, the date on which the consolidated financial statements were available to be issued.

2. Summary of significant accounting polices

Basis of Presentation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles for the United States of America ("US GAAP"). All intercompany transactions have been eliminated in consolidation.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary as of and for the year ended December 31, 2020. All intercompany balances and transactions are eliminated upon consolidation. The Company has consolidated its 94.1% owned subsidiary, iCiDIGITAL, LLC.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates also affect the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Significant estimates and assumptions include revenue recognition and the valuation of accounts receivable, unbilled revenue, and goodwill.

Credit Risk

The Company is exposed to credit risk with respect to collectability of customer accounts receivable and unbilled revenue. Management provides for probable uncollectible amounts through a charge to net loss and a credit to a valuation allowance based on its assessment of the current status of individual contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to accounts receivable. Although the Company does not require collateral for its receivables, management believes that credit risk with respect to accounts receivable is limited due to performance of credit evaluations of the customers.

Concentration Risk

For the year ended December 31, 2020, three customers accounted for approximately 72% of the Company's revenue. These three customers accounted for approximately 72% of accounts receivable as of December 31, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents are stated at cost and consist of bank deposits which, at times, may exceed federally insured limits. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2020, the Company had balances more than insured limits totaling $4,709,174.

Restricted Cash

Restricted cash is held in a separate account as collateral for a corporate credit card agreement.

Accounts Receivable and Unbilled Receivables

Accounts receivable are generated from service agreements for information technology solutions, consulting, and business process services. Billed amounts represent invoices that have been prepared and sent to the customer. Unbilled receivables represent revenues earned on contracts to be billed, in subsequent periods, as per terms of the related contracts.

The Company determines the need for an allowance for doubtful accounts by evaluating the creditworthiness of each customer, historical collection experiences, and other information, including the aging of the receivables. The Company evaluates the collectability of its accounts receivable on an ongoing basis. Accounts receivable are written off when they are deemed to be uncollectible. The allowance for doubtful accounts at December 31, 2020 totaled $-0-.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized while expenditures for repair and maintenance costs are expensed as incurred. Depreciated is provided on a straight-line basis over the following estimated useful lives or lease term, if shorter:

Estimated useful lives are as follows:

Computer equipment and software	2–3 years
Leasehold improvements	7 years
Furniture and fixtures	5 years

The Company reviews long lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets held for disposal are reported at the lower of the carrying amount or fair value less costs to sell.

Financial Instruments

The fair value of financial instruments classified as current and non-current assets or liabilities, including accounts receivable, accounts payable and accrued liabilities, and amount due from related party, approximates carrying value, principally due to the short maturity of those items.

The Company initially measures the net assets acquired in a business combination and contingent consideration at fair value using Level 3 inputs. There were no business combinations in 2020. Contingent consolidation is at fair value at each reporting date with the changes in fair value recognized in net income (loss). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are estimated based on inputs categorized as follows:

- Level 1 inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that are observable.
- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs include unobservable inputs that reflect the Company's own assumption above what factors market participants would use in pricing the asset or liability.

When measuring fair value, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Goodwill

Goodwill is recorded as the excess of the purchase price of an acquired subsidiary over the fair value of the net assets acquired.

The Company has adopted the accounting alternative outlined in ASC 350-20, Goodwill, which allows for private companies to amortize goodwill on a straight line basis over a period of 10 years or less than 10 years if the Company demonstrates that another useful life is more appropriate. At January 1, 2019, the Company revised the estimated of the useful life of goodwill from 10 years to a remaining useful life of 4 years to reflect a change in the strategic direction of the Company.

The Company evaluates goodwill for impairment at the entity level when a triggering event occurs that indicates that the fair value of the entity may be below its carrying amount. When a triggering event occurs, the Company first assesses qualitative factors to determine whether the quantitative impairment test is necessary. If that qualitative assessment indicates that it is more likely than not that goodwill is impaired, the Company performs the quantitative test to compare the entity's fair value and its carrying amount, including goodwill. The goodwill impairment loss, if any, represents the excess of the carrying amount of the entity over its fair value (or the excess of the carrying amount of the reporting unit over the fair value of the reporting unit). No triggering events occurred during the year ended December 31, 2020 that required goodwill impairment testing and, accordingly, no impairment loss was recorded in 2020.

Leases

Rent under operating leases is expensed on a straight-line basis over the lease term. Any difference between the straight -line rent and the rent payable under the escalating lease term is reflected as deferred rent liability on the consolidated Balance Sheet. Lease incentives in the form of tenant improvement allowances are recorded as deferred rent and amortized on a straight-line basis over the lease term. Rental expense is recorded as a component of selling, general and administrative expense within the consolidated statement of operations.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the consolidated financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and results of recent operations. A valuation allowance is recorded against deferred tax assets if the Company determines that it is more likely than not that such deferred tax assets will not be realized within the foreseeable future.

Revenue Recognition

The Company's revenue is primarily derived from the planning and execution of consulting services centric to customer experience, including digital marketing and commerce application development and architecture, and data driven strategic services, such as, design, strategic analysis, process reviews, data research and optimization.

In accordance with Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers ("ASC 606") revenue is recognized when, or as, a customer obtains control of promised goods or services (the performance obligation) in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services (the transaction price). Revenue recognition is determined through the application of the following steps:

Step 1: Identification of the contract with a customer

Step 2: Identification of the performance obligations in the contract

Step 3: Determination of the transaction price

Step 4: Allocation of the transaction price to the performance obligations in the contract; and

Step 5: Recognition of revenue when, or as, the Company satisfies a performance obligation.

The Company's contracts with customers are comprised of diverse arrangements involving fees based on any one or a combination of the following: an agreed rate per hour for the level of effort expensed by the Company's resources (Time and Materials); a monthly fee for support services which typically are capped at a designated number of hours (Fixed Price—Retainer); and/or a fixed fee engagement which is priced based on the estimated effort to complete the identified work (Fixed Price—Milestone).

Substantially all the Company's contracts provide that the Company is compensated for services performed and allow for cancellation by either party, on short notice, without penalty. The Company's contracts with customers typically do not include extended warranty periods; warranty-type work is typically limited to correction to deliverables within the defined user acceptance test periods.

At contract inception, the Company assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service that is distinct. When identifying individual performance obligations, the Company considers all services promised in the contract regardless of whether they are explicitly stated in the customer contract or implied by customary business practices. For all revenue streams, the performance obligation is to provide consulting services at an agreed-upon level of effort to accomplish the specific engagement.

The transaction price of a contract is allocated to each distinct performance obligation based on its relative standalone selling price and is recognized as revenue when, or as, the customer receives the benefit of the performance obligation. In most situations, the Company's customers typically receive and consume the benefit of the Company's services as they are performed. The Company's contracts with customers typically allow for the use of third-party contractors. The contractors are typically engaged to function in a staff augmentation model whereby, the Company controls the assignments and tasks to be completed; the Company retains all risks and liabilities related to the defined performance obligations. The Company maintains the relationship of a principal in the subcontracting of client work.

For Time and Material and Retainer contracts, the hours of development and or support provided each day or month represents a series of distinct services that have the same pattern of transfer to the customer and thus are considered a single performance obligation. For Fixed Price – Milestone contracts, the performance obligations are typically based on defined deliverables within the individual contracts. For each of these contracts, the Company determines whether the performance obligations are separately identifiable (distinct) or should be combined (bundled) for measurement purposes. The Company considers:

1. The presence of a significant integration service;
2. The presence of significant modification or customization; and/or
3. The level of interdependencies between the services.

For these transactions the transaction price is allocated to the distinct and bundled performance obligations based on their standalone selling price which is the standard rate multiplied by the estimated hours to complete the performance obligation. The standard rates are those quoted to customers which reflect a cost-plus margin approach.

A substantial portion of the Company's revenue is recognized over time, as the services are performed, because the customer receives and consumes the benefit of performance throughout the contract period (Time and Materials and Fixed Priced—Retainer). For these contracts, revenue is recognized over time using the input method on the basis of hours incurred, which correspond to the level of effort expended to satisfy the performance obligation on a rate per hour or equivalent basis. The Company recognizes revenue for distinct performance obligations defined by Fixed Price Milestone contracts at a point in time; upon delivery and/or completion of the performance obligation at which time value transfers to the customer. Revenue for bundled performance obligations identified within these contracts is recognized over time using the percentage of completion method.

Partner Referral Program Revenue

The Company partners with software and/or service providers to cross sell and market each other's products or services. In certain cases, the Company recognizes revenue based on rebates received. Because the Company is not providing the actual license, subscription and/or professional services (in most cases), which the partner is selling, the Company is an agent as defined by ASC 606 versus a principal. Specifically, the Company is not controlling the goods and/or services to be provided to the end customer in any way and, the consideration to be received is not tied to specific services the Company is providing to the customer. The Company recognizes this revenue evidenced that the performance obligation has been completed.

Cost of Revenue

Cost of revenue consists primarily of costs related to contractor services and labor incurred to satisfy the various revenue streams.

Share-based Compensation

The Company participated in an Equity Incentive Plan (the "Plan"). Pursuant to the Plan, certain employees receive remuneration in the form of stock incentive unit representing profits interests. The Company accounts for profit interests in accordance with ASC 710, Compensation, which requires all employee share awards to be recognized as compensation expense and a liability payment when payment is probable and reasonably estimable.

Recently Issued Accounting Standards Not Yet Adopted

The Financial Accounting Standards Board issued the following standards in which the Company is still assessing the impact on the consolidated financial statements.

Standard		Adoption Date
2016-13	Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	January 1, 2023
2017-04	Intangibles—Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment	January 1, 2022
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	January 1, 2022
2019-01	Leases (Topic 842): Codification Improvements	January 1, 2022

3. Property and equipment

Property and equipment consist of the following:

In US$

Particulars	As at December 31, 2020		
	Cost	Accumulated Depreciation	Net Book Value
Property and equipment:			
Computer equipment and software	252,681.00	205,351.00	47,330.00
Leasehold improvements	871,970.00	89,527.00	782,443.00
Furniture and fixtures	445,088.00	238,775.00	206,313.00
Total property and equipment—net	1,569,739.00	533,653.00	1,036,086.00

Depreciation expense for the year ended December 31, 2020 was $216,686.

4. Goodwill

Goodwill consists of the following:

In US$

Particulars	As at December 31, 2020		
	Cost	Accumulated Amortization	Net Book Value
Goodwill	13,456,037.00	7,829,822.00	5,626,215.00

Amortization expense for the year ended December 31, 2020 was $2,813,208. Amortization expense for goodwill for the two succeeding fiscal years is as follows:

In US$

2021	2,813,108
2022	2,813,107
Total	5,626,215

5. Obligation under capital lease

Minimum lease payments for office furnishings under a capital lease obligation that expires in 2024 are as follows:

In US$

2021	43,448
2022	43,448
2023	44,417
2024	10,862
	142,175
Less amount representing interest	(13,044)
Less current	(37,523)
Capital lease obligations	91,608

The obligation under capital lease is secured by the related assets, which are included in property and equipment and have a cost of $158,025 and net book value of $134,980 as of December 31, 2020.

6. Credit agreement

In March 2019 the Company entered into a credit agreement with a commercial banking institution, which included the following facilities:

[i] Master Revolving Note Agreement in the amount of $3,000,000, which acted as a line of credit. Draws under the Master Revolving Note were limited to 85% of eligible accounts receivable as defined by the Advance Formula Agreement. The Master Revolving Note bears interest computed based on the daily adjusting LIBOR rate.

[ii] Installment Note in the amount of $4,000,000. The Installment Note bore interest based on LIBOR rate plus 3% adjusted monthly. Payments of interest only were made for the six months commencing April 1, 2019 with monthly principal and interest payment of $66,667 commencing on October 1, 2019. The credit agreements required the Company to meet a fixed coverage ratio defined by the agreement at the end of each calendar quarter.

On February 14, 2020, the Company executed a First Amendment to Credit Agreements and Waiver (the "Amendment"). The Amendment provided for the following changes with respect to the existing credit facilities:

- Availability under the Master Revolving Note was increased from $3,000,000 to $4,000,000. The advance formula for borrowing under the Master Revolving Note was modified to allow for over formula funding up to $750,000 through May 31, 2020; and
- The Amendment provided a waiver to the Company for non-compliance with the stated debt covenant for the three-month periods ended September 30, 2019 and December 31, 2019. In addition, the Amendment modified the measurement for the debt covenants on a prospective basis.

As of the Infosys transaction date, the amounts outstanding under these facilities and the related accrued interest totaling $5,239,537 were assumed by the Seller, paid in full with transaction proceeds, and are included as part of the recapitalization balance included in the consolidated statement of equity. These facilities are no longer available for use as of December 31, 2020.

On April 28, 2020, the Company received a $2,048,100 Small Business Administration ("SBA") loan under the Paycheck Protection Program ("PPP") of the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act"). The SBA loan bears interest at 1% per annum and matures on April 28, 2022.

The Company filed an application for forgiveness with the SBA on October 2, 2020. The application was still pending at the date of the Infosys transaction. In accordance with the SBA Procedural Notice dated October 2, 2020, the Company provided written notice to the PPP lender and established an interest-bearing escrow account controlled by the PPP lender with funds equal to the outstanding balance of the loan plus accrued interest totaling $2,058,065. As of the Infosys transaction date, the escrow account was funded by the Seller with transaction proceeds which is included as part of the recapitalization balance included in the consolidated statement of equity. There were no amounts outstanding for the SBA loan as of December 31, 2020.

7. Revenue recognition

Revenue was disaggregated into the following categories:

In US$

Particulars	Year ended December 31, 2020			
	Customer Experience	Analytics Services	Partner Referral Program	Total
Time and materials	16,924,700	945,453	–	17,870,153
Fixed price—Retainer	774,400	245,000	–	1,019,400
Fixed price—Milestone	1,959,399	139,590	–	2,098,989
Partner referral program	–	–	394,945	394,945
	19,658,499	1,330,043	394,945	21,383,487

8. Incentive unit award agreement

The Company signed an Incentive Unit Award Agreement with an employee on July 25, 2018 which granted a total of 6,005 incentive units to the employee pursuant to the terms of the Equity Incentive Plan. There were performance conditions specific to a change of control which must be met prior to vesting. The Equity Incentive Plan defines change of control, as the sale of all or substantially all of the Company's assets to a person or a group of persons acting in concert, sale or transfer, merger or consolidation, or an initial public offering of the Company's units. Upon consummation of the Infosys transaction, the change in control condition was met and 1,212 incentive units vested. Expense of $287,418 was recognized and based upon the fair value of the incentive units at the date of the Infosys transaction and recorded as selling, general and administrative expense within the consolidated statement of operations. The related liability was assumed by the Seller, paid in full with transactions proceeds, and is included as part of the recapitalization balance included in the consolidated statement of equity.

9. Retirement plan

The Company sponsors a 401(k) plan (the "Plan") which covers all employees over the age of 21. The contributions made by the Company are discretionary. All contributions are participant directed. The Company did not contribute to the Plan for the year ended December 31, 2020.

10. Income taxes

The provision for income taxes is as follows:

In US$

Particulars	As at December 31, 2020
Current	
Federal	388,103
State	25,524
Total current	413,627
Deferred:	
Federal	(431,581)
Provision for income taxes	(17,954)

The effective income tax rates for 2020 differ from the federal statutory rates principally because of the effect of valuation allowance, state income taxes, and other non deductible expenses. The Component of the deferred tax assets and liabilities are as follows:

In US$

Particulars	As at December 31, 2020
Investment in partnership	926,202.00
Valuation allowance	(926,202.00)
Net deferred tax asset	–

The Company continually assesses the realizability of its deferred tax assets. As of December 31, 2020, the Company has a three-year cumulative book loss and concluded that it was not more likely than not to realize the net deferred tax asset. As such, the valuation allowance as of December 31, 2020 is $926,202, representing an increase of $188,041 in the current year.

The Company has determined that there are no significant tax positions that result in uncertainty requiring recognition as at and for the year ended December 31, 2020. The Company recognizes interest and penalties accrued related to any unrecognized tax benefits in interest and bank charges. During the year, the Company recognized no interest and penalties related to unrecognized tax benefits. Tax years 2017 – 2020 remain subject to examination by the federal and state jurisdictions in which the Company operates.

On March 27, 2020, the US Government signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of the employer's share of socials security payments, net operating loss carrybacks, alternative minimum tax credit refunds, modification to the net interest expense deduction limitation and technical correction to the tax depreciation methods for qualified improvement property. Under the CARES Act, the Company filed refund claims based on the carryback of $1,750,972 of net operating losses to tax years 2018 and 2017. The anticipated refund of $431,581, reflected as a deferred tax benefit above, has been recorded as an income tax receivable within the consolidated Balance Sheet as of December 31, 2020.

11. Commitments and contingencies

Periodically, the Company may be involved in claims and other legal matters. The Company records accruals for loss contingencies to the extent that management concludes that it is probable that a liability has occurred, and the amount of the related loss can be reasonably estimated. Legal fees and other expenses related to litigation are expenses as incurred and included in selling, general and administrative expenses within the consolidated statement of operations.

The Company leases office space in Raleigh and Chicago under operating leases. The leases commenced on April 3, 2020 and January 1, 2016, respectively and expire on June 30, 2027 and March 31, 2021, respectively. The Company also leases office equipment under multiple operating leases. The office equipment leases commenced in May of 2015 and expire through the period of December 31, 2022. Minimum rental commitments under the terms of these operating leases are scheduled as follows:

In US$

2021	564,668
2022	546,144
2023	551,423
2024	566,637
2025	582,278
2026 and thereafter	1,058,291
Total	3,869,440

Rental expense for the year ended December 31, 2020 was $566,744.

12. Related party transactions

During the year ended December 31, 2020, the Company paid $450,000 to Beringer Capital Fund III, L.P. for management and advisory services. Beringer Capital Fund III L.P. owned 100% shares of common stock of the Company up until October 27, 2020.

In March 2019, the Company provided funding in the amount of $4,000,0000 to a related company under common control in exchange for a promissory note receivable. The promissory note bore interest based on LIBOR rate plus 3.25% adjusted monthly and was due on demand. Interest income recognized on the promissory note totaled $133,462 for the year ended December 31, 2020 and is included in interest expense, net within the consolidated statement of operations. No payments were made on the promissory note during the period January 1 to October 26, 2020. As of the Infosys transaction date, the loan and related accrued interest totaling $3,951,704 was assumed by the Seller, paid in full with transaction proceeds, and is included as part of the recapitalization balance included in the consolidated statement of equity.

In January 2020, the Company advanced $250,000 to a related party under common control. The advance was non-interest bearing and payable on demand. The advance was paid in full on June 5, 2020.

During the year, the Company recognized $1,784,356 in revenue from companies under common control and recognized $912,415 in expenses for services provided by companies under common control. Due from affiliates reflects payments due from related parties under common control. These amounts are non-interest bearing, due on demand, and measured at the exchange amount. At December 31, 2020, amounts due from affiliates totaled $389,158.

13. Subsequent events

Management has evaluated subsequent events through May 18, 2021, the date on which the consolidated financial statements were available to be issued and no other events were noted.

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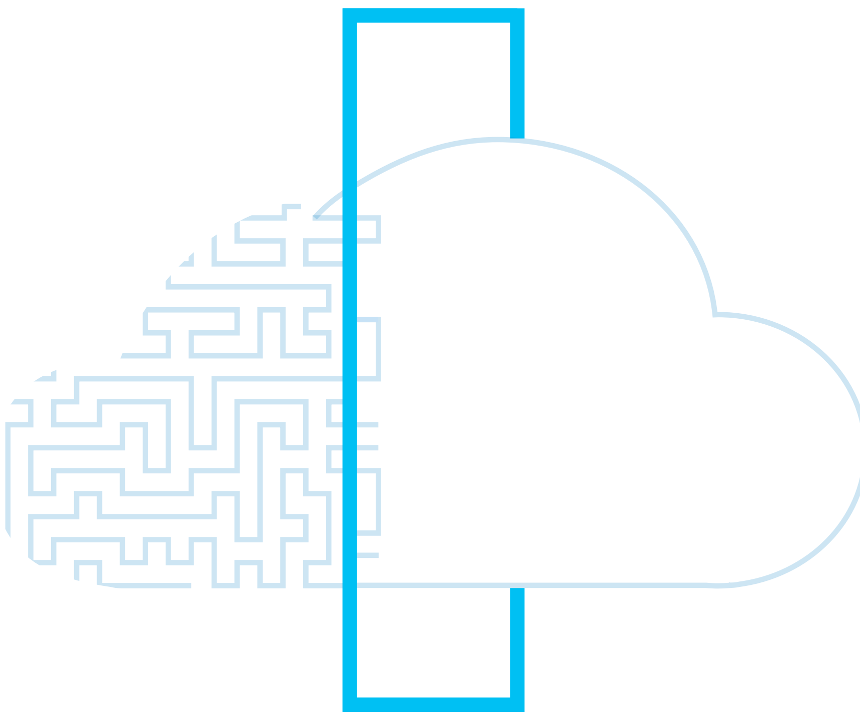

Infosys Compaz Pte. Ltd.

Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended March 31, 2021.

In our opinion:

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at March 31, 2021 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorized these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Jonathon Revill Christopher Allaway

Andrew Stewart Groth

Salil Satish Parekh

Eugene Chehchun Huang

Lim Ming Pey

Manohar Madgula Atreya (Chief Executive Officer, Appointed on June 16, 2020)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year /date of appointment	Holdings at end of the year
Andrew Stewart Growth		
Infosys Limited		
Stock Incentive Rewards Program Share Plan		
ADR Option	34,800	–
ADR RSU	44,775	60,863
Salil Satish Parekh		
Infosys Limited		
Employee Stock Options (ESOP)	203,278	460,541
Lim Ming Pey		
Ascendas Funds Management (S) Limited		
Unit holdings in Ascendas Real Estate Investment Trust	–	20,740
Ascott Residence Trust Management Limited		
Unit holdings in Ascott Reit-BT Stapled Units, held by Ascott Residence Trust	–	65,000
Astrea IV Pte. Ltd.		
Class A-1 4.35% Secured Fixed Rate Bonds	SGD70,000	SGD70,000
CapitaLand Integrated Commercial Trust Management Limited (formerly known as CapitaLand Mall Trust Management Limited)		
unit holdings in CapitaLand Integrated Commercial Trust (formerly known as CapitaLand Mall Trust)	–	36,211
CapitaLand Retail China Trust Management Limited		
unit holdings in CapitaLand Retail China Trust	–	31,648
Mapletree Commercial Trust Management Ltd.		
unit holdings in Mapletree Commercial Trust	–	30,000
Mapletree North Asia Commercial Trust Management Ltd.		
unit holdings in Mapletree North Asia Commercial Trust	–	10,335

Name of director and corporation in which interests are held	Holdings at beginning of the year /date of appointment	Holdings at end of the year
Mapletree Treasury Services Limited and Mapletree Treasury Services (HKSAR) Private Limited		
Hybrid Perpetual Bonds	SGD 250,000	SGD 250,000
Singapore Technologies Engineering Ltd		
ordinary shares	–	12,000
Singapore Telecommunications Limited		
ordinary shares	–	17,000
Manohar Madgula Atreya		
Infosys Limited		
Employee Stock Options (ESOP)	6,475	4,500
Equity shares held in demat account	7,705	9,430

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Jonathan Revill Christopher Allaway
Chairman

Manohar Madgula Atreya
Director and Chief Executive Officer

May 31, 2021

Independent Auditors' Report

Members of the Company Infosys Compaz Pte. Ltd.

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys Compaz Pte. Ltd. ("the Company"), which comprise the statement of financial position as at March 31, 2021, and the statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at March 31, 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and Chartered Accountants

Singapore
May 31, 2021

Statement of Financial Position

in SG $

Particulars	Note no.	As at March 31,	
		2021	2020
Assets			
Plant and equipment	4	5,168,715	4,485,639
Deferred tax assets	8	898,462	1,385,480
Non-current assets		6,067,177	5,871,119
Contract assets	14	6,151,161	9,958,352
Trade and other receivables	5	19,495,478	36,801,915
Cash and cash equivalents	6	37,575,510	11,603,062
Current assets		63,222,149	58,363,329
Total assets		69,289,326	64,234,448
Equity and liabilities			
Equity			
Share capital	7	2,600,000	2,600,000
Reserves		38,522,506	28,363,268
Total equity		41,122,506	30,963,268
Liabilities			
Employee benefits	10	583,935	1,241,516
Provision for reinstatement cost	11	285,249	299,351
Lease liabilities	12	3,345,907	1,554,677
Non-current liabilities		4,215,091	3,095,544
Trade and other payables	9	15,081,038	21,041,921
Employee benefits	10	2,134,244	2,687,229
Contract liabilities	14	3,236,935	2,684,119
Current tax payable		2,715,414	3,033,638
Lease liabilities	12	784,098	728,729
Current liabilities		23,951,729	30,175,636
Total liabilities		28,166,820	33,271,180
Total equity and liabilities		69,289,326	64,234,448

The accompanying notes form an integral part of these financial statements.

Statement of Comprehensive Income

in SG $

Particulars	Note no.	Year ended March 31,	
		2021	2020
Revenue	14	92,475,767	87,798,552
Cost of sales		(71,945,915)	(68,826,757)
Gross profit		20,529,852	18,971,795
Other income		–	395
Administrative expenses		(7,599,045)	(8,285,793)
Results from operating activities		12,930,807	10,686,397
Finance income	15	17,105	89,809
Finance costs	15	(95,786)	(73,582)
Net finance income		(78,681)	16,227
Profit before income tax	16	12,852,126	10,702,624
Income tax expense	17	(2,692,888)	(687,284)
Profit for the year, representing total comprehensive income for the year		10,159,238	10,015,340

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

in SG $

Particulars	Year ended march 31		
	Share capital	Accumulated profits	Total equity
At April 1, 2019	2,600,000	18,517,527	21,117,527
Adjustment on initial application of SFRS(I) 16 (net of tax)	–	(169,599)	(169,599)
Adjusted balance at April 1, 2019	2,600,000	18,347,928	20,947,928
Total comprehensive income for the year			
Profit for the year	–	10,015,340	10,015,340
Total comprehensive income for the year	–	10,015,340	10,015,340
At March 31, 2020	2,600,000	28,363,268	30,963,268
At April 1, 2020	2,600,000	28,363,268	30,963,268
Total comprehensive income for the year			
Profit for the year	–	10,159,238	10,159,238
Total comprehensive income for the year	–	10,159,238	10,159,238
At March 31, 2021	2,600,000	38,522,506	41,122,506

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

in SG $

Particulars	Note no.	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities			
Profit before income tax		12,852,126	10,702,624
Adjustments for:			
Depreciation of plant and equipment	4	1,965,675	5,232,595
Impairment loss allowance on doubtful debts	13	87,204	328,775
Write-off plant and equipment		36,687	–
Rent concessions		(31,627)	–
Finance income	15	(17,105)	(89,809)
Finance costs	15	95,786	73,582
		14,988,746	16,247,767
Changes in working capital:			
Trade and other receivables		17,219,233	(19,565,361)
Contract assets		3,807,191	(5,582,260)
Trade and other payables		(5,960,883)	9,508,139
Contract liabilities		552,816	1,975,958
Provision for reinstatement cost		(20,228)	(203,734)
Employee benefits		(1,210,566)	62,853
Cash generated from operating activities		29,376,309	2,443,362
Income tax (paid) / refund		(2,524,094)	474,952
Net cash from operating activities		22,852,215	2,918,314
Cash flows from investing activities			
Purchase of plant and equipment	4	(101,407)	(1,149,624)
Interest income received		17,105	89,809
Net cash used in investing activities		(84,302)	(1,059,815)
Cash flows from financing activities			
Payments of lease liabilities	12	(705,805)	(717,393)
Interest paid	12	(89,660)	(68,014)
Net cash used in financing activities		(795,465)	(785,407)
Net increase in cash and cash equivalents		25,972,448	1,073,092
Cash and cash equivalents at April 1		11,603,062	10,529,970
Cash and cash equivalents at March 31	6	37,575,510	11,603,062

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 May 2021.

1 Domicile and activities

Infosys Compaz Pte. Ltd. ("the Company") is a company incorporated in the Republic of Singapore. The address of the Company's registered office is 401 Commonwealth Drive #05-01 Haw Par Techno Centre, Singapore 149598.

The principal activities of the Company are those relating to the provision of computer consultancy services.

The immediate holding company during the financial year is Infosys Consulting Pte Ltd., a company incorporated in the Republic of Singapore. The ultimate holding company is Infosys Limited, a company incorporated in India.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)) and International Financial Reporting Standards ("IFRSs"). SFRS(I)s are issued by the Accounting Standards Council, which comprise standards interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SFRS(I)s and IFRSs requires the Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information on areas involving a higher degree of judgment or areas where estimates are significant, to the financial statements is set out in Note 21.

2.5 Changes in accounting policies

New standards and amendments

The Company has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 April 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)
- COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16)

The Company has early adopted COVID-19 Related Rent Concessions – Amendment to SFRS(I) 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Company is a lessee - i.e. for leases to which the Company applies the practical expedient, the Company is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Company has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 April 2020

The application of the amendments to standards and interpretations does not have a material effect on the financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortized cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. These financial liabilities comprised of trade and other payables.

(iii) Derecognition

Financial assets

The Company derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- or it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognized when the Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Company in the Management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.2 Plant and equipment

Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, estimated costs of dismantling and removing the items and restoring the site on which they are located when the Company has an obligation to remove the asset or restore the site, and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in the profit or loss on a straight-line basis to write down the cost of plant and equipment to its estimated residual value over the estimated useful lives (or lease term, if shorter) of each part of an item of plant and equipment.

Depreciation is recognized from the date that the plant and equipment are installed and ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. No depreciation is provided on construction work-in-progress until the related plant and equipment is ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold improvements	5 years
Plant and machinery	5 years
Computers and software	3-5 years
Office furniture and equipment	5 years

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.3 Impairment

(i) Non-derivative financial assets and contract assets

The Company recognizes loss allowances for ECLs on: financial assets measured at amortized costs; and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Company are measured on either of the following bases:

12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and Financial Guarantee Contracts ('FGCs"). Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than a reasonable number of days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or is more than a reasonable number of days past due
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost and contract assets are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognized as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognized.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its related Cash Generating Unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.4 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Training pool provisions

Training pool provisions are related to funds disbursed by its former immediate holding company for the training of staff. A liability is recognised for the amount expected to be utilised for the staff training and reduced by training attended by employee in the periods during which related services are rendered to employees.

3.5 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.6 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset ("ROU asset") and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the ROU asset reflects that the Company will exercise a purchase option. In that case the ROU asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents ROU assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise Right of use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Company has applied COVID-19-Related Rent Concessions - Amendment to SFRS(I) 16. The Company applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Company applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Company chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Company assesses whether there is a lease modification.

3.7 Government grants

Government grants related to assets are initially recognized as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. These grants are then recognized in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses incurred are recognized in profit or loss as deduction against salary cost on a systematic basis over financial periods, unless the conditions for receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable.

3.8 Revenue

Revenue from professional services and information technology services in the ordinary course of business are recognized when the Company satisfies a performance obligation (PO) by transferring control of a promised good o service to the customer. The amount of revenue recognized is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods and services. The individual standalone selling price of a good and service that has not been previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods and services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognized at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognized based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.9 Finance income and costs

The Company's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognized using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.10 Tax

Tax expense comprises current and deferred tax. Tax expense is recognized in the profit or loss except to the extent that it relates to a business combination, to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income losses, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each Balance Sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.11 New standards and interpretations not yet adopted

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- FRS 117 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to FRS 1)
- Reference to the Conceptual Framework (Amendments to FRS 103)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to FRS 16)
- Onerous Contracts – Costs of Fulfilling a Contract (Amendments to FRS 37)
- Annual Improvements to FRS(I)s 2018 – 2020

4 Plant and equipment

in SG $

Particulars	Building	Plant & machinery	Computers and software	Office improvement, furniture and equipment	Asset under construction	Total
Cost						
At April 1, 2019	–	–	24,871,465	1,975,051	37,166	26,883,682
Recognition of rights-of-use assets on initial application of SFRS (I) 16	3,112,310	–	–	59,310	–	3,171,620
Adjusted balance April 1, 2019	3,112,310	–	24,871,465	2,034,361	37,166	30,055,302
Reclassifications	–	–	505,529	186,454	(691,983)	–
Additions	–	29,800	465,007	17,774	654,817	1,167,398
Write-off	–	–	(36,976)	–	–	(36,976)
At March 31, 2020	3,112,310	29,800	25,805,025	2,238,589	–	31,185,724
At April 1, 2020	3,112,310	29,800	25,805,025	2,238,589	–	31,185,724
Reclassifications	–	24,500	107,663	(132,163)	–	–
Additions	2,552,573	–	86,707	46,158	–	2,685,438
Write-off	(62,246)	–	(573,073)	(16,381)	–	(651,700)
At March 31, 2021	5,602,637	54,300	25,426,322	2,136,203	–	33,219,462

in SG $

Particulars	Building	Plant and machinery	Computers and software	Office improvement, furniture and equipment	Asset under construction	Total
Accumulated depreciation						
At April 1, 2019	–	–	20,012,167	1,427,888	–	21,440,055
Recognition of rights-of-use assets on initial application of SFRS (I) 16	62,246	–	–	2,165	–	64,411
Adjusted balance April 1, 2019	62,246	–	20,012,167	1,430,053	–	21,504,466
Depreciation for the year	746,954	179	4,111,304	374,158	–	5,232,595
Write-off	–	–	(36,976)	–	–	(36,976)
At March 31, 2020	809,200	179	24,086,495	1,804,211	–	26,700,085
At April 1, 2020	809,200	179	24,086,495	1,804,211	–	26,700,085
Reclassifications	–	15,277	105,729	(121,006)	–	–
Depreciation for the year	782,916	9,529	979,067	194,163	–	1,965,675
Write off	(62,246)	–	(536,386)	(16,381)	–	(615,013)
At March 31, 2021	1,529,870	24,985	24,634,905	1,860,987	–	28,050,747
Carrying amounts						
At April 1, 2019	3,050,064	–	4,859,298	604,308	37,166	8,550,836
At March 31, 2020	2,303,110	29,621	1,718,530	434,378	–	4,485,639
At March 31, 2021	4,072,767	29,315	791,417	275,216	–	5,168,715

As at March 31, 2021, property, plant and equipment includes right-of-use assets of S$ 4,072,767 (2020: S$ 2,303,110) and S$ 47,042 (2020: S$ 45,171) related to leased building and office equipment and furniture, respectively.

5 Trade and other receivables

in SG $

Particulars	Note no.	As at March 31,	
		2021	2020
Current assets			
Trade receivables			
Ultimate holding company		187,256	190,953
Immediate holding company		–	32,345
Related corporations		8,029,261	27,833,572
Third parties		97,702	1,797,251
	14	8,314,219	29,854,121
Accrued revenue	14	6,441,999	–
Deposits		264,586	247,392
Grant receivables	9	–	951,678
Other receivables		–	5,984
Financial assets at amortized cost		15,020,804	31,059,175
Prepayments		4,474,674	5,742,740
		19,495,478	36,801,915

The Company's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 13.

Information about government grant is included in Note 9.

6 Cash and cash equivalents

in SG $

Particulars	As at March 31,	
	2021	2020
Cash at bank	7,523,381	6,567,205
Fixed deposits	30,052,129	5,035,857
	37,575,510	11,603,062

The weighted average effective interest rate relating to cash and cash equivalents at the Balance Sheet date for the Company are 0.03% - 0.12% (2020: 1.00% - 1.57%) per annum.

Included in the Company's cash and cash equivalents are amounts of S$37,575,510 (2020: S$11,603,062) placed with financial institutions who is also a related corporation.

7 Share capital

in SG $

Particulars	As at March 31,	
	2021	2020
	No. of shares	No. of shares
Ordinary shares		
At April 1 and March 31	1,000,000	1,000,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

All issued shares are fully paid.

8 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

in SG $

Particulars	Assets		Liabilities	
	2021	2020	2021	2020
Plant and equipment	–	(20,823)	168,003	–
Employee benefits	(1,007,944)	(1,257,877)	–	–
Trade receivables	(58,521)	(55,892)	–	–
Others	–	(50,888)	–	–
Deferred tax (assets) / liabilities	(1,066,465)	(1,385,480)	168,003	–

Movement in deferred tax balances during the year:

in SG $

Particulars	At April 1, 2019	Recognised in profit or loss (Note 17)	At March 31, 2020	Recognised in profit or loss (Note 17)	At March 31, 2021
Plant and equipment	638,934	(659,757)	(20,823)	188,826	168,003
Employee benefits	(1,136,525)	(121,352)	(1,257,877)	249,933	(1,007,944)
Trade receivable	–	(55,892)	(55,892)	(2,629)	(58,521)
Others	(34,634)	(16,254)	(50,888)	50,888	–
	(532,225)	(853,255)	(1,385,480)	487,018	(898,462)

9 Trade and other payables

in SG $

Particulars	As at March 31,	
	2021	2020
Trade payables		
Ultimate holding company	2,178,637	5,100,357
Immediate holding company	413,679	2,134,299
Related corporations	88,065	321,846
Third parties	1,836,302	3,191,662
Other payables	1,160,830	1,563,140
Accruals	9,359,850	7,714,468
Deferred grant income	–	951,678
Non-trade payables:		
ultimate holding company	43,675	64,471
	15,081,038	21,041,921

As at March 31, 2020, S$951,678 of deferred grant income was related to grant income under Job Support Scheme.

Grant income under the Jobs Support Scheme is recognized in profit or loss on a systematic basis over the 12-month period from April 2020 to March 2021 in which the Company recognizes the related salary costs.

Non-trade amounts due to ultimate holding company are unsecured, interest-free and repayable on demand.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 13.

10 Employee benefits

in SG $

Particulars	As at March 31,	
	2021	2020
Current		
Short-term accumulating compensated absences	1,512,128	1,052,022
Training plan	560,000	591,547
Bonus plan	62,116	1,043,660
	2,134,244	2,687,229
Non-current		
Training plan	551,195	591,547
Bonus plan	32,740	649,969
	583,935	1,241,516

11 Provision for reinstatement cost

The movement for provision for reinstatement and redecoration of office premise is as follows:

in SG $

Particulars	As at March 31,	
	2021	2020
Non-current		
Beginning of financial year	299,351	203,734
Provision reversed during the year	(20,228)	(203,734)
Adjustment for initial application of SFRS(I) 16	–	293,783
Unwind of discount	6,126	5,568
End of financial year	285,249	299,351

This provision relates to cost of dismantling and removing assets and restoring the premise to its original condition as stipulated in the operating lease agreement. The Company expects to incur the liability upon termination of the lease. The provision is measured at the best estimate of the expenditure required and timing of outflows, to settle the present obligation at the end of each reporting period.

12 Lease liabilities

in SG $

Particulars	As at March 31,	
	2021	2020
Current	784,098	728,729
Non-current	3,345,907	1,554,677
	4,130,005	2,283,406

Information about the Company's exposure to interest rate and liquidity risk is included in Note 13.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

in SG $

Particulars	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
2021					
Lease liabilities	SGD	1.58% – 2.63%	2022 - 2026	4,358,937	4,130,005
2020					
Lease liabilities	SGD	1.58% – 2.63%	2021 - 2023	2,373,531	2,283,406

Reconciliation of movements of liabilities to cash flows arising from financing activities

in SG $

Particulars	Total lease liabilities
Balance at April 1, 2019	–
Adjustment for initial application of SFRS(I) 16	2,983,025
Adjusted balance at April 1, 2019	2,983,025
Changes from financing cash flows	
Payment of lease liabilities	(717,393)
Interest paid	(68,014)
Total changes from financing cash flows	(785,407)
Other changes	
New leases	17,774
Interest expense	68,014
Total other changes	85,788
Balance at March 31, 2020	2,283,406

in SG $

Particulars	Total lease liabilities
Balance at April 1, 2020	2,283,406
Changes from financing cash flows	
Payment of lease liabilities	(705,805)
Interest paid	(89,660)
Total changes from financing cash flows	(795,465)
Other changes	
New leases	31,458
Reassessment of leases	2,552,573
Rent concessions	(31,627)
Interest expense	89,660
Total other changes	2,642,064
Balance at March 31, 2021	4,130,005

During the year, the Company has exercised its renewal option relating to lease of its office premise for another 3 years (2020: S$ nil), resulting in a reassessment of lease liabilities amounting to S$2,552,573 (2020: S$nil).

13 Financial instruments

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors oversees the Management in monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's loans and receivables. The Company does not hold any collateral in respect of their financial assets.

Exposure to credit risk

The Company limits its exposure to credit risk by mainly investing in low risk funds managed by Singapore financial institutions. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Expected credit loss assessment for trade receivables, accrued revenue and contract accrued revenue

The Company uses a provision matrix to measure the lifetime credit loss allowance for trade receivables accrued revenue and contract assets. In measuring the expected credit losses, trade receivable and contract assets are grouped based on shared credit risk characteristics such as customer types and days past due.

In calculating the expected credit loss rates, the Company considers loss rates for each category of customers, based on actual credit loss experience for the last three years. The resultant impact arising from expected credit loss was not material.

The following table provides information about the exposure to credit risk for trade receivables accrued revenue and contract accrued revenue as at March 31:

in SG $

Particulars	Lifetime ECL – not impaired	Lifetime ECL – credit impaired
2021		
Current (not past due)	20,263,381	–
1-30 days past due	149,738	–
31-60 days past due	243,846	–
More than 60 days past due	250,415	344,244
Gross carrying amount	20,907,379	344,244
Loss allowance	–	(344,244)
Carrying amount	20,907,379	–
2020		
Current (not past due)	32,445,771	–
1-30 days past due	3,444,353	–
31-60 days past due	2,463,295	–
More than 60 days past due	1,459,054	328,775
Gross carrying amount	39,812,473	328,775
Loss allowance	–	(328,775)
Carrying amount	39,812,473	–

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

in SG $

Particulars	2021	2020
Balance as at April 1	328,775	–
Impairment loss recognized	87,204	328,775
Written-off of bad debts	(71,735)	–
Balance as at March 31	344,244	328,775

The Company believes that the unimpaired amounts that are past due by more than 60 days are still collectible in full, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

Other financial assets

Impairment loss on these other financial assets have been measured on the 12-month expected loss basis and reflects the short-term maturities of the exposures. The Company consider that remaining receivables have low credit risk based on the external credit ratings of the counterparties.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated. At the balance sheet date, 100% (2020: 100%) of the Company's cash and cash equivalents are placed with financial institutions with credit-rating of A-1 and above. The amount of expected credit loss allowance is not expected to be significant

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

in SG $

Particulars	Carrying amount	Contractual cashflow	Within 1 year	2 to 5 years
March 31, 2021				
Non-derivative financial liability				
Trade and other payables (excluding deferred grant income)	15,081,038	(15,081,038)	(15,081,038)	–
Lease liabilities	4,130,005	(4,358,937)	(863,779)	(3,495,158)
	19,211,043	(19,439,975)	(15,944,817)	(3,495,158)
March 31, 2020				
Non-derivative financial liability				
Trade and other payables (excluding deferred grant income)	20,090,243	(20,090,243)	(20,090,243)	–
Lease liabilities	2,283,406	(2,373,531)	(778,049)	(1,595,482)
	22,373,649	(22,463,774)	(20,868,292)	(1,595,482)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

As at Balance Sheet date, the Company is not exposed to significant currency risks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Company's financial instruments will fluctuate because of changes in market interest rates. As at Balance Sheet date, the Company are not exposed to significant interest rate risk.

Capital management

The capital management of the Company is determined and managed by the immediate holding company as part of the operations of the Company. The Company's capital comprises its share capital and accumulated profits.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

in SG $

Particulars	Note no.	Financial assets at amortized cost	Other financial liabilities	Total carrying amounts
2021				
Financial assets not measured at fair value				
Trade and other receivables (excluding grant receivables and prepayments)	5	15,020,804	–	15,020,804
Cash and cash equivalents	6	37,575,510	–	37,575,510
		52,596,314	–	52,596,314
Financial liabilities not measured at fair value				
Trade and other payables (excluding deferred grant income)	9	–	15,081,038	15,081,038
2020				
Financial assets not measured at fair value				
Trade and other receivables (excluding grant receivables and prepayments)	5	30,107,497	–	30,107,497
Cash and cash equivalents	6	11,603,062	–	11,603,062
		41,710,559	–	41,710,559
Financial liabilities not measured at fair value				
Trade and other payables (excluding deferred grant income)	9	–	20,090,243	20,090,243

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate theirs fair values because of the short period of maturity.

14 Revenue

in SG $

Particulars	As at March 31,	
	2021	2020
Professional services fee income	43,293,096	34,997,425
Smart messaging services fee income	15,138,268	11,882,180
Utility computing services fee income	25,150,919	32,179,528
IT security services fee income	8,893,484	8,739,419
	92,475,767	87,798,552

The following tables provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Revenue stream

Nature of goods or services	The Company generates revenue from providing IT consultancy services (which includes professional service, Smart messaging services, Utility computing services and IT security services).
When revenue is recognized	Revenue is recognized when these services are delivered to the customer and all criteria for acceptance have been satisfied.
	These contracts qualify for over time revenue recognition and the Company generally has enforceable rights to payment for performance completed till date. The stage of completion is assessed by reference to the contract effort incurred till date in proportion to the estimated total effort of each contract.
Significant payment terms	Payment is due when services are rendered to the customers or when milestones are met or progress billing to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified milestones. If the value of the services rendered exceeds the payments received from the customer, a contract asset is recognized.
Obligations for returns and refunds, if any	Revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted based on availability of supporting documents.
	The company reviews its estimate of revenue at each reporting date and updates the amounts of the assets and liabilities accordingly.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments.

IT consultancy

in SG $

Particulars	As at March 31,	
	2021	2020
Primary geographical markets		
Singapore	92,475,767	87,798,552
Major products/service line		
Sale of services	92,475,767	87,798,552
Timing of revenue recognition		
Products and services transferred over time	92,475,767	87,798,552

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

in SG $

Particulars	Note no.	As at March 31,	
		2021	2020
Trade receivables	5	8,314,219	29,854,121
Accrued revenue	5	6,441,999	–
Contract assets		6,151,161	9,958,352
Contract liabilities		(3,236,935)	(2,684,119)
		17,670,444	37,128,354

The contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on services rendered and project completion. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Company invoices the customer.

The contract liabilities primarily relate to advance consideration received from customers for projects over a period of time.

Significant changes in the contract assets and the contract liabilities balances during the year are as follows:

in SG $

Particulars	Contract assets		Contract liabilities	
	2021	2020	2021	2020
Revenue recognized that was included in the contract liability balance at the beginning of the year	–	–	2,022,176	708,161
Increase due to cash received, excluding amounts recognized as revenue during the year	–	–	(2,574,992)	(2,684,119)
Contract assets reclassified to trade receivable	(9,958,352)	(4,376,092)	–	–
Changes in measurement of progress	6,151,161	9,958,352	–	–

Actual agreements and service orders are used to estimate the total contract costs to complete. In making these estimates, the Management has relied on the expertise of project managers as well as timesheets to determine the progress of the projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognized prospectively from the date of change.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially satisfied) at the reporting date.

in SG $

Particulars	2022	2023	2024	Total
2021				
IT consultancy services	12,503,097	6,366,854	3,186,934	22,056,885

in SG $

Particulars	2021	2022	2023	Total
2020				
IT consultancy services	19,786,142	5,712,474	7,763,518	33,262,134

Variable consideration that is constrained and therefore not included in the transaction price is excluded from the amount presented above.

The Company applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if

- :the performance obligation is part of a contract that has an original expected duration of one year or less;
- or the Company has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognizes revenue in that amount.

15 Finance income and costs

in SG $

Particulars	As at March 31,	
	2021	2020
Interest income under the effective interest method on:		
Fixed deposits	17,105	89,809
Finance income	17,105	89,809
Lease liabilities	(89,660)	(68,014)
Unwind of discount for provision for reinstatement cost	(6,126)	(5,568)
Finance costs	(95,786)	(73,582)
Net finance (costs)/income	(78,681)	16,227

16 Profit before income tax

The following items have been included in arriving at profit before income tax:

in SG $

Particulars	As at March 31,	
	2021	2020
Depreciation of plant and equipment	1,965,675	5,232,595
Staff costs	30,016,398	32,581,295
Contributions to defined contribution plans, included in staff costs	2,500,236	1,842,386
Government grant income, included in staff cost	(3,103,649)	–

Particulars	As at March 31,	
	2021	2020
Provision made for unconsumed leave	1,139,086	549,653
Legal and professional fee	1,724,225	1,371,802
Rent concessions	(31,627)	–

Government grant income related to Job Support Scheme. Information about government grant is included in Note 9.

In 2021, the Company has recognised S$46,273 (2020: S$28,159) of expenses relating to short-term lease expenses and S$31,627 (2020: S$nil) of rent concessions to which they have applied practical expedient for COVID-19 related rent concessions. These rent concessions have been offset against the related short-term lease expenses in its profit or loss.

17 Income tax expense

in SG $

Particulars	Note no.	As at March 31,	
		2021	2020
Current tax expense			
Current year		2,037,546	2,700,619
Under / (over) provision in prior years		168,324	(1,160,080)
		2,205,870	1,540,539
Deferred tax expense			
Origination and reversal of temporary differences	8	487,018	(853,255)
Income tax expense		2,692,888	687,284
Reconciliation of effective tax rate			
Profit before income tax		12,852,126	10,702,624
Income tax using Singapore tax rate of 17% (2020: 17%)		2,184,861	1,819,446
Tax incentives		(63,672)	(134,813)
Non-deductible expenses		420,800	180,156
Income not subject to tax		(545,045)	(17,425)
Others		527,620	–
Under / (over) provision in prior years		168,324	(1,160,080)
		2,692,888	687,284

18 Leases

Leases as lessee (SFRS(I) 16)

The Company leases office and office equipment. The leases typically run for a period of 3 years, with an option to renew the lease after that date.

The office and office equipment were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

Information about leases for which the Company is a lessee is presented below.

in SG $

Particulars	Building	Office furniture and equipment	Total
Balance at April 1, 2019	3,050,064	57,145	3,107,209
Depreciation charge for the year	(746,954)	(29,748)	(776,702)
Additions to right-of-use assets	–	17,774	17,774
Balance at March 31, 2020	2,303,110	45,171	2,348,281
Balance at April 1, 2020	2,303,110	45,171	2,348,281
Depreciation charge for the year	(782,916)	(29,587)	(812,503)
Additions to right-of-use assets	–	31,458	31,458
Reassessment of right-of-use assets	2,552,573	–	2,552,573
Balance at March 31, 2021	4,072,767	47,042	4,119,809

Amounts recognized in profit or loss

in SG $

Particulars	As at March 31,	
	2021	2020
Leases under SFRS(I) 16		
Interest on lease liabilities	89,660	68,014
Rent concessions	(31,627)	–

Amounts recognized in statement of cash flows

in SG $

Particulars	As at March 31,	
	2021	2020
Total cash outflow for leases	795,465	785,407

19 Commitments

License and maintenance contracts

The Company has entered into contracts for the license and maintenance of certain software and equipment. The non-cancellable expenses are payable as follows:

in SG $

Particulars	As at March 31,	
	2021	2020
Within one year	4,941,539	6,770,863
Between one and five years	1,460,551	1,392,592
	6,402,090	8,163,455

20 Related parties

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors and executive officers are considered as key management personnel of the Company.

Key management personnel compensation comprised:

in SG $

Particulars	As at March 31,	
	2021	2020
Short-term employee benefits	2,360,259	2,939,877
Contributions to defined contribution plans	57,932	125,991
	2,418,191	3,065,868

No directors fees was proposed in respect of the financial year ended March 31, 2021 (2020: S$Nil).

Other related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Other than as disclosed elsewhere in the financial statements, the transactions with related parties during the year based on terms agreed between the parties are as follow

in SG $

Particulars	2021	2020
Ultimate holding company		
Professional services fee income	481,715	33,822,216
Smart messaging services fee income	–	8,013,002
Utility computing services fee income	121,005	27,898,641
IT security services fee income	–	6,341,459
Reimbursement of income/(expenses)	(171,119)	2,315,871
Manpower cost recovery	(13,235,776)	(16,965,266)

Particulars	2021	2020
Immediate holding company		
Reimbursement of expenses	–	30,229
Manpower cost recovery	(5,092,191)	(4,535,953)
Related corporations		
Professional services fee income	42,759,144	1,043,151
Smart messaging services fee income	14,942,525	3,646,058
Utility computing services fee income	24,819,559	3,856,314
IT security services fee income	7,806,181	964,133
Manpower cost recovery	(744,236)	(1,212,333)
Information technology services and internet services expense	(4,011,853)	(4,831,375)

21 Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Impairment of financial assets

The Company maintain impairment loss at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectability of the accounts. These factors include, but not limited to, the length of the Company's relationship with the debtors, their payment behaviour and known market factors. The Company reviews the age and status of receivables and identifies accounts which require allowance to be made on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgement or utilised different estimates. An increase in the Company's impairment loss would increase the Company's recorded other expenses and decrease current assets.

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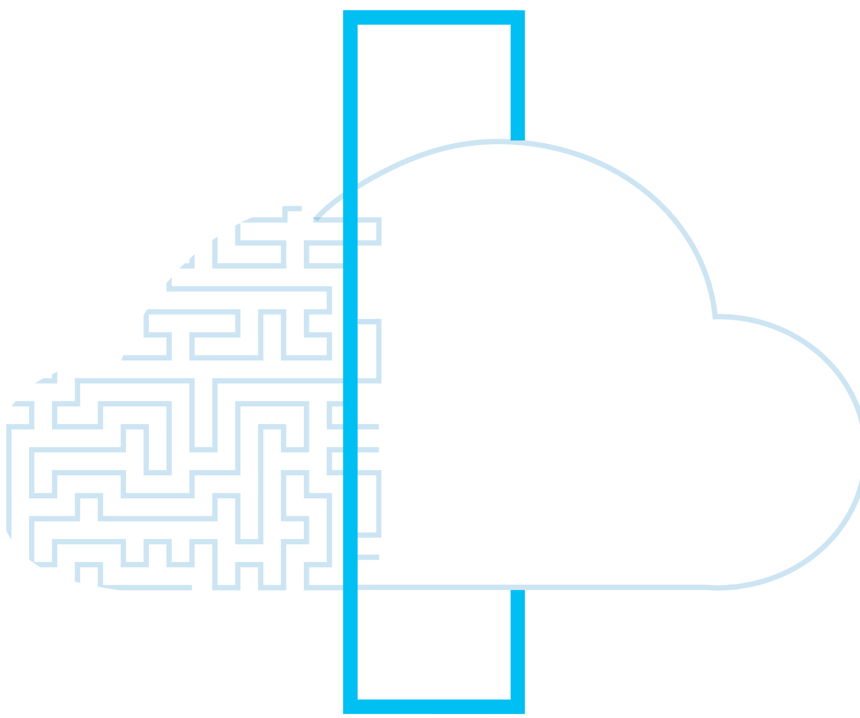

Infosys Poland Sp. z o.o.

Independent Auditor's Report

Report on the Special Purpose Financial Statements

To the Members of Infosys Poland Sp. z o.o

Opinion

We have audited the accompanying special purpose financial statements of Infosys Poland Sp. z o.o ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation referred to in Section 1.2 of the special purpose financial statements, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 1.2 of the special purpose financial statement.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the reparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Company's Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

For Shenoy & Kamath
Chartered Accountants

M. Rathnakar Kamath
Partner

Firm Registration Number. 006673S

Membership Number. 202841

UDIN : 21202841AAADTZ5129

Place: Bengaluru.

Date: June 01, 2021

Balance Sheet

in PLN

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	7,773,553	4,303,639
Right of use assets	2.2	105,008,309	116,447,505
Capital work-in-progress		8,211	–
Goodwill	2.3	22,046,332	22,046,332
Financial assets:			
Investments	2.4	23,095,312	79,610,771
Loans	2.5	26,110,965	26,445,269
Other financial assets	2.6	3,216,985	2,364,118
Deferred tax assets (net)	2.16	13,598,758	13,207,022
Income tax assets (net)	2.16	–	2,883,900
Total non - current assets		200,858,425	267,308,556
Current assets			
Financial assets:			
Trade receivables	2.7	108,751,185	57,561,836
Cash and cash equivalents	2.8	220,187,057	135,547,979
Loans	2.5	170,609	22,262,976
Other financial assets	2.6	9,491,080	24,936,541
Other current assets	2.9	10,168,919	8,446,450
Total current assets		348,768,850	248,755,782
Total Assets		549,627,275	516,064,338
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	2,500,000	2,500,000
Other equity		311,940,164	325,975,258
Total equity		314,440,164	328,475,258
Liabilities			
Non-current liabilities			
Financial liabilities:			
Lease liabilities	2.2	97,672,808	109,687,522
Total non - current liabilities		97,672,808	109,687,522
Current liabilities			
Financial liabilities:			
Trade payables	2.13	2,724,767	2,003,967
Lease liabilities	2.2	19,075,147	16,158,623
Other financial liabilities	2.12	70,525,680	46,131,950
Other current liabilities	2.14	33,524,614	11,707,794
Provisions	2.15	1,273,151	1,899,224
Income tax liabilities (net)	2.16	10,390,944	–
Total current liabilities		137,514,303	77,901,558
Total equity and liabilities		549,627,275	516,064,338

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 Registration Number: 006673S

M. Rathnakar Kamath
Partner
Membership Number: 202841

Place: Bengaluru
Date: June 01, 2021

for and on behalf of the Board of Directors of Infosys Poland Sp. z o.o

Anup Kapoor
Director

Arindam Roy Chowdhury
Director

Statement of Profit and Loss

in PLN, except equity share and per equity

Particulars	Note No.	Year ended March 31,	
		2021	2020
Revenue from operations	2.17	355,793,574	282,969,542
Other income, net	2.18	(2,239,019)	(8,789,674)
Total income		353,554,555	274,179,868
Expenses			
Employee benefit expenses	2.19	248,710,064	211,049,929
Cost of technical sub-contractors and professional charges	2.19	14,023,851	7,423,302
Travel expenses		1,092,471	5,035,559
Rent		1,585,570	1,525,689
Cost of software packages and others		1,828,911	1,723,991
Finance cost	2.2	2,266,002	2,446,834
Depreciation and amortization expense	2.1&2.2	19,430,827	18,598,868
Other expenses	2.19	17,176,208	18,688,494
Total expenses		306,113,904	266,492,666
Profit before tax		47,440,651	7,687,202
Tax expense:			
Current tax	2.16	15,486,274	4,413,929
Deferred tax	2.16	764,642	1,494,712
		16,250,916	5,908,641
Profit for the period		31,189,735	1,778,561
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Equity instruments through other comprehensive income, net of tax		–	(840,189)
		–	(840,189)
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net		–	–
Fair value changes on investments, net of tax		–	–
		–	–
Total other comprehensive income, net of tax		–	(840,189)
Total comprehensive income for the period		31,189,735	938,372
Earnings per equity share			
Equity shares of par value PLN 500/- each			
Basic and diluted (PLN)		6,237.95	355.71
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		5,000	5,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm Registration Number: 006673S

for and on behalf of the Board of Directors of Infosys Poland Sp. z o.o

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Kapoor
Director

Arindam Roy Chowdhury
Director

Place: Bengaluru
Date: June 01, 2021

Statement of Changes in Equity

in PLN

Particulars	Equity share capital	Other equity					Total equity attributable to equity holders of the company
		Reserves & surplus			Capital reserve	Other comprehensive income	
		Securities premium [1]	Retained earnings	General reserve	Business transfer adjustment reserve[2]	Equity Instruments through other comprehensive income	
Balance as at April 1, 2019	2,500,000	24,999,800	291,750,507	–	–	1,311,289	320,561,596
Impact on account of adoption of Ind AS 116 (refer note 2.2)	–	–	6,975,290	–	–	–	6,975,290
Adjusted Balance as at April 1,2019	2,500,000	24,999,800	298,725,797	–	–	1,311,289	327,536,886
Changes in equity for the year ended March 31, 2020							
Profit for the period	–	–	1,778,561	–	–	–	1,778,561
Equity instruments through other comprehensive income, net of tax	–	–	–	–	–	(840,189)	(840,189)
Total Comprehensive income for the period	–	–	1,778,561	–	–	(840,189)	938,372
Balance as at March 31, 2020	2,500,000	24,999,800	300,504,358	–	–	471,100	328,475,258
Balance as at April 01, 2020	2,500,000	24,999,800	300,504,358	–	–	471,100	328,475,258
Changes in equity for the year ended March 31, 2021							
Reserves created on account of common control business acquisition	–	–	13,401,969	2,173,202	(60,800,000)	–	(45,224,829)
Profit for the period	–	–	31,189,735	–	–	–	31,189,735
Total Comprehensive income for the period	–	–	44,591,704	2,173,202	(60,800,000)	–	(14,035,094)
Balance as at March 31, 2021	2,500,000	24,999,800	345,096,062	2,173,202	(60,800,000)	471,100	314,440,164

(1) Securities premium- refer note 2.11

(2) Capital reserve created on account of acquisition of entity which is under common control. Cash consideration of PLN 61.8 Mn was paid on the Februrary 20, 2020 (acquisition date) and business transfer reserve is created on account of this transfer for PLN 60.8 Mn ,refer note 2.23

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 Registration Number: 006673S

for and on behalf of the Board of Directors of Infosys Poland Sp. z o.o

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Kapoor
Director

Arindam Roy Chowdhury
Director

Place: Bengaluru
Date: June 01, 2021

Statement of Cash Flows

Accounting Policy

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

in PLN

Particulars	Note No.	Year ended March 31,	
		2021	2020
Cash flow from operating activities:			
Profit for the period		31,189,735	1,778,561
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.16	16,250,916	5,908,641
Depreciation and amortization	2.1&2.2	19,430,827	18,598,868
Finance cost		2,266,002	2,446,834
Interest on bank deposits and others		(1,040,246)	(3,798,686)
Income on other financial assets			
Impairment loss recognized/(reversed) under expected credit loss model		(56,832)	120,381
Profit/Loss/fair value change on Investments		786,508	12,360,657
Profit on sale of property, plant and equipment		4,015	–
Exchange difference on translation of assets and liabilities		2,572,544	(991,957)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(49,440,370)	(18,573,073)
Other financial assets and other assets		26,532,121	2,413,256
Trade payables		720,799	(2,040,123)
Other financial liabilities, other liabilities and provisions		46,836,622	10,209,171
Cash generated from operations		96,052,641	28,432,530
Income taxes paid, net of refunds		(8,352,136)	(5,156,218)
Net cash generated by operating activities		87,700,505	23,276,312
Cash flow from investing activities:			
Expenditure on property, plant and equipment including intangible assets net of sale proceeds		(6,137,892)	(1,720,800)
Loans to/ (from) employees		240,688	(407,507)
Interest received on bank deposits and others		2,126,729	10,528,403
Investment in subsidiary		–	(61,800,000)
Loan repaid by fellow subsidiary		20,833,333	–
Payments to acquire financial assets			
Preference and other securities		(7,184,583)	(15,505,650)
Proceeds on sale of financial assets			
Preference and other securities		11,893,318	–
Government bonds		–	1,874,526
Net cash from/(used in) investing activities		21,771,593	(67,031,028)

Particulars	Note No.	Year ended March 31,	
		2021	2020
Cash flow from financing activities:			
Payment of lease liability		(19,083,360)	(17,424,348)
Net cash used in financing activities		(19,083,360)	(17,424,348)
Effect of exchange rate on translation of foreign currency cash and cash equivalents		(5,749,660)	(14,219,986)
Net increase/ (decrease) in cash and cash equivalents		90,388,738	(61,179,064)
Cash and cash equivalents at the beginning	2.8	135,547,979	210,947,029
Cash and cash equivalents at the end	2.8	220,187,057	135,547,979

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 Registration Number: 006673S

for and on behalf of the Board of Directors of Infosys Poland Sp. z o.o

M. Rathnakar Kamath
Partner
Membership Number: 202841

Anup Kapoor
Director

Arindam Roy Chowdhury
Director

Place: Bengaluru
Date: June 01, 2021

Notes to the Financial Statements

1. Overview

1.1 Company overview

Infosys Poland Sp. z.o.o ("the Company") is a leading provider of business process management services to organizations that outsource their business processes. The Company leverages the benefits of accounting, book keeping and auditing activities; tax consultancy, computer consultancy activities, computer facilities management activities, other information technology and computer service activities, data processing, hosting and related activities, other information service activities not elsewhere classified, business and other management consultancy activities, research and experimental development on social sciences and humanities and other professional, scientific and technical activities not elsewhere classified.

The Company is incorporated and domiciled in Poland and has its registered office at ul. Pomorska 106A, 91-402 it is Lodz, Poland. The Company is a majority owned and controlled subsidiary of Infosys BPM Limited.

The Company's financial statements are approved by the Company's Board of Directors on June 01, 2021.

1.2 Basis of preparation of financial statements

These special purpose financial statements are prepared for inclusion in the annual report of the Holding Company Infosys BPM Limited and Ultimate Holding Company Infosys Limited under the requirements of section 129 (3) of the Companies Act 2013.

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS)' under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been applied consistently to all periods presented in these financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and related information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

1.4 Critical accounting estimates

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price business process management services contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management services revenue requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its other fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. (Refer to Note 2.17).

b. Income taxes

The Company's major tax jurisdiction is Poland. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions. (Refer to Note 2.16).

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

c. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to Note 2.1).

d. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash generating unit or company – of cash generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purpose.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based it's determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

e. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives.

The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances (Refer to Note 2.2).

f. Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

2.1 Property, plant and equipment

Accounting Policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Plant and machinery(1)	5 years
Computer equipment(1)	3-5 years
Furniture and fixtures(1)	5 years
Office equipment(1)	5 years
Leasehold improvements(1)	Over lease term or 5 years whichever is lower.

[(1)] Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date are classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

Impairment

Property, plant and equipment and Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell or the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generated unit ("CGU") to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2021 were as follows:

in PLN

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2020	11,117,490	835	3,107,542	18,847,755	5,360,597	38,434,219
Additions	–	–	40,606	7,548,292	104,193	7,693,091
Deletions	–	–	–	(1,214,932)	–	(1,214,932)
Translation difference	126,404	8	35,021	(68,132)	59,306	152,607
Gross carrying value as at March 31, 2021	11,243,894	843	3,183,169	25,112,983	5,524,096	45,064,985
Accumulated depreciation as at April 1, 2020	10,799,950	293	2,698,479	15,502,518	5,129,340	34,130,580
Depreciation	136,613	167	228,752	2,189,788	104,447	2,659,767
Accumulated depreciation on deletions	–	–	–	(1,210,702)	–	(1,210,702)
Translation difference	122,791	3	46,181	1,462,825	79,987	1,711,787
Accumulated depreciation as at March 31, 2021	11,059,354	463	2,973,412	17,944,429	5,313,774	37,291,432
Carrying value as of March 31, 2021	184,540	380	209,757	7,168,554	210,322	7,773,553
Carrying value as at April 1, 2020	317,540	542	409,063	3,345,237	231,257	4,303,639

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2020 were as follows:

in PLN

Particulars	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at April 1, 2019	11,001,810	826	3,068,569	19,864,774	5,336,609	39,272,588
Additions	–	–	6,757	1,763,552	–	1,770,309
Deletions	–	–	–	(2,999,146)	(32,441)	(3,031,587)
Translation difference	115,680	9	32,216	218,575	56,429	422,909
Gross carrying value as at March 31, 2020	11,117,490	835	3,107,542	18,847,755	5,360,597	38,434,219
Accumulated depreciation as at April 1, 2019	10,441,740	125	2,281,279	16,547,306	4,869,105	34,139,555
Depreciation	248,419	167	393,213	1,771,402	241,163	2,654,364
Accumulated depreciation on deletions	–	–	–	(2,999,146)	(32,442)	(3,031,588)
Translation difference	109,791	1	23,987	182,956	51,514	368,249
Accumulated depreciation as at March 31, 2020	10,799,950	293	2,698,479	15,502,518	5,129,340	34,130,580
Carrying value as at March 31, 2020	317,540	542	409,063	3,345,237	231,257	4,303,639
Carrying value as at April 1, 2019	560,070	701	787,290	3,317,468	467,504	5,133,033

The aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.

2.2 Leases

Accounting Policy

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the balance sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a financing or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Transition

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" using the modified retrospective method. On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of PLN 13,19,79,278 and a lease liability of PLN 13,34,48,359. The cumulative effect of applying the standard, amounting to PLN 69,75,290 was credited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share.

The changes in the carrying value of right of use assets for the year ended March 31, 2021 are as follows:

in PLN

Particulars	Category of ROU asset
	Buildings
Balance as of April 1, 2020	116,447,505
Additions/Adjustments*	6,323,374
Deletions/Adjustments	(991,511)
Depreciation	(16,771,059)
Balance as of March 31, 2021	105,008,309

* includes leases capitalized on account of merger of Infosys Consulting Sp. z.o.o.

The changes in the carrying value of right of use assets for the year ended March 31, 2020 are as follows:

in PLN

Particulars	Category of ROU asset
	Buildings
Balance as of April 1, 2019	131,979,278
Additions/Adjustments*	1,245,241
Deletions/Adjustments	(832,510)
Depreciation	(15,944,504)
Balance as of March 31, 2020	116,447,505

* Includes adjustments based on the change in Indexation rates and tenancy incentives.

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The break-up of current and non-current lease liability as at March 31, 2021 and March 31, 2020 is as follows:

in PLN

Particulars	As at March 31,	
	2021	2020
Non-current lease liability	97,672,808	109,687,522
Current lease liability	19,075,147	16,158,623
Total	116,747,955	125,846,145

The movement in lease liability during the year ended March 31, 2021 is as follows:

in PLN

Particulars	Amount
Balance as of April 1, 2020	125,846,145
Additions/Adjustments	6,418,624
Deletions/Adjustments	(1,058,341)
Finance cost accrued during the period	2,266,002
Payment of lease liability	(19,083,360)
Translation difference	2,358,885
Balance as of March 31, 2021	16,747,955

Rental expense recorded for short-term leases was PLN 1,585,570 for the year ended March 31, 2021.

The movement in lease liability during the year ended March 31, 2020 is as follows:

in PLN

Particulars	Amount
Balance as of April 1, 2019	133,448,359
Additions/Adjustments	1,456,189
Deletions/Adjustments	(882,222)
Finance cost accrued during the period	2,446,834
Payment of lease liability	(17,424,348)
Translation difference	6,801,333
Balance as of March 31, 2020	125,846,145

Rental expense recorded for short-term leases was PLN 1,525,689 for the year ended March 31, 2020.

The details regarding the contractual maturities of lease liabilities as at March 31, 2021 on an undiscounted basis are as follows:

in PLN

Particulars	Amount
Less than one year	21,039,130
One to five years	74,541,676
More than five years	27,734,635
Total	123,315,441

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

2.3 Goodwill

Accounting Policy

Goodwill represents the cost of business acquisition in excess of the Company interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of Profit and Loss. Goodwill is measured at cost less accumulated impairment losses.

A summary of changes in the carrying amount of goodwill is as follows:

in PLN

Particulars	As at March 31,	
	2021	2020
Carrying value at the beginning	22,046,332	22,046,332
Translation differences	–	–
Carrying value at the end	22,046,332	22,046,332

2.4 Investments

in PLN

Particulars	As at March 31,	
	2021	2020
Non-current investments		
Preference securities	5,860,145	4,693,951
Other securities	17,235,167	13,116,820
Investment in Subsidiary	–	61,800,000
Total non-current investments	23,095,312	79,610,771
Total carrying value	23,095,312	79,610,771

in PLN

Particulars	As at March 31,	
	2021	2020
Non-current		
Unquoted Investments carried at cost		
Investments in equity instruments of subsidiaries		
Infosys Consulting Sp.z.o.o (10,000) equity shares of PLN 100 each, full paid	–	61,800,000
Unquoted investments-carried at fair value through profit or loss		
Tidal Scale Inc. - Preference &other securities	5,860,145	4,693,951
The House Fund II,L.P.- other securities	17,235,167	13,116,820
Total non-current investments	23,095,312	79,610,771
Aggregate amount of unquoted investments	23,095,312	79,610,771
Investment carried at fair value through Profit or Loss	23,095,312	17,810,771

Refer to note no. 2.10 for accounting policies on financial instruments.

Method of fair valuation:

in PLN

Class of investment	Method	Fair value as at March 31,	
		2021	2020
Preference securities	Discounted cash flows method, Market multiple method	5,860,145	4,693,951
Other securities	Discounted cash flows method, Market multiple method	17,235,167	13,116,820

2.5 Loans

in PLN

Particulars	As at March 31,	
	2021	2020
Non-current		
Unsecured, considered doubtful		
Loans to employees	68,716	53,563
Less: Allowance for doubtful loans to employees	(39,797)	(39,796)
	28,919	13,767
Loans to fellow subsidiary (Refer to Note 2.21) [1]	26,082,046	26,431,502
Total Non-current Loans	26,110,965	26,445,269
Current		
Unsecured, considered good		
Loans to employees	170,609	443,448
Loans to fellow subsidiary (Refer to Note 2.21)[1]	–	21,819,528
Total current Loans	170,609	22,262,976
Total loans	26,281,574	48,708,245
[1] Includes dues from related parties (Refer to Note 2.21)	26,082,046	48,251,030

2.6 Other financial assets

in PLN

Particulars	As at March 31,	
	2021	2020
Non-current		
Rental deposits [1]	3,216,985	2,364,118
Total non-current other financial assets	3,216,985	2,364,118
Current		
Electricity and other deposits[1]	10,327	10,327
Unbilled revenues [1]#	9,006,471	10,821,005
Interest accrued but not due[1]	4,668	285,704
Foreign currency forward contracts[2]	342,300	1,436,400
Others[1][3]	127,314	12,383,105
Total current other financial assets	9,491,080	24,936,541
Total financial assets	12,708,065	27,300,659
[1] Financial assets carried at amortized cost	12,365,765	25,864,259
[2] Financial assets carried at fair value through Profit or Loss.	342,300	1,436,400
[3] Includes dues from related parties (Refer to Note 2.21)	130,628	31,302

Classified as financial asset as right to consideration is unconditional upon passage of time.

2.7 Trade receivables

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Unsecured		
Considered good[1][2]	108,751,185	57,561,836
Considered doubtful	1,553,637	1,545,763
	110,304,822	59,107,599
Less: Allowances on for credit losses	1,553,637	1,545,763
Total trade receivables	108,751,185	57,561,836
[1] Includes dues from related parties	7,091,272	4,172,573
[2] Includes dues from companies where directors are interested.		

2.8 Cash and cash equivalents

in PLN

Particulars	As at March 31,	
	2021	2020
Balances with banks		
In current and deposit accounts	220,185,322	135,547,054
Cash on hand	1,735	925
	220,187,057	135,547,979
Deposit 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.

2.9 Other assets

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Unsecured, considered good		
Payment to vendors for supply of goods	10,550	35,467
Others		
Withholding taxes and others(1)	3,641,486	3,678,688
Prepaid expenses	764,496	857,756
Unbilled revenues(2)	5,752,387	3,874,539
Total Current other assets	10,168,919	8,446,450
Total other assets	10,168,919	8,446,450

(1) Withholding taxes and others primarily consist of input tax credits.

(2) Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

2.10 Financial instruments

Accounting Policy

2.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

2.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

b. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

2.10.3 Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.10.4 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Refer to table 'Financial instruments by category' below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing with in one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.10.5 Impairment

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenue with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses or (reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at March 31, 2021 are as follows:

in PLN

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets:					
Cash and cash equivalents (Refer to Note 2.8)	220,187,057	–	–	20,187,057	0,187,057
Investments (Refer to Note 2.4)					
Preference and other securities	–	–	23,095,312	23,095,312	23,095,312
Trade receivables (Refer to Note 2.7)	108,751,185	–	–	108,751,185	108,751,185
Loans (Refer to Note 2.5)	26,281,574	–	–	26,281,574	26,281,574
Other financial assets (Refer to Note 2.6)(1)	12,365,765	–	324200	12,708,065	12,708,065
Total	367,585, 581	–	23437612	391023193	391023193
Liabilities:					
Trade payables (Refer to Note 2.13)	2,724,767	–	–	2,724,767	2,724,767
Lease Liabilities (Refer to Note 2.2)	116,747,955	–	–	116,747,955	116,747,955
Other financial liabilities (Refer to Note 2.12)	47,199,904	–	4,475,640	51,675,544	51,675,544z
Total	166,672,626	–	4,475,640	171,148,266	171,148,266

(1)Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones.

The carrying value and fair value of financial instruments by categories as at March 31, 2020 are as follows:

in PLN

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory		
Assets:					
Cash and cash equivalents (Refer to Note 2.8)	135,547,979	–	–	135,547,979	135,547,979
Investments (Refer to Note 2.4)					
Preference and other securities	–	–	17,810,771	17,810,771	17,810,771
Trade receivables (Refer to Note 2.7)	57,561,836	–	–	57,561,836	57,561,836
Loans (Refer to Note 2.5)	48,708,244	–	–	48,708,244	48,708,244
Other financial assets (Refer to Note 2.6)(1)	25,864,259	–	1,436,400	27,300,659	27,300,659
Total	267,682,318	–	19,247,171	286,929,489	286,929,489
Liabilities:					
Trade payables (Refer to Note 2.13)	2,003,967	–	–	2,003,967	2,003,967
Lease Liabilities (Refer to Note 2.2)	125,846,145	–	–	125,846,145	125,846,145
Other financial liabilities (Refer to Note 2.12)	32,366,794	–	930,000	33,296,794	33,296,794
Total	160,216,906	–	930,000	161,146,906	161,146,906

(1)Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value as at March 31, 2021:

in PLN

Particulars	As at March 31, 2021	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in preference securities (Refer to Note 2.4)	5,860,145	–	–	5,860,145
Investments in other securities (Refer to Note 2.4)	17,235,167	–	–	17,235,167
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer to Note 2.6)	342,300	–	342,300	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (Refer to Note 2.12)	4,475,640	–	4,475,640	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value as at March 31, 2020:

in PLN

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in preference securities (Refer to Note 2.4)	4,693,951	–	–	4,693,951
Investments in other securities (Refer to Note 2.4)	13,116,820	–	–	13,116,820
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer to Note 2.6)	1,436,400	–	1,436,400	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (Refer to Note 2.12)	930,000	–	930,000	–

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

Particulars	As at March 31,			
	2021		2020	
	In million	In PLN	In million	In PLN
Forward contracts				
In Poland zloty	14	13,647,000	20	20,000,000
In US dollars	20	74,880,360	18	74,592,552
Total forwards		88,527,360		94,592,552

The foreign exchange forward contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity Company's based on the remaining period as at the Balance Sheet date:

in PLN

Particulars	As at March 31,	
	2021	2020
Not later than one month	88,527,360	
Later than one month and not later than three months	–	94,592,552
	88,527,360	94,592,552

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

in PLN

Particulars	As at March 31,			
	2021		2020	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/ liability	342,300	(4,475,640)	1,705,075	(1,198,675)
Amount set off	–	–	(268,675)	268,675
Net amount presented in balance sheet	342,300	(4,475,640)	1,436,400	(930,000)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to PLN 108,751,185 and PLN 57,561,836 as at March 31, 2021 and March 31, 2020 and unbilled revenue amounting to PLN 14,758,858 and PLN 14,695,544 as of March 31, 2021 and March 31, 2020, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top ten customers:

in %

Particulars	Year ended March 31,	
	2021	2020
Revenue from top customer	12%	17%
Revenue from top ten customers	66%	71%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was PLN 1,553,637. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was PLN 1,545,763.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2021, the Company had a working capital of PLN 211,254,546 including cash and cash equivalents of PLN 220,187,057. As of March 31, 2020, the Company had a working capital of PLN 170,854,224 including cash and cash equivalents of PLN 135,547,979.

As of March 31, 2021 and March 31, 2020, the outstanding compensated absences were PLN 18,850,136 and PLN 12,835,156, respectively, which have been substantially funded. Further, as of March 31, 2021 and March 31, 2020, the Company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

in PLN

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	2,724,767	–	–	–	2,724,767
Other financial liabilities (Refer to Note 2.12)	47,199,904	–	–	–	47,199,904

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:

in PLN

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	2,003,967	–	–	–	2,003,967
Other financial liabilities (Refer to Note 2.12)	32,366,794	–	–	–	32,366,794

2.11 Equity

Accounting Policy

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Description of Reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium.

Other components of equity

Other components of equity consist of changes on fair valuation of investments.

Equity share capital

in PLN, except as otherwise stated

Particulars	As at March 31,	
	2021	2020
Authorized		
Equity shares, PLN 500/-(PLN 500/-) par value		
5,000 (5,000) equity shares	2,500,000	2,500,000
Issued, subscribed and paid-up		
Equity shares, PLN 500/- (PLN 500/-) par value	2,500,000	2,500,000
5,000 (5,000) equity shares fully paid up		
	2,500,000	2,500,000

The Company has only one class of shares referred to as equity shares having a par value of PLN 500/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently.

The details of shareholder holding more than 5% shares are as follows:

Name of the shareholder	As at March 31,			
	2021		2020	
	Number of shares	% held	Number of shares	% held
Infosys BPM Limited, the holding company	5,000	100.00	5,000	100.00

The reconciliation of the number of shares outstanding and the amount of share capital as at :

in PLN, except as otherwise stated

Particulars	As at March 31,			
	2021		2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the period	5,000	2,500,000	5,000	2,500,000
Add: Shares issued during the period	–	–	–	–
At the end of the period	5,000	2,500,000	5,000	2,500,000

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.

Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

2.12 Other financial liabilities

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Accrued compensation to employees(1)	36,572,817	26,216,314
Capital creditors(1)	13,107	110,363
Accrued expenses(1)*	10,247,556	5,675,192
Other payables (1)**	366,424	364,925
Compensated absences	18,850,136	12,835,156
Foreign currency forward contracts(2)	4,475,640	930,000
Total current other financial liabilities	70,525,680	46,131,950
Total other financial liabilities	70,525,680	46,131,950
(1)Financial liability carried at amortized cost	47,199,904	32,366,794
(2)Financial liability carried at fair value through Profit or loss	4,475,640	930,000
* Includes dues to related parties (refer note 2.21)	33,633	–
** Includes dues to related parties (refer note 2.21)	366,424	202,416

2.13 Trade payables

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Trade payables(1)	2,724,767	2,003,967
Total Trade payables	2,724,767	2,003,967
(1) Includes dues to related parties (Refer to Note 2.21)	170,519	35,035

2.14 Other liabilities

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Unearned revenue	21,334,180	4,931,188
Others		
Withholding taxes and other payables	12,190,435	6,776,606
Total current other liabilities	33,524,615	11,707,794
Total other liabilities	33,524,615	11,707,794

2.15 Provisions

Accounting Policy

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post sales client support and others

The Company provides its clients with a fixed-period post-sales support on its fixed-price, fixed-timeframe and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

Provision for post-sales customer support and other provisions are as follows:

in PLN

Particulars	As at March 31,	
	2021	2020
Current		
Others		
Post sales client support and Other provisions	1,273,151	1,899,224
Total provisions	1,273,151	1,899,224

Provision for Post sales client support and Other provisions

The movement in the provision for Post sales client support and Other provisions is as follows:

in PLN

Particulars	As at March 31,	
	2021	2020
Balance at the beginning	1,899,224	1,742,160
Provision recognized/(reversed)	(585,538)	1,898,252
Provision utilized	(49,016)	(1,730,065)
Exchange difference	8,481	(11,123)
Balance at the end	1,273,151	1,899,224

2.16 Income taxes

Accounting Policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Income tax expense in the statement of profit and loss comprises:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Current taxes	15,486,274	4,413,929
Deferred taxes	764,642	1,494,712
Income tax expense	16,250,916	5,908,641

Deferred income tax for the year ended March 31, 2021 and March 31, 2020, substantially relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Profit before income taxes	47,440,651	7,687,202
Statutory tax rate	19.00%	19.00%
Computed expected tax expense	9,013,724	1,460,568
Tax effect due to non-taxable income for tax purposes	2,801,413	3,136,017
Tax provision (reversals), overseas and domestic	(47,935)	(134,451)
Effect of differential overseas tax rates	(8,041,378)	(4,473,485)
Effect of non-deductible expenses	7,778,659	4,038,881
Others	4,746,433	1,881,111
Income tax expense	16,250,916	5,908,641

The applicable Poland statutory tax rates for fiscal 2021 and fiscal 2020 is 19% and 19% respectively.

The movement in gross deferred income tax assets and labilities (before set off) for the year ended March 31, 2021 is as follows:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Deferred tax assets:		
Accrued Compensation	2,801,413	4,989,036
Accrued vacation	3,581,526	2,438,680
Trade receivables	–	(1,500,712)
Others	8,022,265	6,524,612
	14,405,204	12,451,616
Deferred tax liability:		
Property, Plant and Equipment and intangible assets	(167,611)	127,383
Others	(638,835)	628,023
Total deferred tax liability	(806,446)	755,406
Deferred tax asset / (liability), net	13,598,758	13,207,022

The ultimate realization of deferred tax assets is dependent upon management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes that it is more likely than not the Company will realize the benefit of any deductible differences at March 31, 2021.

2.17 Revenue from Operations

Accounting Policy

The Company derives revenue primarily from the management of business processes, both on the basis of allocation of staff, fixed price agreed with the Client, number of hours or based on the unit price for a given activity. Revenue based on the allocation of staff is recognized when realized and the revenue realized from the date of the last invoice to the date of the balance sheet are recognized as unbilled revenue. Revenue based on the fixed price agreed with the Client or the number of hours is recognized at a reliable amount, if they are probable. Revenue based on the unit price for a given activity are recognized as transactions based on measurable deliverables. Provisions for expected losses, if any, on unfulfilled contracts are recognized in the period in which the loss is probable, based on current estimates.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material contracts and unit of work-based contracts are recognized as the related services are performed. Fixed price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

The Company presents revenues net of indirect taxes in its Statement of profit and loss.

Revenues for the year ended March 31, 2021 and March 31, 2020 are as follows:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Income from business process management services	355,793,574	282,969,542
	355,793,574	282,969,542

The Company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2021 and March 31, 2020 by offerings. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in PLN

Particulars	Year ended March 31,	
	2021	2020
Revenue by offerings		
Digital	54,255,888	25,516,022
Core	301,537,686	257,453,520
Total	355,793,574	282,969,542

Trade receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in Receivables, Unbilled Revenue, and Unearned Revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

2.18 Other income, net

Accounting policy

Other income is comprised primarily of interest income, exchange gain/loss on forward contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

Foreign currency

Functional currency

The functional currency of the Company is the Polish złoty. The financial statements are presented in Polish złoty.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Other income for the year ended March 31, 2021 and March 31, 2020 is as follows:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Interest income on financial assets at carried at amortized cost:		
Deposit with banks and others	1,040,246	3,798,686
Profit on sale of Property, plant and equipment	(4,015)	–
Exchange gains/(losses) on foreign currency forward and options contracts	727,160	(1,457,600)
Exchange gains/(losses) on translation of other assets and liabilities	(3,299,704)	636,995
Fair Valuation loss on Investments	(786,508)	(12,360,657)
Other Miscellaneous income, net	83,802	592,900
	(2,239,019)	(8,789,674)

2.19 Expenses

in PLN

Particulars	Year ended March 31,	
	2021	2020
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	244,760,299	207,808,345
Staff welfare	3,949,765	3,241,584
	248,710,064	211,049,929
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	10,488,137	3,879,094
Legal and professional	2,134,237	1,661,271
Recruitment and training	1,401,477	1,882,937
	14,023,851	7,423,302
Other expenses		
Computer maintenance	609,450	794,820
Office maintenance	8,714,287	9,872,474
Consumables	1,070,741	250,457
Brand building and advertisement	188,352	193,074
Marketing expenses	–	15,420
Power and fuel	634,169	535,649
Insurance charges	189,471	208,582
Communication	2,226,887	1,450,774
Rates and taxes	3,408,918	3,549,637
Bank charges and commission	350,002	200,171
Postage and courier	126,118	200,802
Allowances for credit losses on financial assets	(56,832)	120,381
Professional membership and seminar participation fees	15,694	6,679
Provision for post-sale customer support and others	(428,400)	385,369
Other miscellaneous expenses	127,351	904,205
	17,176,208	18,688,494

2.20 Contingent liabilities and commitments (to the extent not provided for)

Accounting Policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

in PLN

Particulars	As at March 31,	
	2021	2020
Contingent liabilities:		
Claims against the Company, not acknowledged as debts[1]	–	–
Commitments:		
Estimated amount of unexecuted capital contracts[2]	4,031,649	790,461
(net of advances and deposits)		
Other commitments[3]	17,221,423	25,174,986

(1) The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no such pending matters that are expected to have material effect on these financial statements.

(2) Capital contracts primarily comprises of commitments for infrastructure, facilities and computer equipments.

(3) Other commitments relate to investment committed by the Company in the House Fund II,L.P. during the years.

2.21 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding as at March 31,	
		2021	2020
Ultimate Holding			
Infosys Limited	India	Ultimate Holding Company	Ultimate Holding Company
Holding			
Infosys BPM Limited	India	Holding company	Holding company
Subsidiary			
Infosys Consulting Sp. z.o.o. [1]	Poland	–	100%

Fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)[2]	Brazil
Infosys (Czech Republic) Limited s.r.o.	Czech Republic
Infosys Consulting Ltda.[3]	Brazil
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Consulting AG[4]	Switzerland
Infosys Consulting GmbH[4]	Germany
Infosys Consulting S.R.L.[3]	Romania
Infy Consulting Company Ltd[4]	UK
Infosys Consulting (Belgium) NV[5]	Belgium

(1) On February 20, 2020, the Company acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG., effective October 21, 2020, merged into company, a wholly owned subsidiary of Infosys BPM Limited.

(2) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Ltd.

(3) Wholly-owned subsidiary of Infosys Limited

(4) Wholly-owned subsidiary of Infosys Consulting Holding AG

(5) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG

The details of amounts due to or due from related parties as at March 31, 2021, March 31, 2020 are as follows:

in PLN

Particulars	As at March 31,	
	2021	2020
Loans to subsidiaries		
Infosys Technologies (China) Co. Limited	3,218,343	3,261,948
Infosys Technologies (Shanghai) Company Limited	22,863,703	23,169,554
Infosys Consulting Ltda. (Brazil)	–	21,819,528
	26,082,046	48,251,030
Trade receivables		
Infosys Limited	5,301,424	1,481,201
Infosys BPM Limited	1,303,732	2,692,201
Infosys Consulting AG	54,714	–
Infosys Consulting GmbH	431,402	–
Infosys (Czech Republic) Limited s.r.o.	–	(829)
	7,091,272	4,172,573
Unbilled Revenue		
Infosys Luxembourg S.à.r.l	66,454	–
Infosys Consulting AG	–	1,258,677
Infosys Consulting Sp. z o.o	–	505,844
	66,454	1,764,521
Other Receivables		
Infosys Limited	28,366	8,123
Infosys BPM Limited	102,262	23,179
	130,628	31,302
Trade payables		
Infosys BPM Limited	88,522	35,015
Infy Consulting Company Limited	21,020	–
Infosys (Czech Republic) Limited s.r.o.	–	20
Infosys Consulting Romania	60,977	–
	170,519	35,035
Other Payables		
Infosys Limited	364,468	202,416
Infosys BPM Limited	1,956	–
	366,424	202,416
Provision for expenses		
Infosys Limited	33,633	–
	33,633	–

Details of related party transactions entered into by the Company

in PLN

Particulars	Year ended March 31,	
	2021	2020
Revenue transactions:		
Purchase of services		
Infosys BPM Limited	576,417	45,111
Infosys (Czech Republic) Limited s.r.o.	(77)	28,637
Infy Consulting Company Ltd	19,422	–
Infosys Consulting Romania	60,342	–
	656,104	73,748
Sale of services		
Infosys Limited	34,627,027	16,195,335
Infosys BPM Limited	12,691,247	7,659,101
Infosys (Czech Republic) Limited s.r.o.	–	5,153
Infosys Consulting AG	251,786	–
Infosys Consulting Sp. z o.o	(317,823)	505,844
Infy Consulting Company Ltd	1,222,041	–
Infosys Luxembourg S.à.r.l	66,454	–
Infosys Consulting GmbH	3,225,695	1,258,677

Particulars	Year ended March 31,	
	2021	2020
Lodestone Belgium	12,691,247	–
	64,457,674	25,624,110
Interest income		
Infosys Technologies (Shanghai) Company Limited	636,330	779,548
Infosys Technologies (China) Co. Limited	89,067	109,174
Infosys Brazil	–	(287,313)
Infosys Consulting Ltda. (Brazil)	123,058	1,007,875
	848,455	1,609,284

List of key management personnel

Name of the related party	Designation
Anup Kapoor	Member of the Management Board
Arindam Roy Chowdhury	Member of the Management Board

Transaction with key management personnel

The table below describes the compensation to key managerial personnel which comprise directors and executive officers:

in PLN

Particulars	Year ended March 31,	
	2021	2020
Salaries and other employee benefits to whole-time directors and executive officers[(1)]	363,401	394,407
Total	363,401	394,407

[(1)] Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.22 Retirement benefits

Under the Company's remuneration rules, employees are entitled to retirement benefits. Liabilities due to retirement benefits have been measured using the actuarial method and the discount rate based on market rate of return as at the end of the reporting period. Staff turnover is estimated based on historical data and expected staff levels.

2.23 Business Combinations

Accounting policy

Our business combinations are accounted for using Ind AS 103, Business Combinations. Business combinations between entities under common control is accounted for at carrying value. The identity of the reserves is preserved as they appear in the standalone financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to business transfer reserve.

Infosys Consulting Poland Sp. z.o.o

On February 20, 2020, The Company, a wholly-owned subsidiary of Infosys BPM Limited acquired 100% voting rights in Infosys consulting Poland Sp. z.o.o, an wholly owned subsidiary of Infosys Consulting holding AG., for a cash consideration of PLN 61.8 Mn. As this transaction is a common control business combination, the difference, between the consideration and the amount of share capital of the acquired entity is transferred to "Business Transfer Reserve".

Infosys Consulting Sp. z.o.o was merged with the Company as per court order effective October 21, 2020.

2.24 Segment Reporting

Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. The Company's operations are considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

for and on behalf of the Board of Directors of Infosys Poland Sp. z.o.o

Anup Kapoor *Director*	Arindam Roy Chowdhury *Director*

Place: Bengaluru
Date: June 01, 2021

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Infy Consulting Company Limited

Independent Auditor’s Report

Report on the Special Purpose Financial Statements

To the Members of

Infy Consulting Company Limited

Opinion

We have audited the accompanying special purpose financial statements of Infy Consulting Company Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the special purpose financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation of the special purpose financial statements, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Special purpose Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Management’s Responsibilities for the Special Purpose Financial Statements

The Company’s Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis of the special purpose financial statement.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the reparation and presentation of the special purpose financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Company’s Board of Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

i) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
ii) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
iii) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

For Shenoy & Kamath
Chartered Accountants
Firm Registration Number. 006673S

M Rathnakar Kamath
Partner
Membership number : 202841
UDIN : 21202841AAADUA9960

Place: Bengaluru.
Date: June 01, 2021

Balance Sheet

in GBP

Particulars	Note no.	As at March 31, 2021	As at December 31, 2019,
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	123,784	64,974
Financial assets			
Investments	2.2	21,668,078	–
Deferred tax assets (net)	2.13	187,322	62,049
Income tax assets, net	2.13	880,000	380,942
Total non-current assets		22,859,184	507,965
Current assets			
Financial assets			
Trade receivables	2.4	8,729,366	12,702,386
Cash and cash equivalents	2.5	2,694,012	7,174,350
Loans	2.2	23,048	5,824
Other financial assets	2.3	81,331	203,313
Other current assets	2.6	7,061,545	4,943,039
Total current assets		18,589,302	25,028,912
Total assets		41,448,486	25,536,877
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	14,050,000	50,000
Other equity		2,563,652	3,550,301
Total equity		16,613,652	3,600,301
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,553,043	–
Total non-current liabilities		1,553,043	–
Current liabilities			
Financial liabilities			
Trade payables	2.9	6,788,544	8,648,962
Other financial liabilities	2.10	13,054,981	6,250,963
Other current liabilities	2.11	2,250,261	5,757,368
Provisions	2.12	36,726	3,530
Income tax liabilities (net)	2.13	1,151,279	1,275,753
Total current liabilities		23,281,791	21,936,576
Total equity and liabilities		41,448,486	25,536,877

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
June 01, 2021

for and on behalf of the Board of Directors of Infy Consulting Company Limited

A Duncan
Director

Statement of Profit and Loss

in GBP, except equity share and per equity share data

Particulars	Note no.	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Revenue from operations	2.15	142,272,165	119,639,662
Other income, net	2.16	302,619	313,085
Total income		142,574,784	119,952,747
Expenses			
Employee benefit expenses	2.17	41,376,559	28,484,637
Cost of technical sub-contractors		89,190,138	82,693,028
Travel expenses		517,469	2,936,773
Cost of software packages and others	2.17	6,164,591	87,100
Communication expenses		79,393	82,669
Consultancy and professional charges		1,370,838	711,050
Depreciation and amortization expense	2.1	60,557	30,511
Finance cost	2.14	157,596	400
Other expenses	2.17	1,056,091	881,112
Total expenses		139,973,232	115,907,280
Profit before tax		2,601,552	4,045,467
Tax expense			
Current tax	2.13	713,473	740,554
Deferred tax	2.13	(125,272)	(19,959)
Profit for the period/year		2,013,351	3,324,872
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation		–	–
Total other comprehensive income / (loss), net of tax		–	–
Total comprehensive income for the period/year		2,013,351	3,324,872
Earnings per equity share			
Equity shares of par value GBP 1/- each			
Basic and diluted (GBP)		0.34	66.50
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		5,896,154	50,000

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
June 01, 2021

for and on behalf of the Board of Directors of Infy Consulting Company Limited

A Duncan
Director

Statement of Changes in Equity

in GBP

Particulars	Equity share capital	Other equity Reserves and surplus Retained earnings	Total equity attributable to equity holders of the Company
Balance as of January 1, 2019	50,000	2,825,426	2,875,426
Changes in equity for the year ended December 31, 2019			
Dividend Paid	–	(2,600,000)	(2,600,000)
Profit for the year	–	3,324,873	3,324,873
Balance as of December 31, 2019	50,000	3,550,301	3,600,301
Changes in equity for the period ended March 31, 2021			
Dividend Paid	–	(3,000,000)	(3,000,000)
Increase in share capital	14,000,000	–	14,000,000
Profit for the period	–	2,013,351	2,013,351
Balance as of March 31, 2021	14,050,000	2,563,652	16,613,652

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
June 01, 2021

for and on behalf of the Board of Directors of Infy Consulting Company Limited

A Duncan
Director

Statements of Cash Flows

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Cash flows from operating activities		
Profit for the Period/year	2,013,351	3,324,872
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization expense	60,557	30,511
Income tax expense	588,201	720,595
Finance cost	–	400
Interest and dividend income	(63)	(28,720)
Other adjustments	33,277	(3,069)
Exchange differences on translation of assets and liabilities	(21,250)	(29,349)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	3,973,020	(1,848,675)
Other financial assets and other assets	(1,996,524)	(199,927)
Trade payables	(1,860,418)	(4,341,947)
Other financial liabilities, other liabilities and provisions	1,893,443	2,848,832
Cash generated from operations	4,683,594	532,221
Income taxes paid	(1,337,005)	(675,139)
Net cash generated by operating activities	3,346,589	(142,918)
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(119,367)	(77,206)
Investment in subsidiary	(18,690,399)	–
Loans to employees	(17,224)	45,747
Loan to subsidiary	–	3,825,629
Interest and dividend received on investments	63	–
Net cash used in investing activities	(18,826,927)	3,794,170
Cash flow from financing activities		
Increase in share capital	14,000,000	–
Dividend Paid	(3,000,000)	(2,600,000)
Net cash used in financing activities	11,000,000	(2,600,000)
Net (decrease) / increase in cash and cash equivalents	(4,480,338)	1,051,252
Cash and cash equivalents at the beginning of the year	7,174,350	6,123,098
Cash and cash equivalents at the end of the year	2,694,012	7,174,350

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

for Shenoy & Kamath
Chartered Accountants
Firm's registration number : 006673S

M. Rathnakar Kamath
Partner
Membership number : 202841

Bengaluru
June 01, 2021

for and on behalf of the Board of Directors of Infy Consulting Company Limited

A Duncan
Director

Company overview

Infy Consulting Company Limited is a wholly-owned subsidiary of Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG). The company renders professional management consulting services, thereby enabling its clients to enhance business performance.

1 Significant accounting policies

1.1 Accounting year

The accounting year of the Company is from January 1 to March 31 for current period and January 1 to December 31 for previous period

1.2 Basis of preparation of financial statements

These special purpose financial statements are prepared for inclusion in the annual report of the Ultimate Holding Company Infosys Limited under the requirements of Section 129 (3) of the Companies Act 2013. These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, notified under the provisions of the Companies Act, 2013 ('the Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operate (the "functional currency"). The functional currency of the Company is Great Britain Pound (GBP) and the financial statements are also presented in GBP Pound. All amounts included in the financial statements are reported in GBP Pound, unless otherwise stated. Accounting policies have been applied consistently to all periods presented in these financial statements except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.3 Presentation currency

The Company's presentation currency is GBP.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in the financial statements have been Disclosed from Note 1.5 onwards. Accounting estimates could change from period-to-period.

Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates.

Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of standalone financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these standalone financial statements.

1.5 Revenue recognition

The Company derives revenues primarily from consultancy services.

Effective Jan 1, 2019, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at Jan 1, 2019. In accordance with the cumulative catch-up transition method , the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software related services are either on a fixed-timeframe or on a time-and-material basis.

1.5.1 T&M

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

1.5.2 FP

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

1.5.3 Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

1.5.4 Licenses

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost-plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

1.5.5 Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

1.5.6 Tax

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

1.6 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1.7 Post-sales client support and warranties

The Company provides its clients with a fixed-period warranty for corrections of errors and telephone support on all its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time when related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and the estimates are reviewed annually for any material changes in assumptions and likelyhood of occurance.

1.8 Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by the Management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment[1]	3-5 years
Furniture and fixtures[1]	5 years
Office equipment[1]	5 years

[1] For these class of assets, based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets. Hence the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

1.10 Financial instruments

1.10.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

1.10.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

1.12 Impairment

a. Financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in Statement of Profit or Loss.

b. Non-financial assets

(i) Property, plant and equipment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Employee benefits

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.14 Foreign currency

Functional currency

The functional currency of the company is the GBP.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. The related revenue and expense are recognized using the same exchange rate.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

1.15 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit And Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.16 Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Other income

Other income is comprised primarily of interest income, dividend income and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method.

1.18 Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

2.1 Property, plant and equipment

The changes in the carrying value of property, plant and equipment for the period ended March 31, 2021 are as follows:

in GBP

Particulars	Office equipment	Computer equipment	Total
Gross carrying value as of January 1, 2020	122,869	476,847	599,716
Additions / adjustments	–	119,367	119,367
Gross carrying value as of March 31, 2021	122,869	596,214	719,083
Accumulated depreciation as of January 1, 2020	122,869	411,873	534,742
Depreciation	–	60,557	60,557
Accumulated depreciation as of March 31, 2021	122,869	472,430	595,299
Carrying value as of March 31, 2021	–	123,784	123,784
Carrying value as of January 1, 2020	–	64,974	64,974

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 were as follows:

in GBP

Particulars	Leasehold improvements	Computer equipment	Total
Gross carrying value as of January 1, 2019	122,869	400,909	523,778
Additions / adjustments	–	77,206	77,206
Deletions / adjustments	–	(1,268)	(1,268)
Gross carrying value as of December 31, 2019	122,869	476,847	599,716

Particulars	Leasehold improvements	Computer equipment	Total
Accumulated depreciation as of January 1, 2019	122,869	381,625	504,494
Depreciation	–	30,511	30,511
Accumulated depreciation on deletions	–	(263)	(263)
Accumulated depreciation as of December 31, 2019	122,869	411,873	534,742
Carrying value as of December 31, 2019	–	64,974	64,974
Carrying value as of January 1, 2019	–	19,284	19,284

2.2 Investments

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Non-current investments		
Investment in subsidiary[1]	21,668,078	–
	21,668,078	–

[1] On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o, a ServiceNow Elite Partner in Europe for a total consideration of upto Euro 31 million (approximately GBP 28 million), comprising of cash consideration of Euro 21 million (approximately GBP 19 million), contingent consideration of upto Euro 4 million (GBP 4 million) and retention payouts of upto Euro 6 million (approximately GBP 5 million), payable to the employees of GuideVision s.r.o over the next two to three years, subject to their continuous employment with the group and meeting certain financial targets.

2.2 Loans

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Loan receivables considered good – Unsecured		
Other loans		
Loans and advances to employees	70,073	43,804
Less: Allowance for doubtful Loans to employees	(47,025)	(37,980)
	23,048	5,824
Total loans	23,048	5,824

2.3 Other financial assets

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Others [2]	81,331	203,313
Total	81,331	203,313
[1] Financial assets carried at amortized cost	81,331	203,313
[2] Includes dues from related party (Refer to Note 2.18)	59,861	165,354

2.4 Trade receivables

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Unsecured		
Considered good	8,729,366	12,702,386
Considered doubtful	10,810	2,044
	8,740,176	12,704,430
Less: Allowances for credit loss	10,810	2,044
	8,729,366	12,702,386
[1] Includes dues from related parties (Refer to Note 2.18)	8,014,392	12,148,659

2.5 Cash and cash equivalents

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Balances with banks		
In current accounts	2,694,012	7,174,350
Total cash and cash equivalents	2,694,012	7,174,350

2.6 Other assets

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Others		
Prepaid expenses	1,241,983	110,183
Unbilled revenue	3,027,821	106,688
Withholding taxes and others	2,791,741	4,726,168
Total current other assets	7,061,545	4,943,039

2.7 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories were as follows:

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Assets		
Cash and cash equivalents (Refer to Note 2.5)	2,694,012	7,174,350

Particulars	As at March 31, 2021	As at December 31, 2019
Trade receivables (Refer to Note 2.4)	8,729,366	12,702,386
Loans (Refer to Note 2.2)	23,048	5,824
Other financial assets (Refer to Note 2.3)	81,331	203,313
Total	11,527,757	20,085,873
Liabilities		
Trade payables (Refer to Note 2.9)	6,788,544	8,648,962
Other financial liabilities (Refer to Note 2.10)	14,041,141	5,885,371
Total	20,829,685	14,534,333

All the above financial assets and liabilities are carried at amortized cost and the carrying values approximates their fair value.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to GBP 8,729,366 and GBP 12,702,386 as of March 31, 2021 and December 31, 2019, respectively and unbilled revenue amounting to GBP 3,027,821 as of March 31, 2021 and GBP 106,688 as of December 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from credit rating agencies and the Company's historical experience for customers.

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2021, the Company had a negative working capital of GBP 4,692,489 including cash and cash equivalents of GBP 2,694,012. As of December 31, 2019, the Company had a working capital of GBP 3,092,336 including cash and cash equivalents of GBP 7,174,350.

2.8 Equity

Equity share capital

in GBP, except as otherwise stated

Particulars	As at March 31, 2021	As at December 31, 2019
Authorized		
14,050,000 (50,000) equity shares of GBP 1/- par value	14,050,000	50,000
	14,050,000	50,000
Issued, subscribed and paid-up		
14,050,000 (50,000) equity shares of GBP 1/- par value	14,050,000	50,000
	14,050,000	50,000

The details of shareholders holding more than 5% shares are as follows:

in GBP, except as otherwise stated

Name of the shareholder	As at March31, 2021		As at December 31, 2019	
	Number of shares (1)	% held	Number of shares	% held
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,40,50,000	100.00	50,000	100.00
	1,40,50,000	100.00	50,000	100.00

(1) Increase in shareholding due to allocation of 1,400,000 equity shares by issue of shares during period ended March 31, 2021.

2.9 Trade payables

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Trade payables [1]	6,788,544	8,648,962
Total trade payables	6,788,544	8,648,962
[1] Includes dues to related parties (Refer to Note 2.18)	3,521,288	7,823,812

2.10 Other financial liabilities

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Non-current		
Others		
Contingent Consideration (Refer to Note No.2.2)	1,553,043	–
	1,553,043	–
Current		
Others		
Accrued compensation to employees	4,562,461	2,106,597
Accrued expenses [1]	6,158,394	3,417,964
Contingent Consideration – Current	1,403,468	–
Compensated absences	566,883	365,592
Other payables [2]	363,775	360,810
	13,054,981	6,250,963
Total financial liabilities	14,608,024	6,250,963
Financial liability carried at amortized cost	14,041,141	5,885,371
[1] Includes dues to related party (Refer to Note 2.18)	347,048	265,517
[2] Includes dues to related parties (Refer to Note 2.18)	112,657	184,314

2.11 Other liabilities

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Others		
Withholding taxes and others	2,248,261	5,082,700
Social security contribution payable	2,000	674,668
	2,250,261	5,757,368
Total other liabilities	2,250,261	5,757,368

2.12 Provisions

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Current		
Others		
Post-sales client support and warranties	36,726	3,530
Total provisions	36,726	3,530

Provision for post-sales client support and warranties

The movement in the provision for post-sales client support and warranties and others is as follows:

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Balance at the Beginning	3,530	6,578
Provision recognized / (reversed)	33,277	(3,069)
Provision utilized	–	–
Exchange difference	6,979	13,177
Balance at the end	36,726	3,530

2.13 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Current taxes	713,473	740,554
Deferred taxes	(125,272)	(19,959)
Income tax expense	588,201	720,595

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Profit before income tax	2,601,552	4,045,467
Enacted tax rates in United Kingdom (%)	19.00%	19.00%
Computed expected tax expense	494,295	768,639
Expenses not deductible for tax purposes	87,062	15,204
Tax provisions / (reversals)	(68,967)	(121,142)
Overseas tax expenses	108,388	57,894

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Effect of unrecognized deferred tax assets	(32,577)	–
Income tax expense	588,201	720,595

The applicable United Kingdom statutory tax rate for period ended March 31, 2021 and December 31, 2019 is 19 %.

The details of income tax assets and income tax liabilities are as follows :

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Income tax assets	880,000	380,942
Current income tax liabilities	1,151,279	1,275,753
Net current income tax assets / (liability) at the end	(271,279)	(894,811)

The gross movement in the current income tax asset / (liability) is as follows:

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Net current income tax asset / (liability) at the beginning	(894,811)	(829,396)
Income tax paid	1,337,005	675,139
Current income tax expense	(713,473)	(740,554)
Net current income tax asset / (liability) at the end	(271,279)	(894,811)

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Deferred income tax assets		
Property, plant and equipment	27,730	29,006
Accumulated losses	75,005	–
Others	84,587	33,043
Total deferred income tax assets	187,322	62,049

2.15 Revenue from operations

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Income from consultancy services	142,272,165	119,639,662
	142,272,165	119,639,662

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the period ended March 31, 2021. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Revenue by offerings		
Core	103,883,873	115,107,681
Digital	38,388,292	4,531,981
Total	142,272,165	119,639,662

Digital Services

Digital Services comprise of service and solution offerings of the Company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cybersecurity systems.

Core Services

Core Services comprise traditional offerings of the Company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021, other than those meeting the exclusion criteria mentioned above, is GBP 1,081,996. Out of this, the Company expects to recognize revenue of around 100% within the next one year and the remaining thereafter. The contracts can generally be terminated by the customers and typically includes an enforceable termination penalty payable by them.

2.16 Other income

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Interest received on financial assets carried at amortized cost		
Deposits with banks and others	63	28,720
Exchange gains / (losses) on translation of other assets and liabilities	71,543	–
Miscellaneous income, net	231,013	284,365
	302,619	313,085

2.17 Expenses

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Employee benefit expenses		
Salaries including bonus	41,196,300	28,158,739
Staff welfare	180,259	325,898
	41,376,559	28,484,637
Cost of software packages and others		
Third-party items bought for service delivery to clients	6,164,591	87,100
	6,164,591	87,100

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Other expenses		
Power and fuel	9,936	7,344
Brand and marketing	282,518	252,566
Rates and taxes	4,624	1,137
Insurance	174,440	114,897
Provision / (reversals) for post-sales client support	33,277	(3,069)
Printing and stationery	17,749	28,966
Rent	–	122,400
Statutory audit fees	9,695	33,982
Computer maintenance	1,026	6,484
Translation differences	–	23,182
Office maintenance	437,346	215,519
Others	85,480	77,704
	1,056,091	881,112

2.18 Related party transactions

List of related parties:

Name of the holding company	Country	Holding as at	
		March 31, 2021	December 31, 2019
Infosys Consulting Holding AG (Infosys Lodestone)	United Kingdom	100.00%	100.00%

Name of the ultimate holding company	Country
Infosys Limited	India

List of fellow subsidiaries

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)(18)	Brazil
Infosys Nova Holdings LLC. (Infosys Nova)	US
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc, (Kallidus) (45)	US
Infosys Chile SpA	Chile
Infosys Arabia Limited(2)	Saudi Arabia
Infosys Consulting Ltda.(1)	Brazil
Infosys CIS LLC(1)	Russia
Infosys Luxembourg S.a.r.l	Luxembourg
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(3)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Inc (48)	Canada
Infosys BPM Limited	India
Infosys (Czech Republic) Limited s.r.o.(4)	Czech Republic
Infosys Poland, Sp z.o.o(4)	Poland
Infosys McCamish Systems LLC(4)	US
Portland Group ptv Ltd(4)	Australia
Infosys BPO Americas LLC.(4)	US
Infosys Management Consulting Pty Limited(5)	Australia
Infosys Consulting AG(5)	Switzerland
Infosys Consulting GmbH(5)	Germany
Infosys Consulting S.R.L.(1)	Romania
Infosys Consulting SAS(5)	France
Infosys Consulting s.r.o. v likvidaci (formerly Infosys Consulting s.r.o.)(5)(43)	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(5)(43)	China
Infy Consulting B.V.(5)	The Netherlands
Infosys Consulting Sp. z.o.o(23)(31)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda.(5)(36)	Portugal
Infosys Consulting S.R.L.(5)	Argentina
Infosys Consulting (Belgium) NV(6)	Belgium
Panaya Inc. (Panaya)	US
Panaya Ltd.(7)	Israel
Panaya GmbH(7)	Germany
Panaya Japan Co. Ltd(7)(22)	Japan
Brilliant Basics Holdings Limited (Brilliant Basics)	UK
Brilliant Basics Limited(8)	UK
Brilliant Basics (MENA) DMCC(8)(24)	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)(1)	Singapore
Infosys Middle East FZ LLC(9)	Dubai
Fluido Oy(9)	Finland
Fluido Sweden AB (Extero)(12)	Sweden

Name of fellow subsidiaries	Country
Fluido Norway A/S[12]	Norway
Fluido Denmark A/S[12]	Denmark
Fluido Slovakia s.r.o[12]	Slovakia
Fluido Newco AB[12][38]	Sweden
Infosys Compaz Pte. Ltd [10]	Singapore
Infosys South Africa (Pty) Ltd[9]	South Africa
WongDoody Holding Company Inc. (WongDoody)[1]	US
WDW Communications, Inc[11]	US
WongDoody, Inc[11]	US
HIPUS Co., Ltd (formerly Hitachi procurement Service Co. Ltd)[10][13]	Japan
Stater N.V.[10][14]	The Netherlands
Stater Nederland B.V.[15]	The Netherlands
Stater Duitsland B.V.[15][40]	The Netherlands
Stater XXL B.V.[15]	The Netherlands
HypoCasso B.V.[15]	The Netherlands
Stater Participations B.V.[15]	The Netherlands
Stater Deutschland Verwaltungs-GmbH[16][39]	Germany
Stater Deutschland GmbH & Co. KG[16][39]	Germany
Stater Belgium N.V./S.A.[17][41]	Belgium
Outbox systems Inc. dba Simplus (US)[19]	US
Simplus ANZ Pty Ltd.[20]	Australia
Simplus Australia Pty Ltd[21]	Australia
Sqware Peg Digital Pty Ltd[21]	Australia
Simplus Philippines, Inc.[20]	Philippines
Simplus Europe, Ltd.[20]	UK
Infosys Fluido U.K., Ltd. (formerly Simplus U.K, Ltd)[12][25]	UK
Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd)[12][25]	Ireland
Infosys Limited Bulgaria EOOD[1][26]	Bulgaria
Kaleidoscope Animations, Inc.[29]	US
Kaleidoscope Prototyping LLC[30]	US
GuideVision s.r.o.[27]	UK
GuideVision Deutschland GmbH[28]	Germany
GuideVision Suomi Oy[28]	Finland
GuideVision Magyarország Kft[28]	Hungary
GuideVision Polska SP.Z.O.O[28]	Poland
GuideVision UK Ltd[28]	UK
Beringer Commerce Inc[32]	US
Beringer Capital Digital Group Inc[32]	US
Mediotype LLC[33]	US
Beringer Commerce Holdings LLC[33]	US
SureSource LLC[34]	US
Blue Acorn LLC[34]	US
Simply Commerce LLC[34]	US
iCiDIGITAL LLC[35]	US
Infosys BPM UK Limited[4][37]	UK
Infosys Turkey Bilgi Teknolojikeri Limited Sirketi[1][42]	Turkey
Infosys Germany Holding Gmbh[1][46][47]	Germany

(1) Wholly-owned subsidiary of Infosys Limited
(2) Majority-owned and controlled subsidiary of Infosys Limited
(3) Liquidated effective November 17, 2019
(4) Wholly-owned subsidiary of Infosys BPM Limited
(5) Wholly-owned subsidiary of Infosys Consulting Holding AG
(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG
(7) Wholly-owned subsidiary of Panaya Inc.
(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(10) Majority-owned and controlled subsidiary of Infosys Consulting Pte. Ltd
(11) Wholly-owned subsidiary of WongDoody

(12) Wholly-owned subsidiary of Fluido Oy
(13) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd)
(14) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V
(15) Majority-owned and controlled subsidiary of Stater N.V
(16) Majority-owned and controlled subsidiary of Stater Duitsland B.V.
(17) Majority-owned and controlled subsidiary of Stater Participations B.V.
(18) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly owned subsidiary of Infosys Ltd.
(19) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.
(20) Wholly-owned subsidiary of Outbox Systems Inc.
(21) Wholly-owned subsidiary of Simplus ANZ Pty Ltd
(22) Liquidated effective October 31, 2019
(23) On February 20, 2020, Infosys Poland, Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG
(24) Liquidated effective July 17, 2020
(25) On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Infosys Fluido U.K,Ltd (formerly Simplus U.K, Ltd) and Infosys Fluido Ireland, Ltd.(formerly Simplus Ireland, Ltd) from Simplus Europe, Ltd
(26) Incorporated effective September 11, 2020.
(27) On October 1, 2020, Infy Consulting Company Limited acquired 100% of voting interests in GuideVision s.r.o
(28) Wholly-owned subsidiary of GuideVision s.r.o.
(29) On October 9, 2020, Infosys Nova Holdings LLC, acquired 100% voting interest in Kaleidoscope Animations, Inc.
(30) Wholly-owned subsidiary of Kaleidoscope Animations, Inc.
(31) Merged with Infosys Poland Sp. z.o.o, effective October 21, 2020
(32) On October 27, 2020, Infosys Nova Holding LLC, a wholly-owned subsidiary of Infosys Limited, acquired 100% voting interest in Beringer Commerce Inc and Beringer Capital Digital Group Inc
(33) Wholly-owned subsidiary of Beringer Commerce Inc
(34) Wholly-owned subsidiary of Beringer Commerce Holdings LLC
(35) Wholly-owned subsidiary of Beringer Capital Digital Group Inc.
(36) Liquidated effective November 19,2020
(37) Incorporated, effective December 9, 2020
(38) Merged into Fluido Sweden AB (Extero), effective December 18, 2020
(39) Merged into Stater Duitsland B.V., effective December 18, 2020
(40) Merged with Stater N.V., effective December 23, 2020
(41) On December 29, 2020, Stater Participation B.V acquired non-controlling interest of 28.01% of the voting interests in Stater Belgium NV/SA
(42) Incorporated on December 30, 2020.
(43) Under liquidation
(44) Wholly-owned subsidiary of Infosys Public Services, Inc.
(45) Liquidated effective March 9,2021
(46) Incorporated on March 23, 2021
(47) On March 28, 2021 Infosys Limited and Infosys Germany Holding Gmbh registered Infosys Automotive and Mobility GmbH & Co. KG, a partnership firm.
(48) Wholly-owned subsidiary of Infosys Public Services, Inc.

The details of amounts due to or due from related parties as at March 31, 2021 and December 31, 2019 are as follows:

in GBP

Particulars	As at March 31, 2021	As at December 31, 2019
Trade receivables		
EdgeVerve Systems Limited	–	62,477
Infosys Consulting S.R.L.	523,092	521,792
Infosys Consulting (Belgium) N.V.	6,860	15,755
Infosys Consulting Ltda.	–	26,721
Infosys Consulting AG	2,765,379	315,308
Lodestone Management Consultants Co., Ltd.	–	1,500
Infosys Consulting s.r.o	–	1,572
Infosys Consulting GmBH	–	235,505
Infosys Consulting SAS	1	4,986
Infy Consulting B.V	111,638	18,055
Infosys Consulting Sp. z.o.o.	–	55,476
S.C Infosys Consulting S.R.L	300	4,500
Infosys Limited	4,536,863	10,734,455
Infosys Compaz Pte Ltd	–	68,768
Infosys BPM Limited	–	80,589

Particulars	As at March 31, 2021	As at December 31, 2019
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	1,200
Infosys Technologies (Sweden) AB	66,415	–
Infosys Poland Sp. z o.o.	3,844	–
	8,014,392	12,148,659
Trade payables		
Infosys Consulting S.R.L.	279,778	71,114
Infosys Consulting (Belgium) N.V.	138,692	366,041
Infosys Consulting AG	–	2,284,512
Lodestone Management Consultants Co., Ltd.	–	34,490
Infosys Compaz Pte Ltd	108	–
Infosys Consulting GmBH	1,678,299	1,713,593
Infosys Consulting SAS	611,595	237,614
Infy Consulting B.V	488,250	500,790
Infosys Consulting Sp. z.o.o.	–	577,793
S.C Infosys Consulting S.R.L	–	1,224,013
Infosys Limited	324,566	810,537
Infosys BPM Limited	–	3,315
	3,521,288	7,823,812
Other payables		
Infosys Consulting AG	–	50,235
Infosys Consulting SAS	99	–
Infosys Consulting Pte Ltd	755	–
Infosys Limited	111,803	134,079
	112,657	184,314
Other receivables		
Infosys Consulting AG	2,704	–
Infosys Consulting (Belgium) N.V.	662	–
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	165,354
Infosys Consulting GmbH	56,495	–
	59,861	165,354
Investment in subsidiary		
GuideVision s.r.o.	21,668,078	–
	21,668,078	–
Accrued expenses		
Infosys Limited	347,048	265,517
	347,048	265,517

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Revenue transactions		
Purchase of shared services, facilities & personnel		
Infosys Consulting (Belgium) N.V.	4,323,865	3,605,372
Infosys Consulting AG	24,171,061	18,892,950
Infosys Poland Sp. z o.o.	237,058	–
Infosys Limited	3,301,362	5,256,494
Infosys Consulting S.R.L.	208,664	71,114
Infosys Consulting Ltda.	–	349,770
Lodestone Management Consultants Co., Ltd.	111,075	714,549
Infosys Consulting GmBH	27,756,554	18,217,432
Infosys Consulting SAS	6,240,382	2,318,109
Infy Consulting B.V	7,792,875	4,829,335
Infosys Consulting Sp. z.o.o.	3,106,047	5,114,121
Lodestone Management Consultants Portugal, Unipessoal, Lda.	–	52,523
S.C Infosys Consulting S.R.L	1,350,540	10,624,030

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Infosys BPM Limited	9,114	15,522
	78,608,597	70,061,321
Sale of services		
EdgeVerve Systems Limited	782,548	333,238
Infosys Consulting S.R.L.	–	2,346
Infosys Consulting s.r.o	1,286	1,489
Infosys Consulting AG	1,810,440	3,655,202
Infosys Consulting GmBH	4,351,192	1,215,432
Infosys Consulting SAS	3,252	9,256
Infy Consulting B.V	451,146	–
Infosys Consulting Sp. z.o.o.	437,001	968,378
Infosys Poland Sp. z o.o.	3,844	–
Infosys Technologies (Sweden) AB	236,806	–
Infosys Limited	129,464,986	111,759,397
Infosys Compaz Pte Ltd	330,954	241,702
Infosys BPM Limited	38,919	443,365
	137,912,374	118,629,805

List of key management personnel

Name of the Related Party	Designation
Mark Livingston	Chief Executive Officer
Andrew Duncan	Managing Director

Transaction with key management personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows:

in GBP

Particulars	Fifteen months ended March 31, 2021	Twelve months ended December 31, 2019
Key management personnel emoluments	552,872	442,633
Total	552,872	442,633

2.19 Segment reporting

The Company is engaged in providing consultancy service in a single geography. Based on the 'Management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108, Segment Reporting.

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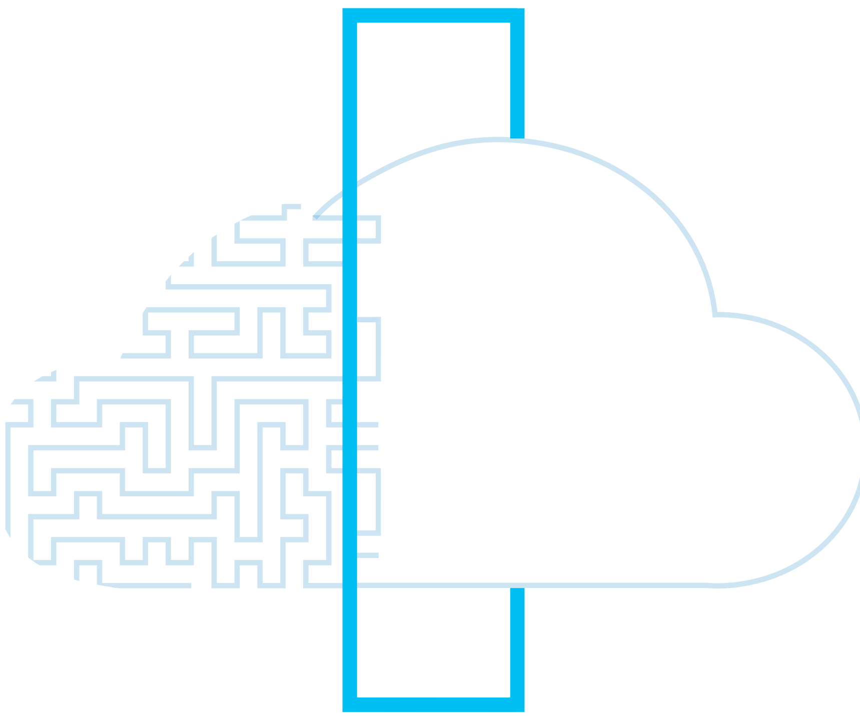

Infosys Consulting Pte Ltd

Directors’ Statement and Financial Statements

Year ended December 31, 2020

Directors’ Statement

The directors present their statement together with the audited financial statements of the Company for the financial year ended December 31, 2020.

In the opinion of the directors, the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at December 31, 2020, and the financial performance, Changes in Equity, and Cash Flows of the Company for the financial year then ended and at the date of this statement, with the continuing financial support from Infosys Limited, its holding company, and a letter of undertaking from Infosys Limited not to recall or demand repayment of the amount owing by the Company to the holding company unless it has the ability to repay such obligation. There are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are:

Manohar Madgula Atreya (Appointed on May 17, 2021)

Srinivasan Badrinath

2 Arrangements to enable directors to acquire benefits

By means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 Directors’ interests in shares and debentures

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors’ shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

Directors’ Statement

4 Share options

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company was granted.

(b) Options exercised

During the financial year, there were no shares of the Company issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

5 Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

Manohar Madgula Atreya

Srinivasan Badrinath

June 04, 2021

Independent Auditor's Report

To the Member of Infosys Consulting Pte Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Infosys Consulting Pte Ltd (the "Company"), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at December 31, 2020, and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Public Accountants and
Chartered Accountants
Singapore
June 04, 2021

Statement of Financial Position

In SG $

Particulars	Note	As at December 31,	
		2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	7	7,594,241	11,448,147
Derivative financial instruments	12A	1,955,654	–
Trade and other receivables	8	11,375,440	3,937,558
Total current assets		20,925,335	15,385,705
Non-current assets			
Other receivables	8	–	124,702
Derivative financial instruments	12B	7,080,463	–
Property, plant and equipment	9	7,331	13,505
Right-of-use assets	10	799,121	1,170,638
Subsidiaries	11	380,720,629	376,706,073
Total non-current assets		388,607,544	378,014,918
Total assets		409,532,879	393,400,623
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	1,321,684	1,535,947
Derivative financial instruments	12A	358,112	476,076
Lease liabilities	21	383,765	376,127
Loan from holding company and related company	13	75,540,026	114,485,031
Withholding tax payable		128,435	128,435
Contingent consideration	14	3,932,517	5,981,926
Total current liabilities		81,664,539	122,983,542
Non-current liability			
Lease liabilities	21	427,339	802,933
Loan from holding company and related company	13	44,999,997	–
Contingent consideration	14	5,628,561	10,059,225
Total non-current liability		51,055,897	10,862,158
Capital and reserve			
Share capital	15	10,990,000	10,990,000
Redeemable preference share	15	249,200,000	249,200,000
Accumulated profit/(losses)		16,622,443	(635,077)
Total Equity		276,812,443	259,554,923
Total liabilities and equity		409,532,879	393,400,623

Statement of Profit or Loss and Other Comprehensive Income

In SG $

Particulars	Note	Year ended December 31,	
		2020	2019
Revenue	16	10,486,442	11,778,022
Other income	17	18,909,845	19,814,014
Total income		29,396,287	31,592,036
Travel expenses		(271,088)	(537,110)
Administrative expenses		(9,073,040)	(10,196,815)
Fair value gain on contingent consideration		720,459	–
Other operating expense		(718,601)	(619,889)
Finance costs	18	2,784,382	(9,826,795)
Profit before income tax		17,269,635	10,411,427
Income tax (expense)/benefit	19	(12,115)	64,117
Profit for the year, representing total comprehensive income for the year	20	17,257,520	10,475,544

Statement of Changes in Equity

Year ended December 31, 2020

In SG $

Particulars	Share capital	Redeemable preference share	Accumulated profit/ (losses)	Total
Balance as at January 1, 2019	10,990,000	–	(11,110,621)	(120,621)
Total comprehensive income for the year				
Profit for the year, representing				
total comprehensive income for the year	–	–	10,475,544	10,475,544
Transactions with owners, recognized directly in equity				
Issuance of preference share		249,200,000		249,200,000
Balance as at December 31, 2019	10,990,000	249,200,000	(635,077)	259,554,923
Total comprehensive income for the year				
Profit for the year, representing				
total comprehensive income for the year	–	–	17,257,520	17,257,520
Balance as at December 31, 2020	10,990,000	249,200,000	16,622,443	276,812,443

Statement of Cash Flows

In SG $

Particulars	Year ended December 31,	
	2020	2019
Operating activities		
Profit before income tax	17,269,635	10,411,427
Adjustments for:		
Depreciation of property, plant and equipment	9,310	25,810
Depreciation of right of use assets	380,095	348,027
Dividend income	(11,292,865)	(19,475,859)
Fair value loss on derivative financial instruments	(6,152,625)	476,076
Fair value gain on contingent consideration	(720,459)	26,727
Unrealized foreign exchange loss (gain)	591,567	(352,924)
Fair value gain on call and put options	(7,080,463)	
Interest expense	2,784,382	9,826,795
Interest income	(332,728)	(1,208)
Operating cash flows before movements in working capital	(4,544,151)	1,284,871
Trade and other receivables	1,367,453	1,399,623
Trade and other payables	(221,302)	(1,023,394)
Net cash used in operating activities	(3,398,000)	1,661,100
Investing activities		
Purchase of property, plant and equipment	(3,136)	(9,160)
Investment in subsidiaries	(11,845,467)	(285,855,639)
Loan to related company	(8,352,980)	(672,856)
Dividend received from subsidiaries	11,292,865	19,475,859
Net cash used in investing activities	(8,908,718)	(267,061,796)
Financing activities		
Loan from related company	80,139,582	326,749,676
Repayments of borrowings	(70,934,000)	(45,500,000)
Cash settlement for derivative financial instruments	4,079,008	–
Repayment of lease liabilities	(392,490)	(359,370)
Interest paid	(4,439,288)	(4,777,617)
Net cash from financing activities	8,452,812	276,112,689
Net (decrease) increase in cash and cash equivalents	(3,853,906)	10,711,993
Cash and cash equivalents at beginning of year	11,448,147	736,154
Cash and cash equivalents at end of year (Note 7)	7,594,241	11,448,147

1 General

The Company (Registration No. 200009030D) is incorporated in Singapore with its principal place of business and registered office at Level 43, Unit 1, Suntec Tower 2, 9 Temasek Boulevard, Singapore 038989. The financial statements are expressed in Singapore Dollars.

The principal activities of the Company are to carry on the development of e-commerce applications and IT consulting as well as that of investment holding.

The financial statements of the Company for the year ended December 31, 2020 were authorized for issue by the Board of Directors on June 04, 2021.

2 Summary of Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payment, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 Inventories or value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised standards

On January 1, 2020, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

New and amendments to FRSs in issue but not yet effective.

At the date of authorization of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Company were issued but not yet effective:

- Effective for annual periods beginning on or after January 1, 2022
- Annual improvements to FRSs 2018-2020
- Amendments to FRS 103 Reference to the Conceptual Framework
- Effective for annual periods beginning on or after January 1, 2023
- Amendments to FRS 1: Classification of Liabilities as Current or Non-current
- Amendments to FRS 1 Disclosure of Accounting Policies
- Amendments to FRS 8 Definition of Accounting Estimates

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

Basis of consolidation

A subsidiary is an entity controlled by the Company. Control is achieved when the Company:

- has power over its investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

Consolidated financial statements of the Company and its subsidiaries have not been prepared as the Company is a wholly-owned subsidiary of another company. Consolidated financial statements are prepared by the Company's ultimate holding company, Infosys Limited, a company incorporated in India, whose registered address is Electronics City, Hosur Road, Bengaluru 560 100 and is publicly available.

In the Company's financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognized in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

All financial assets are recognized and de-recognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest is recognized using the effective interest method for debt instruments measured subsequently at amortized cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (“ECL”) on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Company considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) Significant financial difficulty of the borrower;

b) A breach of contract, such as a default or past due event;

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

e) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Preference shares

Preference shares are classified as equity if they are non-redeemable or are redeemable only at the option of the Company and dividend payments are discretionary. Dividends thereon are recognized as distributions within equity and are recognized as a liability in the period in which they are declared.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis.

Contingent consideration of an acquirer in a business combination is stated at fair value with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Further details of derivative financial instruments are disclosed in Note 12A to the financial statements.

The Company does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract.

FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprises of fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating costs in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For the contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Investment in subsidiaries

A subsidiary is an enterprise in which the Company has control. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Investment in subsidiaries is stated at cost less any impairment in net recoverable value that has been recognized in profit or loss.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Computers	3 years
Office equipment	5 years
Furniture and fittings	3 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in profit or loss.

Impairment of assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent consideration

The consideration for the acquisition of subsidiaries includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognized in profit or loss.

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Revenue recognition

The Company derives revenues from business IT services comprising of software development and related services and consulting ("together called as software related services").

Revenue is derived from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Revenue from time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as contract assets.

Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment have been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Management fee income

Revenue from management fee income is recognized when such services are rendered and on accrual basis.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Company's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit or Loss, and Other Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognized directly outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Foreign currency transactions and translation

The financial statements of the Company are measured and presented in Singapore dollar, the currency of the primary economic environment in which the Company operates (its functional currency).

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognized in other comprehensive income.

Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Company's accounting policies

Management is of the opinion that any instances of judgements (other than those arising from estimates discussed below) are not expected to have a significant effect on the amounts recognized in the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Fair value measurements and valuation process

Some of the Company's liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 4 and 14.

Impairment assessment of investment in subsidiaries (Note 11)

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long-term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

Determining whether investment in subsidiaries is impaired involves the consideration of the performance of the subsidiaries and the market conditions in which the subsidiaries operate in. At the end of the reporting period, management of the Company has performed an impairment assessment of its investment in its subsidiaries. As at December 31, 2019, no allowance for impairment loss has been recognized.

4 Financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of reporting period:

In SG $

Particulars	As at December 31,	
	2020	2019
Financial assets		
Financial assets at amortized cost	18,879,176	15,348,790
Derivative financial instruments	9,036,117	–
Financial liabilities		
Financial liabilities at amortized cost	121,861,707	116,020,978
Lease liabilities	811,104	1,179,060
Derivative financial instruments not designated as hedges	358,112	476,076
Contingent consideration for a business combination	9,561,078	16,041,151

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The Board of Directors has an overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company is exposed to a variety of financial risks, comprising market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk and liquidity risk.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Company's foreign currency exposures arise mainly from the exchange rate movements of the Japanese yen and United States dollar against the Singapore dollar.

The company ensure that the net exposure is kept to an acceptable level by entering into hedging activities such as forward foreign currency contracts. Forward foreign currency contracts are entered purely as a hedging tool and the Company do not hold or issue derivative financial instruments for speculative purposes. The Company's commitments on forward contracts at the end of the reporting period are disclosed in Note 12A.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities denominated in currency other than the Company's functional currency at the end of the reporting period are as follows:

In SG $

Particulars	As at December 31,			
	Liabilities		Assets	
	2020	2019	2020	2019
United States dollar	–	–	810,231	796,996
Chinese Yuan (RMB)	–	(238,724)	8,387,749	–
Japanese yen	(41,121,749)	(40,960,093)	–	–
Euro	(45,047,291)	(18,989)	5,031	–
Swiss Franc (CHF)	(29,407,132)	–	12,693	15,823
Total	(115,576,172)	(41,217,806)	9,215,704	812,819

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk to key management personnel is 5%, which is the change in a foreign exchange rate that management deems reasonably possible, which will affect outstanding foreign currency denominated monetary items at the end of the reporting period.

If the relevant foreign currency strengthens by 5% against the functional currency of the Company, the effect on profit or loss (before tax) will increase by:

In SG $

Particulars	As at December 31,	
	2020	2019
United States dollar	40,512	39,850
Chinese Yuan (RMB)	419,387	(11,936)
Japanese yen	(2,056,087)	(2,048,005)
Euro	(2,252,113)	(949)
Swiss Franc (CHF)	(1,469,722)	791

If the relevant foreign currency weakens by 5% against the functional currency of the Company, the above will have an opposite effect.

(ii) Interest rate risk management

The Company is not exposed to significant interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from its loans from holding and related company. The Company has no policy to hedge against its interest rate risk.

(iii) Credit risk management

The Company develops and maintains its credit risk gradings to categorize exposures according to their degree of risk of default. The Company uses its own trading records to rate its major customers and other debtors.

The Company's current credit risk grading framework comprises the following categories:

In SG $

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off

In SG $

Particulars	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
2020						
Trade receivables	8	(i)	Lifetime ECL	1,804,532	–	1,804,532
Other receivables	8	Performing	12-month ECL	120,632	–	120,632
Loan to related Company	8	Performing	12-month ECL	9,359,771	–	9,359,771
2019						
Trade receivables	8	(i)	Lifetime ECL	3,159,197	–	3,159,197
Other receivables	8	Performing	12-month ECL	67,382	–	67,382
Loan to related Company	8	Performing	12-month ECL	674,064	–	674,064

The Company has applied the simplified approach to measure the loss allowance at lifetime ECL and in determining, has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

(iv) Liquidity risk management

Liquidity risk refers to the risk in which the Company has difficulties in meeting its short-term obligations. The holding Company will also provide the Company with sufficient liquidity to meet the working capital needs when required. The holding company will also provide the Company with sufficient liquidity to meet the working capital needs when required.

As at December 31, 2020, the Company's current liabilities exceeded its current assets by $60,739,204 (2019: $107,597,837). In addition, the Company has capital surplus of $276,812,443 (2019: capital surplus $259,554,923). The financial statements have been prepared on a going concern basis based on the letter of undertaking received from holding company, Infosys Limited, incorporated in India, and related company, Infosys Consulting Holding AG and the subsidiary, HIPUS CO.,Ltd, and Stater not to recall or demand repayment of the amount owing by the Company to it unless the Company has the ability to repay such obligation and Infosys Limited has also committed to provide continuing financial support to the Company to enable it to operate as going concern. The directors are satisfied that such financial support will be available and forthcoming as and when required.

All financial assets and liabilities in 2019 and 2020 are repayable on demand or due within 1 year from the end of the reporting period, except for the non-current portion of the loan from related companies, contingent consideration and lease liabilities as disclosed in Notes 13, 14 and 21 respectively.

Non-derivative financial liabilities

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments.

In SG $

Particulars	Average effective interest Rate (%)	On Demand or within 1 year	1 to 5 years	Over 5 years	Adjustment	Total
2020						
Trade and other payables	–	1,321,684		–	–	1,321,684
Loan from holding company and related company	0.41	75,540,026	44,999,997	–	–	120,540,023
Contingent consideration	10.30	4,059,899	7,000,000	–	(1,498,821)	9,561,078
Lease liabilities	1.58	383,765	427,339		–	811,104

Particulars	Average effective interest Rate (%)	On Demand or within 1 year	1 to 5 years	Over 5 years	Adjustment	Total
		81,305,374	52,427,336	–	(1,498,821)	132,233,889
2019						
Trade and other payables	–	1,535,947	–	–	–	1,535,947
Loan from holding company and related company	2.07	114,485,031	–	–	–	114,485,031
Contingent consideration	13.20	6,200,012	12,907,469	–	(3,066,330)	16,041,151
Lease liability	1.58	376,127	802,933	–	–	1,179,060
		122,597,117	13,710,402	–	(3,066,330)	133,241,189

(v) Fair values of financial assets and financial liabilities

Fair value of the Company's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

In SG $

Entity	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	2020	2019				
Contingent consideration payable to Fluido Oy	(3,932,517)	(10,920,985)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.	Discount rate of 13.6% per annum determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.
Contingent consideration payable to Infosys Compaz Pte. Ltd.	(5,628,561)	(5,120,166)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company arising from the contingent consideration.	The present value has been computed at a discount rate of 8%, which is higher than cost of debt but lower than cost of equity of the Infosys Compaz Pte. Ltd.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value.
Foreign currency forward contracts (Derivative financial instruments)	1,597,542	(476,076)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Not Applicable	Not Applicable

In SG $

Entity	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	2020	2019				
Fair value gain on call and put option	7,080,463	–	Level 3	Monte Carlo simulations to carry out the valuation. The valuation uses simulations of expected revenue and EBITDA on the maturity date to estimate the payoff and therefore the fair value of the options on the valuation date. Expected revenue and EBITDA have been modelled using Geometric Brownian Motion model.	Expected revenue and EBITDA on the maturity date	A one percentage point change in the unobservable inputs used in the fair valuation would not have a significant impact in its value.

Fair value of the Company's financial assets and liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities recorded at amortized cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments. In respect of the financial assets and liabilities recorded at amortized cost whose maturity is more than a year, management also considers that such financial instruments approximate their fair values. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

(d) Capital risk management policies and objectives

The Company reviews its capital structure at least annually to ensure that the Company will be able to continue as a going concern. The capital structure of the Company comprises only of issued capital and retained earnings.

The Company's overall strategy remains unchanged from the prior year.

5 Holding company and related-company transactions

The Company is a wholly owned subsidiary of Infosys Limited, incorporated in India, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements and terms thereof are arranged by or between members of the group.

Significant intercompany transactions are as follows:

In SG $

Particulars	As at December 31,	
	2020	2019
Holding company and related companies		
Management fee income	(196,709)	(204,412)
Dividend income from subsidiary	(11,292,865)	(19,475,859)
Services rendered	(10,486,442)	(11,778,022)
Interest income	(332,728)	(1,208)
Management fee expense	73,603	88,018
Guarantee fee	156,000	156,000
Loan interest expense	1,288,698	7,694,507

6 Related party transactions

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable within the next twelve months unless otherwise stated.

Compensation of directors and key management personnel

The transactions with related parties, remuneration of directors and other members of key management during the year were as follows:

In SG $

Particulars	As at December 31,	
	2020	2019
Remuneration of directors and other members of key management		
Short-term benefits	–	384,742
Post-employment benefits	–	–
	–	384,742

7 Cash and cash equivalents

In SG $

Particulars	As at December 31,	
	2020	2019
Cash at bank	7,594,070	11,448,128
Cash in hand	171	19
	7,594,241	11,448,147

8 Trade and other receivables

In SG $

Particulars	As at December 31,	
	2020	2019
Holding company - trade (Refer to Note No. 5)	335,266	431,989
Related companies - trade (Refer to Note No. 5)	1,469,266	2,727,208
Loan to related companies [(1)]	9,359,771	674,064
Other receivables	53,830	291
Deposits	66,802	67,091
Prepayments	90,505	161,617
	11,375,440	4,062,260
Classified as:		
Current	11,375,440	3,937,558
Non-current	–	124,702
	11,375,440	4,062,260

[(1)] Loan to related company 'Infosys Austria GmbH' is denominated in US Dollars, bears interest at LIBOR plus 0.60% per annum, is unsecured and repayable on demand. Loan to related company 'Infosys Technology (Shanghai) Co. Ltd' is denominated in RMB, bears interest at 4% per annum, is unsecured and repayable on demand.

The average credit period on rendering of services is 30 days (2019: 30 days). No interest is charged on overdue trade receivables.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

ECL on loan to subsidiary is measured at an amount equal to the 12-month ECL, as there is low risk default and does not have any past due amount.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

9 Plant and equipment

In SG $

Particulars	Computers	Office equipment	Furniture and fittings	Total
Cost:				
At January 1, 2019	225,609	9,285	298,327	533,221
Additions	9,160			9,160
Disposals	(27,660)	–	–	(27,660)
At December 31, 2019	207,109	9,285	298,327	514,721
Additions	3,136	–	–	3,136
Disposals	–	–	–	–
At December 31, 2020	210,245	9,285	298,327	517,857
Accumulated depreciation:				
At January 1, 2019	208,775	6,334	287,957	503,066
Depreciation	14,091	1,349	10,370	25,810
Disposals	(27,660)	–	–	(27,660)
At December 31, 2019	195,206	7,683	298,327	501,216
Depreciation	7,956	1,354	–	9,310
Disposals	–	–	–	–
At December 31, 2020	203,162	9,037	298,327	510,526
Carrying amounts:				
At December 31, 2019	11,903	1,602	–	13,505
At December 31, 2020	7,083	248	–	7,331

10 Right-of-use-assets

The Company has taken office space/Fax machine on leases. The average lease term is 5 years (2019: 4 years).

In SG $

Particulars	As at December 31,	
	2020	2019
Cost:		
At January 1,	1,518,665	–
Additions	8,578	1,518,665
At December 31,	1,527,243	1,518,665
Accumulated depreciation:		
At January 1,	348,027	–
Depreciation for the year	380,095	348,027
At December 31,	728,122	348,027
Carrying amount:		
At December 31,	799,121	1,170,638
At January 1	1,170,638	–

11 Subsidiaries

In SG $

Particulars	As at December 31,	
	2020	2019
Unquoted equity shares, at cost	380,720,629	376,706,073

The subsidiaries of the Company are set out below:

In SG $

Name of subsidiaries	Country of incorporation and operation	Proportion of ownership interest and voting power held by the Company		Principal activities
		2020	2019	
Infosys Middle East FZ-LLC	Middle East	100	100	Information technology application support services.
Fluido Oy	Finland	100	100	Salesforce advisor and consulting partner in cloud consulting, implementation and training services.
Stater NV	Finland	75	75	Mortgage service provider.
HIPUS Co., Ltd	Japan	81	81	Procurement BPO service.
Infosys Compaz Pte. Ltd.	Singapore	60	60	IT services.

The Company and the non-controlling shareholder has a call option and a written put option relating to the 25% stake held by the non-controlling shareholder respectively, which are exercisable after May 2022. The Company has used the Monte Carlo simulations to carry out the fair valuation of the options. The valuation uses simulations of expected revenue and EBITDA on the maturity date to estimate the payoff and therefore the fair value of the options on the valuation date. Expected revenue and EBITDA have been modelled using Geometric Brownian Motion model. The key inputs used in determination of the fair value of call and put options are included in Note 4. The fair value of the options is recognised as derivative financial instruments under Note 12B to the financial statements.

12 Trade and other payables

In SG $

Particulars	As at December 31,	
	2020	2019
Holding company - trade (Refer to Note No. 5)	39,000	39,000
Related companies - trade (Refer to Note No. 5)	327	16,976
Outside parties	1,449	295,707
Accrued expenses	1,144,344	1,015,419
Compensated absences	136,564	145,312
Other payables	–	23,533
	1,321,684	1,535,947

The average credit period on purchases of goods is 60 days (2019: 60 days). No interest is charged on the outstanding balance.

12A Derivative financial instrument

In SG $

Particulars	As at December 31, 2019	
	Assets	Liabilities
Foreign exchange forward contracts:		
Not designated in a hedge accounting relationship	–	476,076
	–	476,076

In SG $

Particulars	As at December 31, 2020	
	Assets	Liabilities
Foreign exchange forward contracts:		
Not designated in a hedge accounting relationship	1,955,654	358,112
	1,955,654	358,112

The Company holds derivative financial instruments such as foreign currency forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The details in respect of outstanding foreign currency forward contracts in traded currency are as follows:

In SG $

Particulars	Average exchange rates		Foreign currency		Contract value		Fair value	
Outstanding contracts	2020	2019	2020	2019	2020	2019	2020	2019
			FC'000	FC'000	$'000	$'000	$	$
Buy Japanese Yen	0.013	0.012	4,264,000	3,194,000	55,157	40,185	358,112	449,756
Buy EURO	1.611	1.518	106,000	7,000	170,809	10,626	(1,642,500)	26,320
Buy CHF	1.488	–	20,000	–	29,759	–	(308,000)	–
Sell RMB	4.969	–	39,754	–	8,000	–	(5,154)	–

12B Derivative financial instruments

In SG $

Particulars	2020	2019
Call and put options on non-controlling interest (Note 11)	7,080,463	-

13 Loan from holding company and related company

In SG $

Particulars	As at December 31,	
	2020	2019
Holding company (Refer to Note No. 5)	–	74,340,672
Related company (Refer to Note No. 5)	30,061,842	–
Subsidiary (Refer to Note No. 5)	90,478,181	40,144,359
	120,540,023	114,485,031
Analysed as:		
Current	75,540,026	114,485,031
Non-Current	44,999,997	–
	120,540,023	114,485,031

The loan from related company 'Infosys Consulting Holding AG' is denominated in CHF, bears interest at 0.3% per annum, is unsecured and repayable on demand.

The loan from subsidiary 'Hipus Co. Ltd.' is denominated in Japanese Yen, bears interest at 0.25% per annum (2019: 0.35% per annum), is unsecured and repayable on demand.

The loan from subsidiary 'Stater NV' is denominated in EURO, bears interest at 0.5% per annum till March 31, 2020. From 1st April 2020, bears interest at a rate equal to 12-month EURIBOR +0.83% per annum and never be less than 0.25%, is unsecured and repayable on demand after 5 years.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statements of cash flows as cash flows from financing activities.

In SG $

Particulars	December 31, 2019	January 1, 2020	New lease liabilities	Financing cash flow (i)	Other changes (ii)	December 31, 2020
(a) Loans from holding company	(74,340,672)	(74,340,672)	–	70,934,000	3,406,672	–
(b) Loan from related company	–	–		(30,014,710)	(47,132)	(30,061,842)
(c) Loan from Subsidiary	(40,144,359)	(40,144,359)	–	(50,124,872)	(208,950)	(90,478,181)
(d) Lease liabilities (Refer to Note No. 21)	(1,179,060)	(1,179,060)	(8,579)	392,490	(15,955)	(811,104)
	(115,664,091)	(115,664,091)	(8,579)	(8,813,092)	3,134,635	(121,351,127)

In SG $

Particulars	January 1, 2019	New lease liabilities	Financing cash flow (i)	Conversion to redeemable preference shares (ii)	Other changes (iii)	December 31, 2019
(a) Loans from holding company	(79,518,465)	–	(241,134,000)	249,200,000	(2,888,207)	(74,340,672)
(b) Loan from subsidiary	–	–	(40,115,676)	–	(28,683)	(40,144,359)
(c) Lease liabilities (Refer to Note No. 21)	–	(1,518,665)	359,370	–	(19,765)	(1,179,060)
	(79,518,465)	(1,518,665)	(280,890,306)	249,200,000	(2,936,655)	(115,664,091)

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(ii) Other changes include interest accruals and payments.

14 Contingent consideration

In SG $

Particulars	As at December 31, 2020	2019
Current:		
Contingent consideration payable - Fluido Oy[1]	3,932,517	5,981,926
Non-current:		
Contingent consideration payable - Fluido Oy[1]	–	3,328,969
Contingent consideration payable - Infosys Compaz[2]	4,549,520	4,549,520
Interest payable on contingent consideration - Fluido Oy	–	1,610,090
Interest payable on contingent consideration - Infosys Compaz	1,079,041	570,646
	5,628,561	10,059,225

(1) On October 11, 2018, the Company acquired 100% of the issued share capital of Fluido Oy for consideration of EURO 65 million ($110 million), including cash consideration of EURO 45 million ($76 million), contingent consideration of EURO 12 million ($18.7 million) and retention payouts of up to EURO 8 million ($13.6 million), payable to the employees of Fluido over the next three years, subject to their continuous employment with the Infosys Group. This transaction has been accounted for by the acquisition method of accounting.

Fluido Oy is an entity incorporated in Finland with its principal activity being the salesforce advisor and consulting partner in cloud consulting, implementation and training services.

The payment of contingent consideration to sellers of Fluido is dependent upon the achievement of certain financial targets by Fluido. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 16% and the probabilities of achievement of the financial targets. $18,700,000 represents the estimated fair value of this obligation.

(2) On November 16, 2018, the Company acquired 60% of the issued share capital of Infosys Compaz Pte. Ltd for consideration of $17 million, including cash consideration of $10 million which includes other payables of $5.6 million (Note 11) and contingent consideration of $7 million. This transaction has been accounted for by the acquisition method of accounting.

Infosys Compaz Pte. Ltd is an entity incorporated in Singapore with its principal activity being the provision of IT services.

The payment of contingent consideration to sellers of Infosys Compaz Pte. Ltd is dependent upon the achievement of certain revenue targets by Infosys Compaz Pte. Ltd. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 9% and the probabilities of achievement of the financial targets. $4,549,520 represents the estimated fair value of this obligation.

The key inputs used in determination of the fair value of contingent considerations are included in Note 4. For the year ended December 31, 2020, a fair value gain of $720,459 (2019 : Nil) was recognised in profit or loss arising from the change in value fair of the contingent consideration liability due to certain targets not being met. There have been no changes to the amounts recognised arising from changes in valuation techniques applied.

15 Share capital and redeemable preference shares

Particulars	2020	2019	2020	2019
	Number of shares		SG$	SG$
Issued and paid up:				
i) Ordinary shares:				
At beginning and end of year	10,990,000	10,990,000	10,990,000	10,990,000
ii) Preference shares:				
At beginning and end of year	249,200,000	249,200,000	249,200,000	249,200,000
Total equity			260,190,000	260,190,000

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The main features of the redeemable preference shares are as follows:

1. They may be redeemed wholly or partially only by the Company by giving no less than fourteen (14) days' notice to holders of the preference shares.
2. In the event of dividend being declared, which is solely at the discretion of the Company, holders of the preference shares are entitled to receive, prior and in preference to the holders of ordinary shares, a preferential dividend at the rate of 4% per annum based on the issue price of the redeemable preference shares. These dividends are cumulative in nature and the Company shall not pay dividend in respect of ordinary shares unless all accumulated balances declared in respect of the preference shares has been fully paid.
3. They have preference in return of capital upon liquidation of the Company.

16 Revenue

In SG $

Particulars	As at December 31,	
	2020	2019
Type of goods or service		
Provision of IT support services	10,486,442	11,778,022
Timing of revenue recognition		
Over time	10,486,442	11,778,022

There are no performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

17 Other Income

In SG $

Particulars	As at December 31,	
	2020	2019
Dividend from subsidiary (Refer to Note No. 5)	11,292,865	19,475,859
Interest received from loan to subsidiary (Refer to Note No. 5)	332,728	1,208
Management fee income (Refer to Note No. 5)	196,709	204,412
Miscellaneous income	7,080	132,535
Fair value gain on mark to market of call put option	7,080,463	
	18,909,845	19,814,014

18 Finance costs

In SG $

Particulars	As at December 31,	
	2020	2019
Interest expense:		
Loan from related company (Refer to Note No. 5)	1,288,698	7,694,507
Interest expense on lease liabilities	15,955	19,765
Interest on contingent consideration	1,479,729	2,112,523
	2,784,382	9,826,795

19 Income tax expense (benefit)

In SG $

Particulars	As at December 31,	
	2020	2019
Income tax recognized in profit or loss:		
Withholding tax	12,115	(64,117)

Domestic income tax is calculated at 17% (2019: 17%) of the estimated assessable income for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

In SG $

Particulars	As at December 31,	
	2020	2019
Profit before income tax	17,269,635	10,411,427
Income tax expense calculated at 17%	2,935,838	1,769,943
Exempt income	(4,362,851)	(3,310,896)
Non-deductible expenses	320,144	5,404
Effects of deferred tax benefits not recognized as deferred tax assets	1,106,869	1,553,175
Withholding tax	5,074	13,273
Overprovision in prior years	7,041	(77,390)
Others	–	(17,626)
	12,115	(64,117)

The company has unutilized tax losses carry forwards available for offsetting against future taxable income as follows:

In SG $

Particulars	Tax losses	Unutilized capital allowances	Total
At January 1, 2019	7,252,134	–	7,252,134
Arising during the year	9,136,325	–	9,136,325
At December 31, 2019	16,388,459	–	16,388,459
Adjustment	(4,306,005)	–	(4,306,005)
Arising during the year	6,510,997	–	6,510,997
At December 31, 2020	18,593,451	–	18,593,451

In SG $

Particulars	As at December 31,	
	2020	2019
Deferred tax benefit on above unrecorded at 17%	3,160,887	2,786,038

The tax losses are available for set-off against future taxable profits, subject to compliance with the provision of Section 37 of the Singapore Income Tax Act, Chapter 134 and agreement of the Comptroller of Income Tax.

Deferred tax assets have not been recognized in respect of these items due to the uncertainity of future taxable profit will be available against which the Company can utilize the benefits.

20 Profit for the year

Other than as disclosed in other notes to the financial statements, profit for the year includes the following charges:

In SG $

Particulars	As at December 31,	
	2020	2019
Directors' remuneration	–	384,742
Employee benefits expense (including directors' remuneration)	5,687,956	6,603,125
Cost of defined contributions plans included in employee benefits expense	287,730	279,794
	5,975,686	6,882,919

In 2020, the Company received cash grant under the Job Support Scheme initiative from the Singapore Government as part of the Government's relief measures to help businesses deal with the impact from COVID-19. Consequently, the Company recognised government grant income of $417,420 in the profit or loss as a deduction against the employee benefit expense.

21 Lease liabilities (Disclosure required under FRS 116)

In SG $

Particulars	As at December 31,	
	2020	2019
Maturity analysis:		
Year 1	393,840	392,040
Year 2	393,840	392,040
Year 3	34,470	392,040
Year 4	1,800	32,670
Year 5	1,350	–
	825,300	1,208,790
Less: Unearned interest	(14,196)	(29,730)
	811,104	1,179,060

Analysed as:

In SG $

Particulars	As at December 31,	
	2020	2019
Current	383,765	376,127
Non-current	427,339	802,933
	811,104	1,179,060

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function. The weighted average incremental borrowing rate is 1.989% (2019: 1.58%) per annum.

22 Impact of Covid-19

The full impact of the Coronavirus ("COVID-19") outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. At this stage, the impact on the Company's activities and results has not been significant. Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, management has assessed that the Company is able to maintain sufficient liquidity to enable the Company to continue as a going concern for at least the next 12 months from the end of the reporting period with the financial support of its holding company and related companies as disclosed in Note 4(c)(iv).

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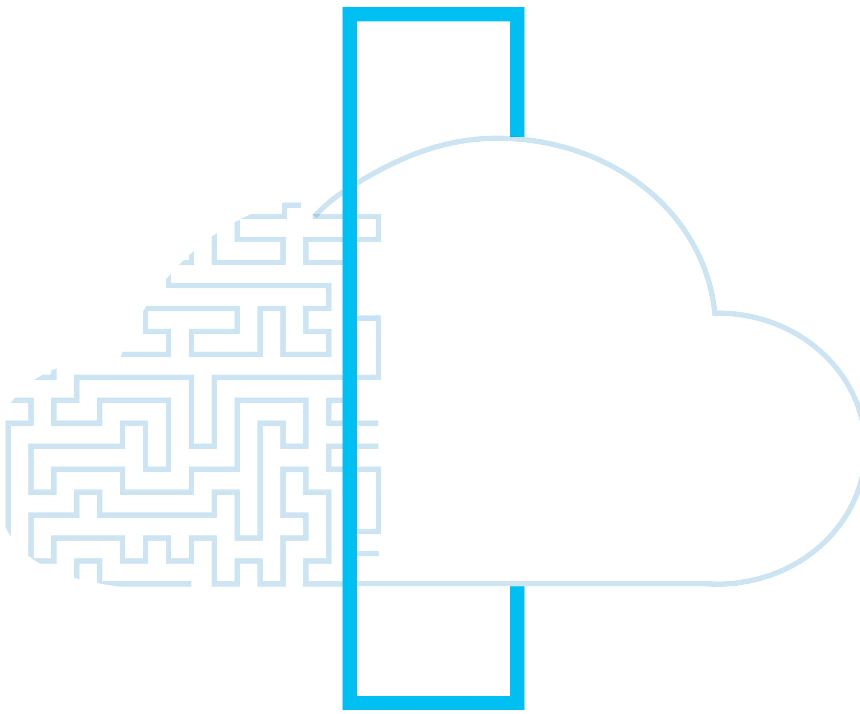

Infosys Consulting SAS

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COFFRA

Paris, March 22, 2021

To the sole shareholder

Infosys Consulting
Société par Actions Simplifiée
Paris La Défense 9

Dear Sir,

Opinion

In compliance with the engagement entrusted to us by decision of the sole shareholder, we have audited the accompanying financial statements of Infosys Consulting SAS for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for opinion

- Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory auditor's responsibilities for the audit of the financial statements* section of our report.

COMPAGNIE FIDUCIAIRE FRANCO-ALLEMANDE
Membre de la Compagnie Régionale des Commissaires aux Comptes de Paris
Inscrite au tableau de l'Ordre des Experts-Comptables de Paris
SAS au capital de 100 000 €
R.C.S. 334 591 724 – SIRET 334 591 724 00029 – T.V.A. FR 75 334 591 724

MOORE
An independent member firm of Moore Global Network Limited

- Independence

We conducted our audit engagement in compliance with the rules of independence provided for by the French Commercial Code (*Code de commerce*) and by the French Code of ethics (*Code de déontologie*) for statutory auditors, for the period from January 1st, 2020 to the date of our report.

Justification of assessments

Due to the global crisis related to the COVID-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you that the matters related to the appropriateness of the accounting principles, the significant estimations and the general presentation applied were, in our professional judgment, of most significance in our audit of the financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the General Manager (*Président)* and in the other documents with respect to the financial position and the financial statements provided to the sole shareholder.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*Code de commerce*).

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the General Manager (*Président)*.

Statutory auditor's responsibilities for the audit of the financial statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

The Statutory auditor
Compagnie Fiduciaire Franco-Allemande
Membre de la Compagnie Régionale de Paris

represented by

sign. Christoph Schlotthauer	sign. Franz-Josef Töcker
Partner	Partner

Appendices

The financial statements are numbered from page C1 to page C19

2020 Annual Financial Statements

Financial year from 01/01/2020 to 31/12/2020

SAS INFOSYS CONSULTING SAS

77 Esplanade Gal. de Gaulle
92800 PUTEAUX
Siret : 52414413600032

Balance sheet and Income statement

Balance sheet assets

	Gross	Depreciation Amortisation	Net 31/12/2020	Net 31/12/2019
Uncalled subscribed capital				
CAPITAL ASSETS				
Intangible assets				
Preliminary expenses				
Research and development costs				
Concessions, patents, licenses, software, rights & similar				
Goodwill				
Other intangible assets				
Advances and down-payments on intangible assets				
Property, plant and equipment				
Land				
Buildings				
Industrial facilities, plant and equipment				
Other property, plant and equipment	48 072	38 721	9 351	12 002
Property, plant and equipment under construction				
Advances and down- payments				
Non- current financial assets				
Equity interests (equity method)				
Other equity interests				
Loans to subsidiaries and affiliates				
Other long- term investments				
Loans				
Other non- current financial assets				
TOTAL CAPITAL ASSETS	**48 072**	**38 721**	**9 351**	**12 002**
CIRCULATING ASSETS				
Inventories and work-in-progress				
Raw materials and other supplies				
Work in process inventory (goods and services)				
Intermediate and finished products				
Merchandise				
Advances and down- payments paid on orders				
Receivables				
Trade and related receivables	701 397	237	701 160	531 206
Other receivables	356 554		356 554	27 377
Called, subscribed capital, not paid up				
Miscellaneous				
Short- term investments				
Cash	2 130 393		2 130 393	1 065 669
Prepaid expenses (3)	462		462	311
TOTAL CIRCULATING ASSETS	**3 188 807**	**237**	**3 188 570**	**1 624 563**
Loan issue costs				
Bond redemption premiums				
Translation adjustment (assets)	56		56	2
TOTAL	**3 236 935**	**38 957**	**3 197 977**	**1 636 567**

Balance sheet liabilities

	31/12/2020	31/12/2019
OWNERS' EQUITY		
Share capital	80 000	80 000
Additional paid-in capital, merger premium, share premiums		
Revaluation surplus		
Legal reserve	8 000	8 000
Statutory or contractual reserves		
Regulated reserves		
Other reserves		
Retained earnings	850 061	572 773
PROFIT/ (LOSS) FOR THE PERIOD	**377 656**	**277 288**
Investment grants		
Regulated provisions		
TOTAL EQUITY	**1 315 717**	**938 061**
OTHER EQUITY		
Income from issues of equitty interests		
Conditional advances		
TOTAL OTHER EQUITY		
PROVISIONS		
Provisions for risks	15 000	1 041
Provisions for charges		
TOTAL CONTINGENT LIABILITIES	**15 000**	**1 041**
LIABILITIES (1)		
Convertible bonds		
Other bonds		
Bank borrowings and other liabilities to banks		
Other borrowings and finanancial liabilities	14 400	14 400
Advances and down- payments received on orders in process		
Trade and related payables	1 307 189	137 618
Tax and social security payables	545 671	545 447
Debts on capital assets and related payables		
Other payables		
Prepaid income		
TOTAL LIABILITIES	**1 867 260**	**697 464**
Translation adjustment (liabilities)		
TOTAL	**3 197 977**	**1 636 567**

Income statement - I

	France	Exports	31/12/2020	31/12/2019
Operating income				
Sales of goods				
Products sold (goods)				
Products sold (services)	210 000	5 019 940	5 229 940	2 887 009
Net revenue	**210 000**	**5 019 940**	**5 229 940**	**2 887 009**
Production in inventory				
Capitalised production				
Operating grants				
Reversals of provisions (and amortisation) and transfers of charges			2 435	47 164
Other income			1 809	647
Total operating income			**5 234 184**	**2 934 820**
Operating expenses				
Purchase of goods				
Changes in inventory				
Purchase of raw materials and other supplies				
Changes in inventory				
Other purchases and external charges			2 941 539	561 074
Taxes and similar charges			41 854	-26 573
Wages and salaries			1 244 236	1 453 972
Social charges			534 230	625 109
Depreciation expense and allowance for impairement:				
- On non- current assets: depreciation expense			4 913	2 104
- On non- current assets: allowance for impairment				
- On circulating assets: allowance for impairement			237	1 394
- Contingent liabilities: provisions			15 000	1 041
Other charges			71 654	39 411
Total operating expenses			**4 853 663**	**2 657 532**
OPERATING PROFIT/ (LOSS) (I-II)			**380 521**	**277 288**
Share of profit/ (loss) on joint operations				
Profit allocated or loss transferred (III)				
Loss sustained or profit transfered				
Investment income				
From equity interests				
From other non- current securities and receivables				
Other interest and similar income			1 233	
Reversals of provisions and allowances for impairment and transfers of charges				
Positive foreign exchange differences				
Net gain on disposals of securities				
Total investment income (V)			**1 233**	
Financial expense				
Amortisation expense, allowance for impairement and provisions				
Interest and similar expenses (4)			3 195	
Negative foreign exchange differences				
Net loss on disposals of securities				
Total financial expenses (VI)			**3 195**	
FINANCIAL PROFIT/(LOSS) (V-VI)			**-1 962**	
PRE- TAX EARNINGS (I-II+III-IV+V-VI)			**378 559**	**277 288**

Income statement - II

	31/12/2020	31/12/2019
Extraordinary income		
From management transactions		
From capital transactions		
Reversals of provisions and allowance for impairment and transfers of charges		
Total extraordinary income (VII)		
Extraordinary expenses		
On management transactions	903	
On capital transactions		
Amortisation expense, allowance for impairment and provisions		
Total extraordinary expenses (VIII)	**903**	
EXTRAORDINARY PROFIT/(LOSS) (VII-VIII)	**-903**	
Employee profit- sharing (IX)		
Income tax (X)		
Total income (I+III+V+VII)	**5 235 417**	**2 934 820**
Total expenses (II+IV+VI+VIII+IX+X)	**4 857 761**	**2 657 532**
PROFIT OR (LOSS)	**377 656**	**277 288**

Notes

Notes - Contents

	Applicable	Not applicable	Not material
- Accounting policies and methods	x		
- Remarkable events	x		
- Capital assets	x		
- Breakdown of capital assets		x	
- Preliminary expenses		x	
- Research and development costs		x	
- Goodwill		x	
- Capitalised interests		x	
- Construction work in progress		x	
- Component approach on fixed assets		x	
- Estimated equity interests in the portfolio		x	
- List of subsidiaries		x	
- Breakdown of depreciation		x	
- Capital assets impairment tests		x	
- Information on inventory		x	
- Schedule of receivables by due date	x		
- Accruals (income)	(summarised)		
- Information on the receivable arising from carry- back of tax losses		x	
- Impairment of capital assets		x	
- Allowance for inventory		x	
- Allowance for doubtful accounts		x	
- Impairment of securities		x	
- Interest on circulating asset items			x
- Capital structure	x		
- Profitable shares		x	
- Exchangeable convertible bonds		x	
- Statement of appropriation of prior year's earnings		x	
- Statement of changes in shareholder's equity		x	
- Regulated provisions		x	
- Provisions for contingent liabilities	x		
- Schedule of liabilities by due date	x		
- Debts guaranteed by security interests		x	
- Accruals	(summarised)		
- Liabilities with no reliable valuation		x	
- Loan repayment premiums		x	
- Translation adjustments on receivables and liabilities		x	
- Reservation of ownership		x	
- Liabilities and receivables represented by commercial paper		x	
- Valuation differences on fungible items		x	
- Treasury shares		x	
- Regulation of companies' difficulties		x	
- Prepaid expenses	(summarised)		
- Deferred income		x	
- Breakdown of net revenue		x	

Notes - Contents

	Applicable	Not applicable	Not material
- Long- term contracts		x	
- Incidental purchasing costs		x	
- Fees paid to the statutory auditors		x	
- Items attributable to another financial year		x	
- Joint operations		x	
- Financial profit/ (loss)		x	
- Transfers of operating and financial expenses		x	
- Related-parties disclosures		x	
- Extraordinary items attributable to another financial year		x	
- Extraordinary items		x	
- Transfers of extraordinary expenses		x	
- Income tax base		x	
- Impact of extraordinary tax assessments		x	
- Breakdown of income tax expense		x	
- Impact of amendments approved between the closing date and the balance sheet date		x	
- Increase and decrease in future tax liability - tax		x	
- Tax Group : Identity of the Tax Group head company		x	
- Subsequent events		x	
- Information on transactions on the derivatives markets		x	
- Workforce	x		
- Individual training rights		x	
- Advances and loans granted to corporate officers		x	
- Total compensation and compensation by executive category		x	
- Identity of the parent company preparing the consolidated financial		x	
- Financial commitments given		x	
- Other off- balance- sheet transactions		x	
- Financial commitments received		x	
- Leases		x	
- Post- employment benefit commitments			x
- Competitiveness and employment tax credit (CICE)		x	
- Environmental aspects		x	
- Summary table of the last five financial years		x	

Accounting rules and methods

Company name: SAS INFOSYS CONSULTING SAS

Notes to the balance sheet before allocation of earnings of the financial year ended on 31/12/2020, for a total of 3 197 977 €
and notes to the income statement for the financial year presented in list form, showing a profit of 377 656 €.

The financial year runs for 12 months, from 01/01/2020 to 31/12/2020.

The notes or tables presented below form an integral part of the annual financial statements.

These annual financial statements were approved on 10/03/2021 by the company's directors.

General accounting rules

The annual financial statements of financial year ended on 31/12/2020 have been prepared in accordance with the chart of accounts approved by Ministerial order, pursuant to articles L.123-12 to L.123-28 and R.123-172 to R.123-208 of the French Commercial Code.

Accounting conventions have been applied in compliance with the prudence principle, in accordance with the basic assumptions of:
- going concern,
- consistency of accounting methods from one period to another,
- independent financial years,
and in accordance with the general rules for establishig and presenting annual financial statements.

Assets and liabilities in the financial statements are principally accounted for using the historical costs method.

Only material information is given. Unless otherwise specifically mentioned, all amounts are expressed in euros.

Property, plant, equipments and intangible assets

Property, plant, equipments and intangible assets are measured at their acquisition costs for assets acquired, at production cost for assets produced by the company, and at market value for assets acquired free of cost or as exchange.

The cost of an asset comprises the purchase price, including non- refundable excise duties and taxes, less discounts, rebates and reductions, and all directly attributable costs incurred to establish and commission the asset, according to its planned usage. Transfer taxes, fees, commission and legal fees related to the acquisition are not included in this acquisition cost. All costs not included in the acquisition cost of the asset and not directly associated to the costs arising to establish and commission the asset in accordance with its planned usage are recognised as an expense.

Depreciation

Depreciation is calculated according to the linear method over the planned useful life of the asset.

* Office equipment : 3 years
* Computer equipment : 3 years
* Furniture : 10 years

For simplification purposes, assets that could not be split into components upon their recognition as an asset are depreciated over their estimated useful life.

At closing date, the company reviewed indications of impairment by considering internal and external information available for this review.

Accounting rules and methods

Receivables

Receivables are recognised at nominal value. A provision for impairment is booked when the inventory value is lower than the nominal value.

Provisions

A provision is recognised for all company's current obligations resulting from a past event vis-a-vis third parties, that can be estimated with sufficient reliability, and covering identified risks.

Exceptional income and expenses

Exceptional income and expenses include items not related to the company's usual business.

Transactions in foreign currency

Assets denominated in foreign currency and treated as fixed assets are translated at historical exchange rates, or if any hedging took place before the acquisition of the asset, at hedged exchange rates. The costs incurred by the setting up of the hedging are added to the acquisition costs.
Current liabilities, receivables and cash denominated in foreign currency are recognised in the balance sheet at their converted value at year-end exchange rates. The difference arising from the revaluation of liabilities and receivables at the latter rate will be recognised in the balance sheet as translation adjustment.
Non-compensated exchange rate losses will be covered by a risk accrual, in its completeness to follow accounting standards.

Consequences of the Covid-19 event

The Covid-19 event did not have a significant impact on the company's assets and liabilities, financial position or results. Nevertheless, being still in progress on the date of preparation of the annual accounts, the company is unable to assess the consequences of this on future financial years.

Significant events

Other significant events

Due to the tax losses from previous years, the company did not book any corporate tax and the tax losses carried forward amount to €2,518,602 as of 12/31/2020.

Subsequent event:

Infosys received a refund of €21,084 on February 18, 2021, following the URSSAF audit of February 2020, concerning the years 2017/2018.

Notes to the balance sheet

Fixed assets

Fixed assets schedule

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	45 809	2 262		48 072
- Recoverable packaging and miscellaneous				
- Property, plant and equipment under construction				
- Advances and down- payments				
Property, plant and equipment	**45 809**	**2 262**		**48 072**
- Interests accounted for using the equity method				
- Other equity interests				
- Other long- term investments				
- Loans and other non- current financial assets				
Non- current financial assets				
CAPITAL ASSETS	**45 809**	**2 262**		**48 072**

Notes to the balance sheet

Fixed assets depreciation

	At period start	Increase	Decrease	At period end
- Preliminary and development costs				
- Goodwill				
- Other intangible assets				
Intangible assets				
- Land				
- Buildings on freehold land				
- Buildings on non- freehold land				
- General facilities and building improvements				
- Technical facilities, industrial plant and tooling				
- General facilities, improvements and miscellaneous fixtures and fittings				
- Transport equipment				
- Office and computer equipment	33 808	4 913		38 721
- Recoverable packaging and miscellaneous				
Property, plant and equipment	**33 808**	**4 913**		**38 721**
CAPITAL ASSETS	**33 808**	**4 913**		**38 721**

Notes to the balance sheet

Current assets

Schedule of receivables

On the closing date, receivables totalled 1 058 413 €. The detailed breakdown by due date is as follows:

	Gross value	Due <1 yr.	Due >1 yr.
Receivables related to capital assets			
Loans to subsidiaries and affiliates			
Loans			
Others			
Receivables related to circulating assets:			
Trade and accounts receivable	701 397	701 397	
Other receivables	356 554	356 554	
Prepaid expenses	462	462	
Total	**1 058 413**	**1 058 413**	
Loans granted during the period			
Loans repaid during the period			

Accrued income

Accrued income is included in the following asset positions:

	Amount
Loans to subsidiaries and affiliates	
Other non- current financial assets	
Trade accounts receivable	26 321
Other receivables	
Cash	
Total	**26 321**

Notes to the balance sheet

Owner's equity

Capital structure

Share capital amounts to 80 000,00 € divided into 8 000 shares at 10,00 € each.

List of share capital owners

	% of ownership	Number of unit or shares
I. LEGAL ENTITIES		
DIV INFOSYS CONSULTING HOLDING AG CH-8058 ZÜRICH	100	8 000
II. INDIVIDUALS		

Provisions

Statement of provisions

	Provisions at period start	Additions of the period	Reversals used during the period	Reversals unused of the period	Provisions at period end
Disputes					
Guarantees given to customers	1 041		1 041		
Losses on forward markets					
Fines and penalties					
Foreign exchange losses					
Pensions and similar obligations					
For taxes					
Capital asset renewals					
Major maintenance and overhauls					
Taxes and benefits on paid leave due					
Other provisions for contingent liabilities		15 000			15 000
Total	**1 041**	**15 000**	**1 041**		**15 000**
Breakdown of provisions and reversals for the period:					
Operations		15 000	1 041		
Financial					
Exceptional					

Notes to the balance sheet

Debts

Statement of liabilities

On the closing date, liabilities totalled 1 867 260 €. The breakdown by due date is as follows:

	Gross value	Due < 1 yr.	Due > 1 yr.	Due > 5 yr.
Convertible bonds (*)				
Other bonds (*)				
Bank borrowings (*) and other liabilities to banks, of which:				
- up to 1 yr. at the outset				
- 1 yr. or more at the outset				
Other borrowings and financial liabilities (*) (**)				
Trade and related payables	1 307 189	1 307 189		
Tax and social security related payables	545 671	545 671		
Debts on capital assets and related payables				
Other payables	14 400	14 400		
Deferred income				
Total	**1 867 260**	**1 867 260**		
(*) Loans taken out during the period				
(*) Loans repaid during the period, of which:				

Accrued expenses

Accrued expenses are included in the following liability positions:

	Amount
Convertible bonds	
Other bonds	
Bank borrowings and other liabilities to banks	
Other borrowings and financial liabilities	
Trade and related payables	1 069 327
Tax and social security payables	441 995
Debts on capital assets and related payables	
Other payables	
Total	**1 511 322**

Notes to the balance sheet

Prepaid expenses, deferred income

Prepaid expenses

	Amount
Operating expenses	462
Financial expenses	
Exceptional expenses	
Total	**462**

Other Information

Total employees

Average workforce : 10,41 employees.

	On payroll personnel	Temporary personnel
Executives	11	
Lower management and technicians		
Office workers		
Workers		
Total	**11**	

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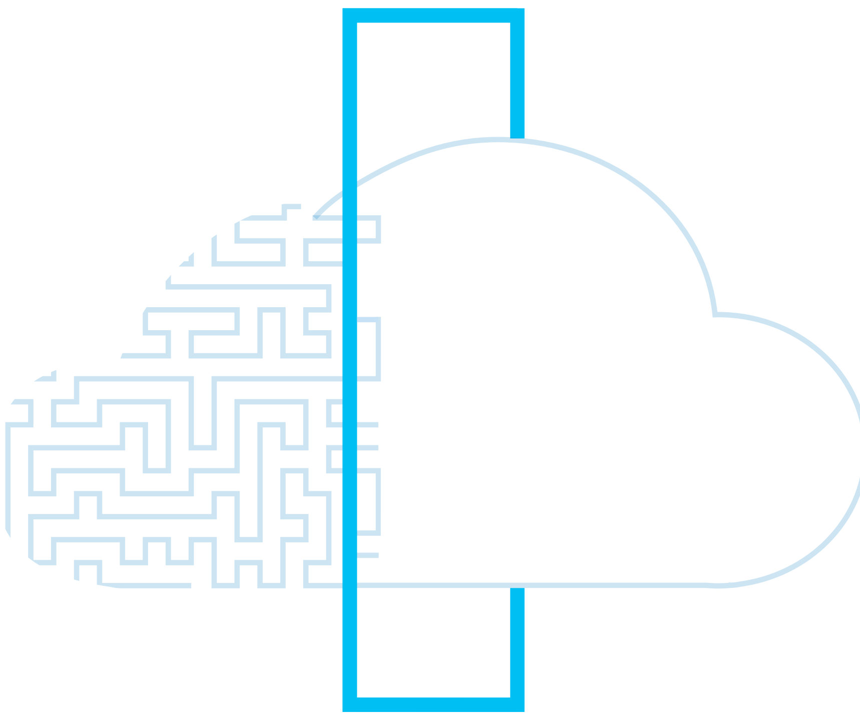

Stater N.V. (Stater)

CONTENTS

Page

FINANCIAL REPORT

1 MANAGEMENT REPORT

The beginning of 2020 saw a major outbreak of the coronavirus (COVID-19). From March onwards, the consequences in the Netherlands have become so serious that the Dutch government implemented an extensive package of measures, which had a substantial impact on Stater. Although the measurements were tough, the Stater Crisis Management Team (CMT) took the right actions which insured the health and safety of the Stater staff on the one hand and guaranteed the services to its clients on the other hand. Nevertheless, Stater was able to take the next steps in fulfilling the strategy of growth. Besides the investments in the platform to remain frontrunner in The Netherlands, we invested in the German and Belgian market.

In 2020 Stater Participations B.V. bought 28% of the shares of Stater Belgium. Stater is now 100% owner of Stater Belgium. By acquiring the remaining share (28%) in Stater Belgium, Stater is taking the next step in implementing the strategy for international expansion. With the acquisition of the shares in Stater Belgium, Stater is facilitating this strategy in one of its core countries. Since Stater was already the majority shareholder, Stater knows Stater Belgium and the Belgian market extremely well. Through full control of Stater Belgium, Stater is expecting to accelerate growth in Belgium. In addition, it gives the opportunity to realize efficiency and even the option to develop a proposition to support consumer loans in The Netherlands as well.

Another focus market for Stater is Germany. The German financial market is about to change substantially. The traditional German Banks face cost challenges, market behaviour is changing and the chances of new type of originators entering the market are present. Stater is well positioned to be successful in Germany and preparations for a restart in this interesting market are in full swing. Promising first interactions with prospective clients already took place.

In general, digitisation in the financial sector is an indispensable development. Consumers and our clients expect more digital and straight through processes. In addition, there is the development with regard to data. Faster and wider access to data is important to be and remain successful. Anticipation towards legislative and regulatory developments also play an important role in this respect.

In recent years substantial investments have been made to deliver on Stater her strategy, one of the most important programmes being the digitisation programme. Stater will continue to work on this in the future. In 2020 the programme led to a number of deliverables, resulting in additional turnover and cost savings.

1.1 Organisational structure

There have been a number of changes in Stater's management in the recent period. In the beginning of 2020 the Director of Operations, the director of IT and the director of Finance and Risk decided to continue their careers outside Stater. In addition, recently the CCO decided to leave Stater due to other ambitions. The current positions of CCO and COO will be discontinued due to organisational change. This will be replaced by a Managing Director (MD) Netherlands and a Managing Director (MD) New Business who will be responsible for new sales, business development and innovation for The Netherlands, Germany and Belgium. The vacancy for Chief Technology Officer and Director of Finance and Risk are both fulfilled since November 1st. Respectively by Soheyl Kadjani and Arnoud Kuiper.

The MD Netherlands will be responsible for relationship management, operations and special servicing in The Netherlands. This concerns the existing services and the responsibility for growth in the existing portfolio.

We are pleased to announce the appointment of Mario Menheere as Managing Director of The Netherlands. We all know Mario from his role as MD Hypocasso in which he achieved great results. Arjan Hessels is appointed as Managing Director New Business. Arjan is familiar to us as well, who stood at the basis of the acceleration of Innovation and Digitalization that we have gone through.

In addition, there are a number of other changes in the organization:

- We have decided that the current management positions of Director of Change and CIO will be merged into the position of Chief Technology Officer. This will ensure that all IT activities will be placed under one management.
- Now that we fully own the shares in Stater Belgium, Stater Belgium will be managed hierarchically from now on. Thomas Bardram, responsible for Stater Belgium, reports directly to Erwin Dreuning, CEO Stater. Thomas also joins the Board of Directors of Stater NV.
- Also in this context, a functional line is being established from the support services of Stater Belgium to the CFRO and Director of IT. Thomas, on behalf of Stater Belgium, Arnoud for the enablers and Soheyl for IT are responsible for further setting up this functional reporting line.

The management of Stater will consist of the CEO (Erwin), CFRO (Arnoud), CTO (Soheyl), MD Netherlands (Mario) and the MD Belgium (Thomas). This board is responsible for all Stater activities in The Netherlands, Belgium and Germany. Arjan (MD New Business & Innovation) is part of the top structure but is exempted from specific Management of Board tasks.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated April 14, 2021

1.2 Financial developments 2020

Profit after tax
The net result of Stater for the financial year 2020 of €17.9 million (2019: €15.1 million). Net profit amounted to 10.9% of turnover (2019: 9.2%). The improvement in the result is mainly the consequence of a sharp drop in costs due to cost saving initiatives.

Liquidity position
Stater's liquidity position is excellent. In 2020 a large part of the excess liquidity of €30 million was lent to Infosys. These funds are structured in a flexible loan, withdrawable within 14 days. The liquidity coverage ratio in 2020 is 1.57 and Stater is well capable of meeting short-term obligations.

In addition, solvency is still very good. Group equity is 51% (2019: 47%) of the balance sheet total, which makes Stater very solvent.

Revenue
Revenue for Stater Netherlands has increased with 3.3% from €140.9 million in 2019 to €145.6 million in 2020. This is driven by the thriving mortgage market in the Netherlands which was better than 2019 despite of COVID. This resulted in higher revenue mainly for system use, passing deeds, building deposits and termination of loans. The revenue of Stater Total showed no significant growth due to less revenue at Stater Belgium which was caused by COVID situation in Belgium. The revenue at Hypocasso is less than 2019 due to payment breaks, aid packages from the government and the saving behaviour of consumers.

Operating expenses
The operating expenses have declined with 1.3% from €145.2 million in 2019 to €143.3 million in 2020. This is mainly the result of overall cost saving initiatives and more capitalised staff expenses due to capitalising the Digitalisation project.

1.3 Investments

Stater annually invests a substantial amount in the development and renewal of its mortgage systems and supportive applications. In addition to the aforementioned investments in digitisation, this also concerns investments in the internal organisation. Due to COVID, Stater started a workgroup which focusses on a policy facilitating employees to create a healthy workplace at home.

1.4 Risks

The risk appetite of Stater is linked (probability * impact) with the residual risk. Stater is risk averse and as a result of this only residual operational risks in the category low are accepted. Stater is convinced that the quality and continuity of our services are extremely important. In Stater's strategic risk assessment, strategic risks are defined. Most prominent are "information security", "(International) Market risk/developments" "Change process" and "Human Resource". On a regular base, these items are discussed in the Operational Risk Committee. Plans to mitigate are in place and are being monitored. Updates are discussed in the Risk Committee as well. From a more operational point of view, in addition to our staff, our IT processes and systems are crucial to ensure our quality, which is why we are constantly optimising our systems, processes and internal control. Our focus on (internal) control is for example reflected in annual ISAE3402 statements and, for the first time in 2020, ISAE3000 statements.

Stater takes information security extremely seriously. Stater takes a critical look at its own processes and is in constant dialogue with its clients about their needs in this respect. The wishes of the clients are increasing, as are the prudential requirements. As proof that Stater wants to continue to lead the way in this area, Stater was one of the first financial organisations in the Netherlands to obtain the ISO/ICE 27001 certificate. In 2020, this certificate was renewed, after the tri-annual external audit.

Stater also has a Business Continuity Management certificate issued by BSI. BSI is the market leader in the field of auditing, certification and standardisation for companies. Every year Stater practises the fallback of its services, showing that it is in control of its critical business processes, even in the event of calamities. The Crisis Management Team (CMT) also holds annual exercises. Management, together with Senior Managers, form the CMT or deputy CMT. In 2020 Stater proofed to be completely in control by swiftly switching towards working from home.

Stater applies the Three Lines model in the design and implementation of risk management. This means that all Stater staff have an important role in controlling risks.

The first line (the departments actually dealing with the risks and implemented controls) is primarily responsible for all risks within their department. This line is responsible for the implementation of and compliance with policy. The second line (the Risk Management department) is responsible for risk policy. This department's duties include establishing the internal control framework, advising the first line and monitoring the effectiveness of risk management by the first line.

The third line (Corporate Audit) provides an independent opinion on the design and operation of the internal control framework. To assess this, they carry out a large number of Audits each year. The Corporate Audit department also has a coordinating role in relation to the external auditor.

1.5 Financial Instruments

The group's primary financial instruments are used to finance the group's operational activities or follow directly from these activities. The group's policy is not to trade in financial instruments. Partly because of this and in view of the size, the interest rate, market and credit risks are marginal.

Stater's credit risk is historically very low. Costs of unpaid invoices have only a very limited impact on the result.

1.6 Staff and remuneration policy

The average number of employed FTEs slightly decreased from 925 in 2019 to 921 in 2020. The overall decrease is the result of a bigger decrease in the Netherlands than the increase in Belgium. The average number of external staff grew to 405 FTEs in 2020 (2019: 365 FTEs). Of course, Stater will continue to focus on a proper internal/external staff ratio. It is crucial for Stater's business model to match our staff complement to the work on offer. Nevertheless, Stater's policy is to work with internal staff as much as possible.

Stater has laid down terms of employment arrangements in the collective labor agreement (CLA). This CLA applies to all staff in the Netherlands, with the exception of management, whose employment contracts incorporate a number of arrangements that take precedence over the CLA. In 2020 the CLA scales were increased by 1,5% starting from the 1st of July. The variable remuneration has not been changed in the CLA and amounts to a maximum of 15%. In Belgium salaries have been increased by 0.80% and a 13th month's salary is paid annually. In addition, it is possible to award a bonus to a number of employees during the annual appraisal round. For the entire Belgian company, the bonus amount is capped at €105,000. Stater's remuneration falls within the statutory frameworks of the Remuneration Policy (Financial Enterprises) Act.

In 2020, Stater formed a workgroup to update the 'work from home' policy. Due to measurements issued by the Dutch government working from home became obligational and Stater wants to facilitate the employees with an healthy work environment by providing laptops and other work-related necessities. Also, in 2020 the program "fit for the future" program is extended. In this program, employees are stimulated and facilitated to become more employable. This program was started because of the changing labour market. Especially in the environment Stater is active in.

1.7 Codes of conduct

As an organisation, we have laid down a number of general principles for our conduct. Based on these principles, Stater has developed a general code of conduct for its employees.
There are codes of conduct for different themes:

- Mutual contact
- Dealing with business infromation resources
- Dealing with your work environment
- Dealing with conflicts of interest and dillemas

Everyone at Stater is expected to know and comply with the guidelines of the Code of Conduct, regardless of rank, position or circumstances. Also, Stater employees are obliged to take the bankers oath.

1.8 Social aspects of entrepreneurship (CSR)

Stater is aware of and pays attention to its social responsibility. All business decisions seek a balance between a better business return, Stater's footprint and the well-being of staff and society. These activities go further than what is required by law; out of social involvement and a forward-looking vision. Unfortunately, Matchpoint has ceased its operations as of 1 January 2020. A number of employees of Matchpoint wants to continue with some of Matchpoint's activities and Stater showed interest to cooperate if activities are restarted.

Stater did start a collaboration with JINC, an organization which helps young people between 8 and 16 years of age to a good start in the labour market. Through the JINC programme they get acquainted with various professions, find out what kind of work suits their talents, and learn how to apply for a job.

1.9 General information

Stater provides mortgage services and platforms for external money lenders. That makes us the ideal outsourcing partner. Both in The Netherlands and internationally. Our goal is to allow consumers in the mortgage market to take out their mortgage safely, quickly and without problems, and to have it managed themselves. The complete process: from orientation to a mortgage up to and including its termination. And everything that takes place in between. We do this for more than 40 money lenders.

1.10 Outlook 2021

Last year Stater again saw a stabilisation in the number of mortgage loans (Back Office activities) and a further increase in the average price of housing. Stater is aware of developments in all areas of mortgages. Both new products and growing competition are important developments, which has consequences for Stater and the entire chain. With its strategy, shareholder and internal organisation, Stater is excellently positioned to remain successful in the mortgage market.

In 2021 Stater will continue to tailor its services to the wishes and needs of our clients and continue to invest in order to remain at the forefront of developments in the mortgage market, in terms of digitisation as well as further efficiency improvements. To realize the appropriate developments to stay successful, each year Stater has an substantial budget (Capex and Opex). For 2021 our Capex budget is Euro 11,7 million. This is in line with expectations and also in financing the company and staff Stater does not foresee any major changes from our agreed Multi Year Forecast.

Stater believes that the changes in the top structure will lead to the right focus and optimum efficiency. This will support the strategy to our home market The Netherlands and focus markets Germany and Belgium. Goal is to grow with existing customers and and gain new customers by introducing new products and excelling in service and efficiency.

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated April 14, 2021

Naturally, the coronavirus will still have a major impact on economic developments worldwide and will have an impact on Stater's turnover and profit development in 2021. Though this will be limited because our regular work in the back office brings stability, but the turnover from mid office and change projects of clients might come under pressure depending on the duration of the coronavirus pandemic and its mutual sensitivity. On the other hand, thanks to its flexible shell, Stater is able to gear its workforce to the work on offer. In addition, in the event of an economic downturn, Hypocasso's turnover likely will increase. Because of the measures taken, the prudent way of entrepreneurship through the years and the business model of Stater, Stater's continuity is not at risk. Nevertheless, these unpredictable times have a huge impact on people and organizations.

There is uncertainty in the world around us, and we have to wait whether additional measures will need to be taken. We will closely monitor the situation and evaluate different scenarios on solvency, liquidity and operations.

Amersfoort, April 14, 2021

E.R. Dreuning CEO

S.J.A. Kuiper CFRO

CONSOLIDATED ANNUAL ACCOUNTS 2020

1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2020

(before appropriation of results)

		2020		2019	
		x €1,000	x €1,000	x €1,000	x €1,000
ASSETS					
Fixed assets					
Intangible fixed assets	(1)		18,286		10,638
Tangible fixed assets	(2)		25,161		27,321
Financial fixed assets	(3)				
Receivables from participants and from companies in which participation takes place		30,000		0	
Other receivables		1,408		1,624	
			31,408		1,624
			74,855		39,583
Current assets					
Current assets	(4)				
Trade receivables		4,262		7,584	
Receivables from other related parties		1,593		4,174	
Taxes and social securities		1,519		548	
Other receivables		1,050		957	
Prepayments and accrued income		16,428		15,714	
			24,851		28,977
Cash and cash equivalents	(5)		32,367		67,354
			132,074		135,914

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		2020		2019	
		x €1,000	x €1,000	x €1,000	x €1,000
EQUITY AND LIABILITIES					
Group equity	(6)				
Group equity share of the legal person		67,365		61,222	
Share of legal entity in the group equity		0		2,402	
			67,365		63,624
Provisions	(7)				
Termination schemes		166		221	
Deferred tax liability		2,848		507	
Other provisions		5,343		4,905	
			8,357		5,632
Non-current liabilities	(8)		20,017		22,689
Current liabilities	(9)				
Trade creditors		4,089		4,224	
Payables to other related parties		374		5,117	
Taxes and social securities		9,335		12,366	
Pension premiums		763		737	
Accruals and deferred income		21,774		21,525	
			36,335		43,968
			132,074		135,914

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2 CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

		2020		2019	
		x €1,000	x €1,000	x €1,000	x €1,000
Net turnover	(10)		168,121		165,594
Cost of subcontracted work and other external charges	(11)	32,730		33,105	
Wages and salaries	(12)	61,714		62,724	
Social security charges		9,847		10,416	
Pension costs		7,719		7,672	
Amortisation and depreciation	(13)	9,070		8,120	
Other operating expenses	(14)	22,218		22,968	
Total operating expenses			143,298		145,005
Operating result			24,823		20,589
Financial income and expenses	(15)		-212		-275
Result before tax			24,611		20,314
Taxes	(16)		-6,670		-5,117
Result after tax			17,941		15,197
Minority interest	(17)		-13		-106
Result of the legal entity			17,928		15,091

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3 CONSOLIDATED CASH FLOW STATEMENT 2020

The cash flow statement has been prepared using the indirect method.

	2020		2019	
	x €1,000	x €1,000	x €1,000	x €1,000
Cash flow from operating activities				
Operating result	24,823		20,589	
Adjustments for:				
Amortisation and depreciation	9,036		8,095	
Movement of provisions	-640		1,201	
Movement of working capital:				
Movement of non-current liabilities	-		-1,575	
Movements of receivables and prepaid costs	4,355		9,586	
Movement of short-term liabilities	-3,265		10,973	
Cash flow from business activities		34,309		48,869
Interest paid	-440		-300	
Corporate income tax	-9,388		-3,761	
Interest and similar income	228		24	
		-9,600		-4,037
Cash flow from operating activities		24,710		44,832
Cash flow from investing activities				
Balance to be itemized intangible fixed assets	-		-811	
Investments in intangible fixed assets	-10,565		-6,152	
Investments in tangible fixed assets	-3,094		-6,303	
Investments in participating interests	-5,500		-	
Disposal of intangible fixed assets	24		811	
Disposal of intangible fixed assets	10		-	
Cash flow from investing activities		-19,125		-12,454
Cash flow from financing activities				
Other receivables (additional funding)	-385		-868	
Increase in receivable shareholders and associates	-30,000		-	
Other receivables (repayments)	602		374	
Dividend paid	-8,700		-17,000	
Lease liability	-2,086		-2,124	
Cash flow from financing activities		-40,571		-19,618
		-34,986		12,760

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	Cash and cash equivalents
	x €1,000
Compilation cash	
Compilation cash at January 1, 2019	54,594
Movement 2019	12,760
Compilation cash December 31, 2019	67,354
Compilation cash at January 1, 2020	67,354
Movement 2020	-34,986
Compilation cash December 31, 2020	32,367

4 NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

GENERAL

Stater N.V. (the 'Company) is a company domiciled in the Netherlands. The address of the Company's registered office is Podium 1, 3826 PA Amersfoort (registration number Chamber of Commerce 32073618). The current financial period ran from January 1, 2020 to December 31, 2020.

All amounts are in thousands and are stated in Euro's.

Activities

The activities of Stater N.V. and its group holdings mainly consist of mortgage servicing and change projects for clients.

Basis of accounting

The company has prepared the annual accounts in accordance with the provisions of Part 9 of Book 2 of the Netherlands Civil Code. The company have voluntarily adopted IFRS 16 in 2019. The annual accounts where authorised for issue by the Board of Directors on April 14, 2021.

Assumption of going concern

The assumption of continuity was applied during the preparation of the financial statements.
Stater is a financial healthy company and can easily finance its investments from its own cash flows. Despite Covid-19 net turnover remains stable and as a result of the flexible shell for staff, costs can easily be adjusted if necessary. Stater's continuity is not at any risk in the near future.

Group structure

The consolidated annual accounts of Stater N.V. include the financial data of Stater N.V. and the following group companies:

- Stater Nederland B.V. in Amersfoort: 100% participation (2019: 100%)
- Stater Belgium N.V./S.A. in Brussels: 100% participation of Stater Participations B.V. (2019: 72%)
- Stater Participations B.V. in Amersfoort: 100% participation (2019: 100%)
- HypoCasso B.V. in Amersfoort: 100% participation (2019: 100%)
- Stater XXL B.V. in Amersfoort: 100% participation (2019: 100%)

In 2020 a restructuring of the German entities took place:

- a cross-border merger of Stater Deutschland Verwaltungs-GmbH, as company ceasing to exist (December 18, 2020) , into Stater Duitsland B.V. as acquiring company;
- the takeover of all assets and liabilities of Stater Deutschland GmbH & Co. KG (and ceased to exist on December 18, 2020) by Stater Duitsland B.V., who becomes the universal legal successor of the terminated Stater Deutschland GmbH & Co KG, by universal succession due to cross-border accrual; and
- the subsequent national merger of Stater Duitsland B.V., as company ceasing to exist (December 23, 2020), into Stater N.V., as acquiring company.

The financial date of the companies ceased to exist were accounted in the annual accounts of the acquiring company as per January 1, 2020.

On December 29, 2020 Stater Participations B.V. purchased 28% of the shares of Stater Belgium N.V./S.A. and paid € 5,500,000 to the former shareholder.

Stater N.V. had accepted liability in accordance with Section 2:403 of the Dutch Civil Code for the following group companies:

- Stater Nederland B.V. in Amersfoort: 100% participation (2019:100%)
- Stater XXL B.V. in Amersfoort: 100% participation (2019:100%)
- Hypocasso BV in Amersfoort: 100% participation (2019:100%)

Consolidation principles

Financial information relating to group companies and other legal entities controlled by Stater N.V. or where central management is conducted has been consolidated in the annual accounts of Stater N.V. The consolidated annual accounts have been prepared in accordance with the accounting principles of Stater N.V.

In accordance with article 2:402 of the Dutch Civil Code, the company-only annual accounts only contain an abridged profit and loss account.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated annual accounts, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are separately disclosed in the consolidated annual accounts.

Annual accounts of the subsidiaries are included in the consolidated annual accounts from the date that control commences (the acquisition date) until the date that control ceases. At acquisition date the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalised, to which amortisation is charged based on the estimated useful life. The results of participating interests sold during the year are recognised until the moment of disposal.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. The current value does not differ materiality from the nominal value except if disclosed as such in the notes. Gains are attributed to the period in which they are realised losses are recognised in the year in which they are foreseeable.

Income and expenses are accounted for on an accrual basis. Profit is only included when realised on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

Revenues from services are recognised in proportion to the services rendered. The costs of these services are allocated to the same period.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Estimates

The preparation of annual accounts in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362 (1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question. This refers to provisions, usefull live of fixed assets and impairments on fixed assets as explained in the policies and notes.

Lease accounting

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts for which the distinction between service and rental cannot be made are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

Stater has not entered into a sales and leaseback transaction

Lessee

For lessee accounting IFRS 16 removes the destinction between 'operating' and 'finance lease' and the leases are recognised on the balance sheet as right of use (ROU) asset and lease liability. As a lessee Stater enters into various lease contracts, mainly for office builidngs and cars which Stater leases for its own use. When accounting for the contracts as a lessee, Stater separares non-lease components from lease components. Upon initial recognition, the lease liability is measured by discounting all future leasepayment at the incremental borrowing rate. This rate reflects the rate of interest Stater would have to pay to borrow over a similar term, and with similar secury, the funds necessary to abtain an asset of a value similar to that of the ROU asset in a similar economic environment. The weighted average incremental borrowing rate recognised in the annual accounts is 1.18% (2019 1.16%). Upon transition, the remaing lease term is used in applying the incremental borrowing rate. The ROU asset is initially measured at cost, which reflects the initial lease liability, adjusted for received incentives. The initial lease liability is equal to the sum of the fixed lease payments, discounted by the incremental borrowing rate.

The ROU asset is depreciated over the period of the lease, using the straight-line method. The lease liabilty is increased to reflect the amount of interest on the lease liability and decreased for the lease payments made.

Adjustments to the lease liability may result from remeasurement and/or modification. Remeasurement occurs when there is a change in the lease term or discount rate, or when Stater changes its assessment regarding purchases, extension or termination options. Remeasurement results in adjustment of the ROU asset. When the ROU asset has been depreciated to zero, it is recorded in the profit and loss account.

A lease modification is a change in the scope of the lease, or the consideration of a part of a lease that was not part in the original terms and conditions of the lease. A lease modification results in either a separate additional lease or a change in the accounting for the existing lease. In the case of a lease modification not resulting in an additional lease, the lease liability is remeasured by adjusting the carrying amount of the ROU asset, and to reflect the partial or full termination of the lease, recognising any gain or loss in profit and loss.

Expenses related to short-term leases with a term of less than 12 month and leases of low-value are recognised in the profit and loss account, as permitted by the standard. ROU assets are included in tangible fixed assets, while the lease liabilities are included in non-current liabilities. Depreciation is presented in the line item for amortisation and depreciation and interest expenses is included in the line financial income and expenses.

Stater did not choose the apply this standard to a portfolio of leases and did not combine two or more contracts with the same counterparty.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as at balance sheet date.

Transactions in foreign currency during the financial year are recognised in the annual accounts at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet are recorded in the profit and loss account.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. Amortisation and impairments are accounted in profit and loss account. If assets are at zero value and still in use they are still taken into account based on the yearly check of existence and use. The useful life and the amortisation method are reassessed at the end of each financial year.

Intangible fixes assets arising from development shall be recognised if the company can demonstrate all of the following points:

- the technical feasibility of completing the intangible fixed asset, so that it wil be available for use or sale;
- its intention to complete the intangible fixed asset and to use or sell it;
- How the intangible fixed asset will generate probable future economic benefits;
- the availabilty of adequate technical, financial and other resources to complete the development and to use or sell the intangible fixed asset; and
- its ability to measure the expenditure attributable to the intangible fixed asset during its development.

Expenses relating to an intangible fixed asset that does not meet these points are recognised directly in the profit and loss account. The intangible fixed assets will be yearly assessed - based on business cases - for impairment purposes. In case of a reversal of an impairment, the increased amount cannot be higher than the carrying amount that would have been determined without impairment loss in previous years.

A statutory reserve is created for the part of the cost of internally developed software that has not yet been amortised.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Useful lives and residual values are reviewed at each financial year end.

Tangible fixed assets are evaluated for recoverability whenever events or changes in cirumstances indicates that their amount might not recoverable. If tangible assets are considered to be impaired, the impairment to be recognised in the profit and loss is measured by which the carrying amount exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the profit and loss if there has been a change in the estimates used to determine the recoverable amount. The asset is increased to its revised recoverable amount, provided that this amount does not exceed the amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial fixed assets

Participating interests where significant influence is exercised over the business are valued according to the equity method on the basis of the net asset value. If the company fully or partly guarantees the liabilities of the participation concerned, or is effectively obliged to enable the participation to pay its (share of) liabilities, a provision is recognised for losses. Participating interests with negative net capital value are valued at zero. Participating interests without such influence, are valued at the acquisition price and assessed for impairment on an annual basis.

Upon initial recognition the receivables and loans to participations and other receivables are valued at fair value and subsequently measured at amortised cost, which equals the face value, after deduction of any allowance for doubtful debt. Any allowance for doubtful debts are deducted from the carrying value of the asset. These provisions are determined based on individual assessment of the receivables.

An impairment occurs when the carrying amount of an asset is higher than the realisable value. The realisable value is the higher of the realisable value and the value in use. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash generating unit to which the asset belongs is determined. An impairment loss is directly recognised in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

Receivables and deferred assets

Upon initial recognition the receivables are valued at fair value, including transaction cost. After initial recognition receivables are measured at amortised cost, which equals the face value, after deduction of any allowance for doubtful debt. Allowances for doubtful debt is deducted from the carrying amount of the receivable. The allowance for doubtful debt are determined based on individual assessment of the receivables.

At every balance sheet date an assessment is performed on whether objective indicators exist for impairment of a receivable. If objective indicators exist for impairment, the amount of the loss with respect to the impairment is recognised in the profit and loss account.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Share of legal entity in the group equity

The share of third parties in the group equity concerns the minority interest of third parties in the shareholders' equity of consolidated companies. In the profit and loss account the share of third parties in the result of consolidated companies is deducted from the group result.

Provisions

A provision is recognised when the company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are valued at nominal value.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of the provision. Where the effect of time value of money is material, the provision is measured at the present value of the expenditures expected to be required to settle the obligations and losses. The provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Additions to or amounts to be reversed from provisions are recognised in the profit and loss account respectively.

Termination schemes

This concerns obligations on account of termination of employees' employment contracts prior to the normal pension date. Termination benefits are recognised if it demonstrably concerns an obligation to terminate employment contracts with employees. Remunerations are recorded at nominal value. The liability is recorded as such and disclosed under the provisions.

Variable pay

A liability is recorded for variable pay based on relevant performance plans. The obligation is recorded as such under the short-term debt.

Deferred tax liability

This tax provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rates.

Other provisions

Claim provision

The provision for claims is recorded on behalf of the estimated costs based on management judgements on the probability of cash outflow expected from the claims received.

Other long-term employee benefits

Other long-term employee benefits are those benefits that are part of the remuneration package, such as long-term remunerations for anniversaries, temporary leave, etc. The rights to these benefits are built through time. The obligation recorded is the best estimate of the amounts required to settle the related obligations as at balance sheet date.

Provision for part of early retirement
Stater's collective labour agreement stipulates that employees aged 58 and over can, on certain conditions, opt to reduce their working week to an average of 32 hours (80%), while preserving 90% of their pay. Pension accrual and pension premium payment remain unchanged. The provision is calculated based on a probability of employees staying with the company and an annual pay increase. The provision is calculated at present value, while also factoring in survival probability (Prognosetafel [Life Table] AG 2020) and the probability of employees using this scheme.

Provision for long-service awards
The collective labour agreement for Stater includes bonuses paid on the occasions of several service anniversaries and termination of employment on account of full incapacity or reaching state pension age. The provision is calculated based on a probability of employees staying with the company and an annual pay increase. The provision is calculated at present value, while also factoring in survival probability (Prognosetafel [Life Table] AG 2020).

Non-current liabilities

On initial recognition non-current liabilities are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the non-current liabilities are included in the initial recognition. After initial recognition non-current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the profit and loss account on the basis of the effective interest rate during the estimated term of the non-current liabilities.

Current liabilities

Upon initial recognition, current liabilities are recognised at fair value, less directly attributable transaction costs.

After initial recognition, current liabilities are measured at amortised cost as per the effective interest method. Profit or loss is recognised in the profit and loss account as soon as the liabilities are no longer recognised on the balance sheet, as well as through the amortisation process.

Derecognition of financial assets and liabilities

A financial instrument is derecognised following a transaction whereby all or practically all rights to economic benefits and all or practically all risks with regard to the position have been transferred to a third party.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE PROFIT AND LOSS

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Net turnover

The nett turnover consists of revenue from the income of services during the reporting period after deducting discounts, rebates and value added taxes.

The income for services is included proportionaly to the level in which the services were performed based on the costs for the service up to the balance sheet date in relation to the estimated costs for all services to be provided. The costs for these services are accounted for in the same period.

Expenses general

The costs are determined in accordance with the before mentioned accounting principles for valuation and allocated to the year to which they relate.

Employee expenses

Staff emoluments are recognised as an expense in the profit and loss account for the period in which the work is performed and, to the extent that they have not yet been paid, a liability in the balance sheet. Where amounts already paid exceed the remuneration due, the difference is recorded as an accrual, either to reimburse staff or to offset against future payments by the company.

For staff commitments involving future expenditure, actuarial calculations are carried out and provision is made for this in the annual accounts.

If remuneration is paid that does not include accrual of entitlements (such as continued payment during sickness absence or a period of incapacity), the anticipated expenses are recognised in the period for which the remuneration is payable. A liability is created to cover obligations that exist on the balance sheet date to continue to pay remuneration to employees who, on the balance sheet date, are expected to permanently be fully or partially unable to perform work due to sickness or incapacity.

Cost of subcontracted work

The costs of subcontracted work are allocated to the period in which the services are provided.

Amortisation and depreciation

The amortisation of the intangible fixed assets is calculated using fixed percentages of the purchase price or the costs of internally developed software.

The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost based on the expected life cycle. Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

The useful life and amortisation/depreciation of intangible/tangible fixed assets are reassessed at the end of each financial year.

Pension costs

The basic principle is that the pension expense to be recognised for the reporting period is equal to the pension contributions payable to the pension fund for that period. Insofar as the payable contributions have not yet been paid on the balance sheet date, a current liability is recognised. When the contributions paid as at the balance sheet date exceed the contributions due, an accrued asset item will be included insofar as it will concern repayment by the fund or a set-off against future contributions due.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

This also includes interest expenses for rent and lease liabilities, which are recognised on the balance sheet as required by IFRS 16.

Minority interest

Where significant influence is exercised over participations, the group's share in the participations' results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by Stater N.V.

Taxes

Income tax expense comprises current and deferred income tax. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the annual accounts. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered of settled. The effect of changes in tax rates on deferred income tax assets and liabilities are recognised as income or expense in the period that includes the enacment date. A deferred income tax asset is recognised to the extent that it is probable that future tax will be available against which the deductible termporary differences and tax losses can be utilised.

The company offset current tax assets and liabilities, where it is legally enforcable right to offset the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The allocation of corporate income tax to the partnerships included in the fiscal entity is realised as if the participating interests are independently taxable.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2020

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Internally developed software	Purchased software	Total
	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2020			
Purchase price	77,861	21,945	99,806
Cumulative amortisation and impairment	-71,394	-17,774	-89,168
	6,467	4,171	10,638
Movement			
Investments	9,436	1,130	10,565
Disposals	0	-729	-729
Depreciation disposal	0	706	706
Reclassification purchase price	811	-811	0
Amortisation	-1,535	-1,360	-2,895
Reclassification cumulative amortisation and impairments	-757	757	0
	7,955	-307	7,647
Carrying amount as of December 31, 2020			
Purchase price	88,107	21,535	109,642
Cumulative amortisation and impairment	-73,685	-17,670	-91,355
	14,422	3,864	18,286

The reclassifications relate to incorrect classification between cost and accumulated depreciation of different asset classes with a zero impact on the closing value of total intangible fixed assets. As this do not represent a material misstatement correction have been made in the current year.

Amortisation rates

	%
Internally developed software	14
Purchased software	20-33.33

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Related to auditor's report
dated April 14, 2021

The internally developed software concerns the core systems used by Stater for the mortage services. Included in the internally developed software are assets amounting to € 69,882,000 that have been fully written down but are still in use. The purchased software includes assets amounting to € 12,369,000 that have been fully written down but are still in use.

There are no investment commitments in respect of intangible fixed assets (2019: € 0).

The company has the full ownership of the intangible fixed assets as disclosed. As of December 31, 2020 the intangible fixed assets are not pledged as security for liabilities, nor are there any pending commitments regarding the acquisition of intangible fixed assets.

	2020	2019
	x €1,000	x €1,000
Internally developed software		
Purchase price	77,861	73,446
Cumulative amortisation and impairment	-71,393	-71,024
Carrying amount as of January 1	6,467	2,421
Movement		
Investments	9,436	4,415
Reclassification purchase price	811	0
Amortisation	-1,534	-1,126
Reclassification cumulative amortisation and impairments	-757	757
	7,955	4,046
Purchase price	88,107	77,861
Cumulative amortisation and impairment	-73,685	-71,393
Carrying amount as of December 31	14,422	6,467

	2020	2019
	x €1,000	x €1,000
Purchased software		
Purchase price	21,945	20,469
Cumulative amortisation and impairment	-17,774	-15,778
Carrying amount as of January 1	4,171	4,691
Movement		
Investments	1,130	1,737
Disposals	-729	-261
Depreciation disposal	706	261
Reclassification purchase price	-811	0
Amortisation	-1,359	-1,500
Reclassification cumulative amortisation and impairments	757	-757
	-306	-521
Purchase price	21,535	21,945
Cumulative amortisation and impairment	-17,670	-17,774
Carrying amount as of December 31	3,864	4,171

2. Tangible fixed assets

	Leasehold improve-ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2020					
Purchase price	4,640	17,192	5,627	22,179	49,639
Cumulative depreciation and impairment	-3,825	-10,616	-4,723	-3,154	-22,318
	815	6,575	904	19,026	27,321
Movement					
Additions	38	1,808	34	1,214	3,094
Depreciation disposal	0	-1,131	-14	0	-1,145
Cumulative depreciation and impairment	0	1,123	14	0	1,137
Depreciation	-97	-2,260	-306	-3,481	-6,143
Reassessment/modification	0	0	0	897	897
	-58	-460	-272	-1,370	-2,159

	Leasehold improve-ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of December 31, 2020					
Purchase price	4,678	17,869	5,647	23,393	51,588
Cumulative depreciation and impairment	-3,922	-11,753	-5,015	-5,737	-26,427
Carrying amount as of December 31, 2020	757	6,116	632	17,656	25,161

The company has the full ownership of the tangible fixed assets as disclosed. As of December 31, 2020 the tangible fixed assets are not pledged as security for liabilities, nor are there any pending commitments regarding the acquisition of tangible fixed assets.

The right of use assets include Stater's leased premises in Amersfoort and Brussels amounting to € 16,183,000, as well as the lease cars amounting to € 1,473,000.

With effect from April 1, 2018, for the building in Amersfoort lease has been renewed for 10 years with an option to renew for 2 consecutive periods of 5 years, i.e. until March 31, 2038 at the latest. These renewal options have not been included in the IFRS 16 calculation. The lease for the premises in Brussels was entered into on December 1, 2016 and ends by operation of law on November 30, 2025. Taking into account a notice period of 6 months, notice can be given upon the expiry of the first six-year period and this has been included in the IFRS 16 calculation.

There are no variable lease payments present in the lease contracts.
The cash outflow amounts to € 3,274,000.

Depreciation rates

	%
Leasehold improvements	10
Hardware	20-33.33
Equipment	20
Right of use assets	10-25

	2020	2019
	x €1,000	x €1,000
Leasehold improvements		
Purchase price	4,640	4,045
Cumulative depreciation and impairment	-3,825	-3,771
Carrying amount as of January 1	815	274
Movement		
Investments	38	595
Depreciation	-97	-54
	-58	541
Purchase price	4,678	4,640
Cumulative depreciation and impairment	-3,922	-3,825
Carrying amount as of December 31	757	815

	2020	2019
Hardware		
Purchase price	17,192	15,702
Cumulative depreciation and impairment	-10,616	-10,783
Carrying amount as of January 1	6,575	4,919
Movement		
Investments	1,808	3,617
Disposals	-1,131	-2,127
Depreciation disposal	1,123	2,127
Depreciation	-2,260	-1,961
	-460	1,657
Purchase price	17,869	17,192
Cumulative depreciation and impairment	-11,753	-10,616
Carrying amount as of December 31	6,116	6,575

	2020	2019
	x €1,000	x €1,000
Equipment		
Purchase price	5,627	6,019
Cumulative depreciation and impairment	-4,723	-5,222
Carrying amount as of January 1	904	798
Movement		
Investments	34	407
Disposals	-14	-799
Depreciation disposal	14	799
Depreciation	-306	-300
	-272	106
Purchase price	5,647	5,627
Cumulative depreciation and impairment	-5,015	-4,723
Carrying amount as of December 31	632	904

Right of use assets		
Purchase price	22,179	20,497
Cumulative depreciation and impairment	-3,154	0
Carrying amount as of January 1	19,026	20,497
Movement		
Investments	1,214	1,683
Depreciation	-3,481	-3,154
Miscellaneous movement	897	0
	-1,370	-1,470
Purchase price	23,393	22,180
Cumulative depreciation and impairment	-5,737	-3,154
Carrying amount as of December 31	17,656	19,026

3. Financial fixed assets

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Receivables from participants and from companies in which participation takes place		
Loan Infosys Consulting Pte. Ltd.	30,000	0

Interest rate is considered as market related and is equal to 12 months EURIBOR +0.83 per annum has been calculated (2020: 0.5%), provided that the interest owed by Infosys to Stater will never be less than 0.25%. The loan is available for a period of 5 years. The principal amount of the loan (including interest) is repayable on demand of Stater (in full or in parts) at any time by giving a 15 days' prior notice, without Stater being obliged to pay any compensation.

Other receivables		
Other receivables	1,408	1,624

Other receivabes relate to a loan granted to the leasing company. The interest rate is 0% (2019 1.8%). The loan was granted for the purchase of lease cars for Stater N.V. The lease costs are increased by a subcharge of 0.25% on the interest rate. Repayments on the loan are equal to the depreciation of the lease cars. By way of security, a pledge has been granted on all passenger cars and light commercial vehicles made available to Stater N.V. by the leasing company for the benefit of employees of Stater N.V.

	2020	2019
	x €1,000	x €1,000
Other receivables		
Carrying amount as of January 1	1,624	1,130
Loans granted	385	868
Repayments	-601	-374
Carrying amount as of December 31	1,408	1,624

4. Current assets

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Trade receivables		
Debtors	4,289	7,648
Allowance for doubtful debt	-27	-64
	4,262	7,584

	2020	2019
	x €1,000	x €1,000
Allowance for doubtful debt		
Carrying amount as of January 1	64	50
Balance to be analysed	-37	-32
Allocation	0	46
Carrying amount as of December 31	27	64

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Receivables from other related parties		
ABN AMRO Hypotheken groep B.V.	1,593	4,174
Taxes and social securities		
Corporate income tax	271	42
VAT	407	476
Deferred tax	841	30
	1,519	548
Other receivables		
Volume discount suppliers	677	517
Grants	372	440
	1,050	957

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Prepayments and accrued income		
Services to be invoiced	11,654	11,286
Interest	29	7
Prepaid costs	4,745	4,421
	16,428	15,714

The prepaid costs mainly refers to software maintanence and software licence fees.

5. Cash and cash equivalents

Bank	32,367	67,354

An amount of € 350,000 (2019: € 350,000) is not freely disposable.

EQUITY AND LIABILITIES

6. Group equity

Group equity share of the legal person

Please refer to the notes to the company balance sheet on page 66 of this report for an explanation of the equity.

Proposed appropriation of profit

The annual accounts for 2019 were adopted by the General Meeting held on April 17, 2020. The General Meeting has determined the appropriation of the result as it was proposed. So the dividend of € 1.79 for each share was paid.

It is proposed to the General Meeting that the result after taxes for 2020 be appropriated as follows. An amount of € 15,650,000 (€ 3.23 for each share) of the profit for 2020 will be distributed as dividend and the remaining amount will be added to the other reserves.

	2020	2019
	x €1,000	x €1,000
Share of legal entity in the group equity		
Carrying amount as of January 1	2,402	2,296
Minority interest	-13	106
Movement	-2,389	0
Carrying amount as of December 31	0	2,402

The movement is a result of the 28% shares of Stater Belgium N.V./S.A. acquired and paid by Stater Participations B.V. in 2020.

7. Provisions

Termination schemes

Provision early retirement Stater Belgium N.V./S.A.

	2020	2019
Carrying amount as of January 1	221	321
Withdrawal	-56	-100
Carrying amount as of December 31	166	221

Deferred tax liability

This provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rate.

	2020	2019
	x €1,000	x €1,000
Carrying amount as of January 1	507	0
Allocation	2,436	507
Withdrawal	-95	0
Carrying amount as of December 31	2,848	507

The increase of the deferred tax liability is a result of the investments in internally developed software. For tax purposes these investments are operating expenses.

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Other provisions		
Claim provision	1,449	1,612
Other long-term employee benefits	3,894	3,293
	5,343	4,905

	2020	2019
	x €1,000	x €1,000
Claim provision		
Carrying amount as of January 1	1,612	1,446
Allocation	488	451
Withdrawal	-242	-125
Reversal	-409	-160
Carrying amount as of December 31	1,449	1,612
Other long-term employee benefits		
Carrying amount as of January 1	3,293	2,526
Allocation	942	1,115
Withdrawal	-341	-349
Carrying amount as of December 31	3,894	3,293

	12/31/2020	12/31/2019
	x €1,000	x €1,000

8. Non-current liabilities

Advanced payment received on orders	1,170	1,761
Lease liabilities	18,847	20,928
	20,017	22,689

Advanced payment received on orders

Amounts received for acquired staff are recognised here. These amounts are attributed to the first 5 years of these employees' employment.

Lease liabilities

The lease liabilities include the present value of lease payments not paid at December 31, 2020. The incremental borrowing rate is used as discount rate. The current portion of the lease debts is presented as current liabilities.

Debt longer than 5 years: € 6,616,851.

The table below provides details regarding the contractual maturities of lease liabilities as of December 31, 2020 on an undiscounted basis:

	12/31/2020		12/31/2019
	x € 1,000		x € 1,000
Particulars			
Less than one year	3,324		3,774
One to five years	12,807		13,286
More than five years	6,969		9,326
Total	23,100		26,386

9. Current liabilities

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Taxes and social securities		
Corporate income tax	0	2,794
VAT	5,727	5,920
Pay-roll tax	3,608	3,652
	9,335	12,366

Until May 23, 2019, Stater N.V. was included in the fiscal entity for corporate income tax purposes with ABN AMRO Bank N.V. The corporate income tax payable up to and including that period is recognised as a liability to related parties.

Accruals and deferred income

Holiday bonus	1,558	1,497
Holiday accruals	2,040	2,128
Variable pay	3,171	2,854
Prepaid amount	3,900	3,332
Accruals other costs	4,696	4,942
Accruals external staff	3,084	3,114
Lease liabilities	3,324	3,658
	21,774	21,525

Last year a part of the current lease liability was presented as Accruals other costs. From 2020 onwards this will be presented as current lease liability, including adjustment of previous year figures (€ 902,000).

CONTINGENT LIABILITIES

Tax entity

The company constitutes a tax entity for corporate income tax and VAT with Stater N.V. and other group companies; consequently the company is severally liable for the resulting debts.

Claims

Various claims have been filed against the company and/or group companies, which are disputed by the company and/or group companies. Although the outcome of these disputes cannot be predicted with certainty, it is assumed, partly on the basis of legal advice obtained, that these will not have a significant adverse effect on the consolidated financial position.

Long-term financial obligations

Company cars

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Less than one year	0	164
One to five years	0	226
	0	390

Servers

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Less than one year	70	70
One to five years	284	287
	354	357

Other long-term financial obligations

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Less than one year	1,892	2,244
One to five years	2,354	4,594
	4,246	6,838

Other long term financial obligations

This mainly relates to the multi-year contract with respect to facility management in our office in Amersfoort, The Netherlands.

Tax claim

Since 1998, there has been a difference of opinion between Stater and the Dutch tax authorities about Stater's liability for VAT in respect of mortgage payment transactions and ancillary services. As no agreement could be reached, it was decided, in consultation with the Dutch tax authorities, to submit the dispute to the competent court. The parties have litigated up to the Dutch Supreme Court. On October 11, 2013, the Supreme Court ruled in its judgment on appeal that the services of Stater are liable for VAT. No further legal remedies are available against this judgment.

In Belgium, legal proceedings are still pending in relation to the VAT issue. In 2015, the court of first instance ruled that the services of Stater are liable for VAT. Stater appealed this judgment in Belgium. In the Belgium proceedings, Stater aims to have the preliminary questions submitted before the European Court of Justice. It may be the case that through the preliminary questions, the VAT exemption for payment transactions will be deemed to apply to the services provided by Stater Belgium. However, it remains to be seen whether such a judgment would also have consequences for Stater in the Netherlands. We expect these proceedings will take years to complete.

In connection with the proceedings in Belgium and the potential resulting judgment of the European Court of Justice, Stater has concluded a tax ruling with the tax authorities in order to safeguard the rights of Stater's customers as much as possible.

The annual accounts does not include a provision for this claim.

Financial instruments

General

Details provided in this note are intended to facilitate estimation of the scope of risks involved in financial instruments, both financial instruments recognised on the balance sheet and off-balance sheet financial instruments.

The company's financial instruments are used to finance the group's operational activities or ensue directly from these activities. The company is risk averse and as a result of this only residual operational risks in the category low are accepted. Stater is convinced that the quality and continuity of our services are extremely important. On a regular base, risk items are discussed in the Operational Risk Committee. Plans to mitigate are in place and are being monitored. Updates are discussed in the Risk Committee as well.

Generally, the risks involved in financial instruments are credit risk, currency risk, liquidity risk, cash flow risk, and price risk consisting of interest and market risk. The group's risk mitigation policy is as follows:

Market risk

Stater does not engage in financial instrument trading. The management estimates market risk to be very limited for Stater.

Credit risk

The company predominantly does business with high-net-worth customers and has defined credit rating procedures. The group has furthermore articulated guidelines to limit the credit risk it is exposed to with each party. Aside from that, the group continuously monitors its receivables and has a strict reminder procedure in place. The above measures have reduced the credit risk for the group to a minimum. The number of write-offs is very low. Management estimates the credit risk on these parties to be low.

Liquidity risk and cash flow risk

The company has a healthy cash position and is able to finance current investments from operating cash flow.

<u>Fair value</u>

A separate calculation with the fair values has not been included, because most of the assets and liabilities are current, and for the ones that are non current the fair value does not differ substantially.

6 NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2020

10. Net turnover

	2020	2019
	x €1,000	x €1,000
Business segments		
Mortgage processing	131,505	128,200
Projects	21,509	22,642
Other	15,106	14,752
	168,121	165,594
Geographical segments		
Netherlands	145,643	140,829
Belgium	22,478	24,351
Germany	0	414
	168,121	165,594

Extraordinary forms of economic activity where it is uncertain as to whether they can be attributed to net turnover are not recognised under net turnover.

11. Cost of subcontracted work and other external charges

	2020	2019
Total cost of subcontracted work	32,730	33,105

Employee expenses

12. *Wages and salaries*

	2020	2019
Salaries and wages	57,650	57,416
Other	4,064	5,308
	61,714	62,724

Emoluments of directors and supervisory directors

The emoluments (including pension obligations) which were charged in 2020 amount to € 1.580.000 (2019: € 1.387.000) for (former) directors and € 45.000 (2019: € 13.000) for supervisory directors.

Staff

At the company during 2020, on average FTE 922 employees were employed (2019: 927).

	2020	2019
The breakdown is as follows:		
Netherlands	740	748
Belgium	182	179
	922	927

	2020	2019
	x €1,000	x €1,000
13. Amortisation and depreciation		
Intangible fixed assets	2,893	2,627
Tangible fixed assets	6,143	5,468
Loss of disposals	34	25
	9,070	8,120
14. Other operating expenses		
Housing	2,413	2,333
Office expenses	5,326	4,983
IT costs	7,606	8,163
VAT (non-refundable portion)	83	142
Marketing & Communication	404	242
Third party costs	5,370	5,887
Other operating costs	1,016	1,218
	22,218	22,968

Fees audit firm:

2019

	Auditors	Other network	Total network
	x € 1,000	x € 1,000	x € 1,000
Audit of the annual accounts	99	22	121
Other audit engagements	240	90	330
Tax advisory services	-	-	-
Other non-audit services	-	45	45
	339	157	496

2020

	Auditors	Other network	Total network
	x € 1,000	x € 1,000	x € 1,000
Audit of the annual accounts *1)	136	22	158
Other audit engagements	240	93	333
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	376	115	491

Auditors are Deloitte for audit of annual accounts and EY for other audit engagements. The other audit engagements mainly refers to ISAE 3402 audit.

*1) Audit of the annual accounts included additional fees charged as part of the 2019 audit. This relate to services rendered in 2020 financial year and as such disclosed as part of 2020.

	2020	2019
	x €1,000	x €1,000
15. Financial income and expenses		
Interest and similar income	228	24
Interest and similar expenses	-440	-300
	-212	-276

	2020	2019
	x €1,000	x €1,000
16. Taxes		
Corporate income tax	4,409	4,017
Corporate income tax prior periods	327	152
Movement of deferred tax assets	-663	561
Movement of deferred tax liabilities	2,341	0
Corporate income taxes in foreign jurisdictions	256	387
	6,670	5,117

Reconciliation of the effective tax rate and the applicable tax rate for the consolidated annual accounts is as follows:

	2020	2019
	%	%
Applicable rate	25.00	25.00
Deferred tax	-0.03	-1.72
Tax on non-deductible amounts	0.80	0.98
Prior years	1.33	0.75
Rate differences	-	0.18
Effective tax rate	27.10	25.19

	2020	2019
	x €1,000	x €1,000
17. Minority interest		
Minority interests Stater Belgium N.V./S.A.	-13	-106

Transactions with related parties

The group has entered into the following transactions with related parties:

	2020 Receivables x € 1,000	2020 Payables x € 1,000	2019 Receivables x € 1,000	2019 Payables x € 1,000
Related parties				
Infosys Limited	0	298	0	3,660
Infosys Consulting Pte. Ltd.	30,029	0	0	0
Infosys BPM Limited	0	16	0	202
Brilliant Basics Limited	0	59	0	27
ABN AMRO Hypotheken Groep B.V.	1,593	0	4,174	0
ABN AMRO Bank N.V.	0	0	0	1,228
	31,622	373	4,174	5,117

	2020 Revenues x € 1,000	2020 Costs x € 1,000	2019 Revenues x € 1,000	2019 Costs x € 1,000
Related parties				
Infosys Limited	0	6,347	0	4,059
Infosys Consulting Pte. Ltd.	150	0	0	0
Infosys BPM Limited	0	277	0	248
Brilliant Basics Limited	0	559	0	27
ABN AMRO Hypotheken Groep B.V.	81,067	0	83,607	0
ABN AMRO Bank N.V.	0	11	0	548
	81,217	7,194	83,607	4,882

Sale and purchase transactions between related parties are conducted at normal market prices.

The transactions with the Infosys companies relate to the supply of personnel for IT and Operations.
The deliveries to ABN AMRO Hypotheken Groep B.V. relate to the care and support of the entire mortgage process.

Infosys Limited heads the group of several Infosys companies, including Brilliant Basics Limited. Since May 23, 2019 Infosys Consulting Pte. Ltd. has held 75% of the shares of Stater N.V. (2019: 75%).

ABN AMRO Bank N.V. holds a 25% stake since May 23, 2019 in Stater N.V. (2019:25%).

7 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT 2020

Notes to the cash flow statement

The cash flow statement is drawn up using the indirect method. Cash and cash equivalents recognised in the cash flow statement consist of liquid assets. Interest income and expenses, dividend received, and income tax are recognised in the cash flow from operating activities. Dividend paid is recognised under cash flow from financing activities.

Composition of cash and cash equivalents

	2020	2019
	x €1,000	x €1,000
Compilation cash at January 1	67,354	54,594
Movement of cash and cash equivalents	-34,986	12,760
Cash and cash equivalents December 31	32,367	67,354

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For identification purposes only.
Related to auditor's report
dated April 14, 2021

8 OTHER DISCLOSURE

Post balance sheet events

Granted loan

In connexion with excess cash equivalents, Stater N.V. has granted an additional loan of € 5 million to Infosys Consulting Pte. Ltd. The interest rate on this loan is based on 12-month EURIBOR + 1.35 per annum. The loan has a term of 5 years, but can be called in by Stater N.V. in whole or in part subject to a period of 15 days.

Appropriation of the result for the 2019 financial year

The annual accounts for 2019 were adopted by the General Meeting held on April 17, 2020. The General Meeting has determined the appropriation of the result as it was proposed.

COMPANY ANNUAL ACCOUNTS 2020

Deloitte Accountants B.V.
For identification purposes only.
Related to auditor's report
dated April 14, 2021

9 COMPANY-ONLY BALANCE SHEET AS AT DECEMBER 31, 2020

(before appropriation of results)

		2020		2019	
		x €1,000	x €1,000	x €1,000	x €1,000
ASSETS					
Fixed assets					
Intangible fixed assets	(18)		13,357		4,944
Tangible fixed assets	(19)		17,525		18,478
Financial fixed assets	(20)				
Participations in group companies		27,725		30,620	
Receivables from participants and from companies in which participation takes place		30,000		0	
Other receivables		1,408		1,624	
			59,132		32,244
Current assets					
Current assets	(21)				
Trade receivables		0		31	
Receivables from group companies		1,622		38,332	
Taxes and social securities		8,413		477	
Other receivables		702		1,406	
Prepayments and accrued income		415		1,452	
			11,152		41,698
Cash and cash equivalents	(22)		7,048		11,706
TOTAL OF ASSETS			108,215		109,070

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dated April 14, 2021

		2020		2019	
		x €1,000	x €1,000	x €1,000	x €1,000
EQUITY AND LIABILITIES					
Equity	(23)				
Issued share capital		4,850		4,850	
Share premium reserve		8,287		8,287	
Legal reserves		14,539		6,467	
Other reserves		21,761		26,527	
Result for the year		17,928		15,091	
			67,365		61,222
Provisions	(24)				
Deferred tax liability		2,848		507	
Other provisions		3,894		4,481	
			6,742		4,988
Non-current liabilities	(25)		18,012		19,715
Current liabilities	(26)				
Trade creditors		2,050		1,731	
Loans from participations in group companies		0		2,503	
Payables to other related parties		0		1,228	
Taxes and social securities		3,601		5,547	
Pension premiums		763		737	
Accruals and deferred income		9,682		11,399	
			16,096		23,145
TOTAL OF EQUITY AND LIABILITIES			108,215		109,070

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Related to auditor's report
dated April 14, 2021

10 COMPANY-ONLY PROFIT AND LOSS ACCOUNT 2020

		2020	2019
		x €1,000	x €1,000
Share in result of participating interests after taxes	(27)	18,258	14,974
Other income and expenses after taxation		-330	117
Result after tax		17,928	15,091

11 NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

The annual accounts have been prepared in accordance with Part 9 Book 2 of the Dutch Civil Code.

For the general principles for the preparation of the annual accounts, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated annual accounts, if there is no further explanation provided.

12 NOTES TO THE COMPANY BALANCE SHEET AS AT DECEMBER 31, 2020

ASSETS

18. Intangible fixed assets

	Internally developed software	Purchased software	Total
	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2020			
Purchase price	61,901	3,814	65,715
Cumulative amortisation and impairment	-58,202	-2,569	-60,771
	3,699	1,245	4,944
Movement			
Investments	8,757	384	9,140
Reclassification purchase price	811	-811	0
Amortisation	-379	-348	-727
Reclassification cumulative amortisation and impairments	-757	757	0
	8,432	-18	8,413
Carrying amount as of December 31, 2020			
Purchase price	71,468	3,387	74,855
Cumulative amortisation and impairment	-59,338	-2,160	-61,498
	12,131	1,227	13,357

The reclassifications relate to incorrect classification between cost and accumulated depreciation of different asset classes with a zero impact on the closing value of total intangible fixed assets. As this do not represent a material misstatement correction have been made in the current year.

Amortisation rates

	%
Internally developed software	14
Purchased software	20-33.33

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dated April 14, 2021

The internally developed software concerns the core systems used by Stater for the mortage services. Included in the internally developed software are assets amounting to € 58,315,000 that have been fully written down but are still in use. The purchased software includes assets amounting to € 1,175,000 that have been fully written down but are still in use.

The company has the full ownership of the intangible fixed assets as disclosed. As of December 31, 2020 the intangible fixed assets are not pledged as security for liabilities, nor are there any pending commitments regarding the acquisition of intangible fixed assets.

	2020	2019
	x €1,000	x €1,000
Internally developed software		
Purchase price	61,901	58,822
Cumulative amortisation and impairment	-58,201	-58,822
Carrying amount as of January 1	3,699	0
Movement		
Investments	8,757	3,079
Reclassification purchase price	811	0
Amortisation	-379	-137
Reclassification cumulative amortisation and impairments	-757	757
	8,431	3,699
Purchase price	71,468	61,901
Cumulative amortisation and impairment	-59,338	-58,201
Carrying amount as of December 31	12,131	3,699

	2020	2019
	x €1,000	x €1,000
Purchased software		
Purchase price	3,814	2,834
Cumulative amortisation and impairment	-2,569	-1,714
Carrying amount as of January 1	1,245	1,120
Movement		
Investments	384	980
Reclassification purchase price	-811	0
Amortisation	-348	-97
Reclassification cumulative amortisation and impairments	757	-757
	-18	125
Purchase price	3,387	3,814
Cumulative amortisation and impairment	-2,160	-2,569
Carrying amount as of December 31	1,227	1,245

19. Tangible fixed assets

	Leasehold improve-ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2020					
Purchase price	4,640	593	4,355	19,161	28,750
Cumulative depreciation and impairment	-3,825	-449	-3,650	-2,348	-10,272
	815	144	705	16,813	18,478
Movement					
Additions	38	0	34	1,113	1,185
Depreciation disposal	0	0	-14	0	-14
Cumulative depreciation and impairment	0	0	14	0	14
Depreciation	-97	-30	-224	-2,685	-3,035
Reassessment/modification	0	0	0	897	897
	-58	-30	-190	-675	-953

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dated April 14, 2021

	Leasehold improve-ments	Hardware	Equipment	Right of use assets	Total
	x €1,000	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of December 31, 2020					
Purchase price	4,678	593	4,375	20,274	29,921
Cumulative depreciation and impairment	-3,922	-479	-3,860	-4,136	-12,396
Carrying amount as of December 31, 2020	757	115	515	16,138	17,525

The right of use assets include Stater's leased premises in Amersfoort and Brussels amounting to € 15,009,000, as well as the lease cars amounting to € 1,129,000.

With effect from April 1, 2018, for the building in Amersfoort lease has been renewed for 10 years with an option to renew for 2 consecutive periods of 5 years, i.e. until March 31, 2038 at the latest. These renewal options have not been included in the IFRS 16 calculation.

There are no variable lease payments present in the lease contracts.
The cash outflow amounts to € 3,274,000.

Depreciation rates

	%
Leasehold improvements	10
Hardware	20-33.33
Equipment	20
Right of use assets	10-25

	2020	2019
	x €1,000	x €1,000
Leasehold improvements		
Purchase price	4,640	4,045
Cumulative depreciation and impairment	-3,825	-3,771
Carrying amount as of January 1	815	274
Movement		
Investments	38	595
Depreciation	-97	-54
	-58	541
Purchase price	4,678	4,640
Cumulative depreciation and impairment	-3,922	-3,825
Carrying amount as of December 31	757	815
Hardware		
Purchase price	593	444
Cumulative depreciation and impairment	-449	-444
Carrying amount as of January 1	144	0
Movement		
Investments	0	149
Depreciation	-30	-5
	-30	144
Purchase price	593	593
Cumulative depreciation and impairment	-479	-449
Carrying amount as of December 31	115	144

	2020	2019
	x €1,000	x €1,000
Equipment		
Purchase price	4,355	4,602
Cumulative depreciation and impairment	-3,650	-4,072
Carrying amount as of January 1	705	531
Movement		
Investments	34	392
Disposals	-14	-640
Depreciation disposal	14	640
Depreciation	-224	-218
	-190	174
Purchase price	4,375	4,355
Cumulative depreciation and impairment	-3,860	-3,650
Carrying amount as of December 31	515	705
Right of use assets		
Purchase price	19,161	17,559
Cumulative depreciation and impairment	-2,348	0
Carrying amount as of January 1	16,813	17,559
Movement		
Investments	1,113	1,602
Depreciation	-2,685	-2,348
Miscellaneous movement	897	0
	-675	-745
Purchase price	20,274	19,161
Cumulative depreciation and impairment	-4,136	-2,348
Carrying amount as of December 31	16,138	16,813

20. Financial fixed assets

	Participations in group companies	Receivables from participants and from companies in which participation takes place	Other receivables	Total
	x €1,000	x €1,000	x €1,000	x €1,000
Carrying amount as of January 1, 2020	30,620	0	1,624	32,244
Purchases, loans granted	0	30,000	385	30,385
Sales, redemptions	0	0	-601	-601
Impairments in value	-3,545	0	0	-3,545
Current year participation result	18,258	0	0	18,258
Dividends participating interests	-14,523	0	0	-14,523
Share in direct capital movement	-3,085	0	0	-3,085
Carrying amount as of December 31, 2020	27,725	30,000	1,408	59,132

Stater N.V. has a participation in Stater Participations B.V. which has a negative equity per year-end of EUR 30,950,000. As result the current receivable from Stater N.V. on Stater Participations B.V. has been fully written down for an amount of EUR 24,300,000. For the remaining amount of EUR 6,650,000 the 'Participation in Group Companies' have been written down, due to the impairment of the current receivable positions of these participations with Stater Participations B.V.

The share in direct capital movement relates to the Belgium share purchase. Stater Participations B.V. paid € 5,500,000 for the remaining shares of Stater Belgium N.V./S.A. with a net asset value of € 2,415,000, which has lead to a direct captial movement of € 3,085,000.

The result of the merger of the German entity is not visible in the movement schedule, because the net asset value in the carrying amount as of January 1, 2020 was zero.

	12/31/2020	12/31/2019
	x €1,000	x €1,000

Receivables from participants and from companies in which participation takes place

Loan Infosys Consulting Pte. Ltd.	30,000	0

Interest rate is considered as market related and is equal to 12 months EURIBOR +0.83 per annum has been calculated (2020: 0.5%), provided that the interest owed by Infosys to Stater will never be less than 0.25%. The loan is available for a period of 5 years. The principal amount of the loan (including interest) is repayable on demand of Stater (in full or in parts) at any time by giving a 15 days' prior notice, without Stater being obliged to pay any compensation.

Other receivables

Other receivables	1,408	1,624

Other receivabes relate to a loan granted to the leasing company. The interest rate is 0% (2019 1.8%). The loan was granted for the purchase of lease cars for Stater N.V. The lease costs are increased by a subcharge of 0.25% on the interest rate. Repayments on the loan are equal to the depreciation of the lease cars. By way of security, a pledge has been granted on all passenger cars and light commercial vehicles made available to Stater N.V. by the leasing company for the benefit of employees of Stater N.V.

21. Current assets

Receivables from group companies

There has been no interest calculated because the amounts are settled every month.

Taxes and social securities

Corporate income tax	7,188	0
VAT	407	477
Deferred tax	818	0
	8,413	477

Other receivables

Volume discount suppliers	677	1,013
Grants	24	392
	702	1,406

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Related to auditor's report
dated April 14, 2021

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Prepayments and accrued income		
Interest	29	7
Prepaid costs	386	1,445
	415	1,452

22. Cash and cash equivalents

Bank	7,048	11,706

This amount is freely disposable.

23. Equity

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Issued share capital		
Subscribed and paid up 4,849,676 ordinary shares at par value € 1	4,850	4,850

The statutory share capital amounts to 10,000,000 shares of € 1 each.
The shareholders of the company are as follows:

- 75% Infosys Consulting Pte. Ltd.
- 25% ABN AMRO Bank N.V.

	2020	2019
	x €1,000	x €1,000
Share premium reserve		
Carrying amount as of January 1	8,287	8,287
Carrying amount as of December 31	8,287	8,287

The part of the share premium that is not regarded as paid-up capital for tax purpose is zero.

Legal reserves

Reserve for capitalised development costs

Carrying amount as of January 1	3,700	2,421
Allocation	8,431	1,278
Carrying amount as of December 31	12,131	3,699

Reserve related to retained profits from participating interests

Carrying amount as of January 1	2,768	93
Withdrawal/allocation	-359	2,675
Carrying amount as of December 31	2,409	2,768

The reserve mainly refers to capitilised development costs for Stater Belgium N.V./S.A.

	2020	2019
	x €1,000	x €1,000

Other reserves

Carrying amount as of January 1	26,527	34,294
Allocation of previous financial year nett result	15,091	10,712
Dividend paid	-8,700	-17,000
Purchased minority shares acquired	-3,085	0
Tranfer to legal reserves	-8,072	-1,479
Carrying amount as of December 31	21,761	26,527

Proposed appropriation of profit

The annual accounts for 2019 were adopted by the General Meeting held on April 17, 2020. The General Meeting has determined the appropriation of the result as it was proposed. So the dividend of € 1.79 for each share was paid.

It is proposed to the General Meeting that the result after taxes for 2020 be appropriated as follows. An amount of € 15,650,000 (€ 3.23 for each share) of the profit for 2020 will be distributed as dividend and the remaining amount will be added to the other reserves.

Result for the year

Carrying amount as of January 1	15,091	10,712
Appropriation of the prior year profit	-15,091	-10,712
Unappropriated profit of current year	17,928	15,091
Carrying amount as of December 31	17,928	15,091

24. Provisions

Deferred tax liability

This provision concerns the temporary differences between the valuation in the annual accounts and the tax valuation of assets and liabilities. The provision is calculated based on the applicable tax rate.

Carrying amount as of January 1	507	0
Allocation	2,436	507
Withdrawal	-95	0
Carrying amount as of December 31	2,848	507

The increase of the deferred tax liability is a result of the investments in internally developed software. For tax purposes these investments are operating expenses.

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Other provisions		
Other long-term employee benefits	3,894	3,293
Provision subsidiaries	0	1,188
	3,894	4,481

	2020	2019
	x €1,000	x €1,000
Other long-term employee benefits		
Carrying amount as of January 1	3,293	2,526
Allocation	942	1,115
Withdrawal	-341	-349
Carrying amount as of December 31	3,894	3,293
Provision subsidiaries		
Carrying amount as of January 1	1,188	2,009
Withdrawal	-1,188	-821
Carrying amount as of December 31	0	1,188

The provision subsidiaries comprises the provision for participating interests that is based on the negative net asset value of these participating interests. If Stater has the firm intention to enable the participating interest (for its share) to pay its debts, a provision will be formed for that part.

	12/31/2020	12/31/2019
	x €1,000	x €1,000
25. Non-current liabilities		
Advanced payment received on orders	24	404
Lease liabilities	17,988	19,311
	18,012	19,715

Advanced payment received on orders

Amounts received for acquired staff are recognised here. These amounts are attributed to the first 5 years of these employees' employment.

Lease liabilities

The lease liabilities include the present value of lease payments not paid at December 31. The incremental borrowing rate is used as discount rate. The current portion of the lease debts is presented as current liabilities.

Debt longer than 5 years: € 6,616,851.

The table below provides details regarding the contractual maturities of lease liabilities as of December 31, 2020 on an undiscounted basis:

	12/31/2020	12/31/2019
	x € 1,000	x € 1,000
Particulars		
Less than one year	2,441	3,024
One to five years	11,946	11,378
More than five years	6,969	9,326
Total	21,356	23,728

26. Current liabilities

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Loans from participations in group companies		
Stater Deutschland GmbH & Co K.G.	0	2,503

There has been no interest calculated on this loan.

Taxes and social securities		
Corporate income tax	0	1,918
Pay-roll tax	3,601	3,629
	3,601	5,547

Until May 23, 2019, Stater N.V. was included in the fiscal entity for corporate income tax purposes with ABN AMRO Bank N.V. The corporate income tax payable up to and including that period is recognised as a liability to related parties.

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Related to auditor's report
dated April 14, 2021

	12/31/2020	12/31/2019
	x €1,000	x €1,000

Accruals and deferred income

Holiday accruals	2,021	2,108
Variable pay	3,004	2,633
Prepaid amount	388	874
Accruals other costs	1,690	1,784
Accruals external staff	138	1,245
Lease liabilities	2,441	2,756
	9,682	11,400

CONTINGENT ASSETS AND LIABILITIES

Long-term financial obligations

Company cars

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Less than one year	0	40
One to five years	0	76
	0	116

Other long-term financial obligations

	12/31/2020	12/31/2019
	x €1,000	x €1,000
Less than one year	1,700	2,052
One to five years	2,323	4,371
	4,023	6,423

13 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2020

27. Minority interest

	2020	2019
	x €1,000	x €1,000
Share in result of participating interests	18,258	14,974

Participating interests

- Stater Nederland B.V. in Amersfoort : 100% participation (2019:100%)
- Stater Participations B.V. in Amersfoort : 100% participation (2019:100%)
- Stater XXL B.V. in Amersfoort : 100% participation (2019:100%)
- Hypocasso B.V. in Amersfoort (2019: 100%)

14 OTHER DISCLOSURE

Post balance sheet events

Granted loan

In connexion with excess cash equivalents, Stater N.V. has granted an additional loan of € 5 million to Infosys Consulting Pte. Ltd. The interest rate on this loan is based on 12-month EURIBOR + 1.35 per annum. The loan has a term of 5 years, but can be called in by Stater N.V. in whole or in part subject to a period of 15 days.

Appropriation of the result for the 2019 financial year

The annual accounts for 2019 were adopted by the General Meeting held on April 17, 2020. The General Meeting has determined the appropriation of the result as it was proposed.

Amersfoort, 14 April 2021

Management Board:

E.R. Dreuning
Chief Executive Officer

S.J.A. Kuiper
Chief Financial & Risk Officer

Supervisory Board:

H.M.T. Broeders

M. Dekker

K. Jain

M. Joshi

D.R. Padaki

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dated April 14, 2021

OTHER INFORMATION

1 Provisions of the Articles of Association relating to profit appropriation

The general meeting is authorized appropriate the profits as appearing from the adopted annual accounts, or a part thereof, and to resolve to make distributions. The general meeting is also authorised to resolve to make an interim distribution, including dishibutions from the reserves (article 24 of the Articles of Association)).

The company may only make distributions to its shareholders (i) to the extent that the company's equity exceeds the sum of the paid-up and called-up part of the share capital of the company and any reserves which the company is obliged to maintain pursuant to the law, and (ii) after the management board granted its approval. The management board may only approve a resolution of the general meeting to make a distribution if the requirement under (i) is met according to interim accounts which are prepared with due observance of the relevant regulations and if it is not aware nor should reasonably foresee that after such distribution the company will become unable to continue to settle its payable debts.

Notwithstanding the provisions, distributions out of the share premium reserve A or share premium reserve B respectively shall be made pro rata to the number of shares class A or the number of shares class B held by the respective shareholders.

2 Appropriation of the result for the 2019 financial year

The annual accounts for 2019 were adopted by the General Meeting held on April 17, 2020. The General Meeting has determined the appropriation of the result as it was proposed.

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Related to auditor's report
dated April 14, 2021

3 INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the shareholders and the supervisory board of Stater N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements for the year ended 31 December 2020 of Stater N.V., based in Amersfoort.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stater N.V. as at 31 December 2020, and of its result for the year ended 31 December 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2020.

2. The consolidated and company profit and loss account for the period ended 31 December 2020.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Related to auditor's report
dated April 14, 2021

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Management Report
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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dated April 14, 2021

We communicate with the supervisory board Regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, April 14, 2021

Deloitte Accountants B.V.

Initial for identification purposes:

Signing Audit Partner

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Safe Harbor

This Annual Report contains 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance and are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, risks and uncertainties regarding COVID-19 and the effects of government and other measures seeking to contain its spread, the discussions of our business strategy, including the localization of our workforce and investments to reskill our employees and expectations concerning our market position, future operations, margins, profitability, liquidity, capital resources, wage increases in India, change in the Indian regulations governing wages, restrictions on immigration in the US, and corporate actions including timely completion of the proposed buyback of our equity shares.

These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the "Outlook, risks and concerns" section in this Annual Report. In the light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information and estimates available to us on the date hereof, and we do not undertake any obligation to update these forward-looking statements unless required to do so by law.

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