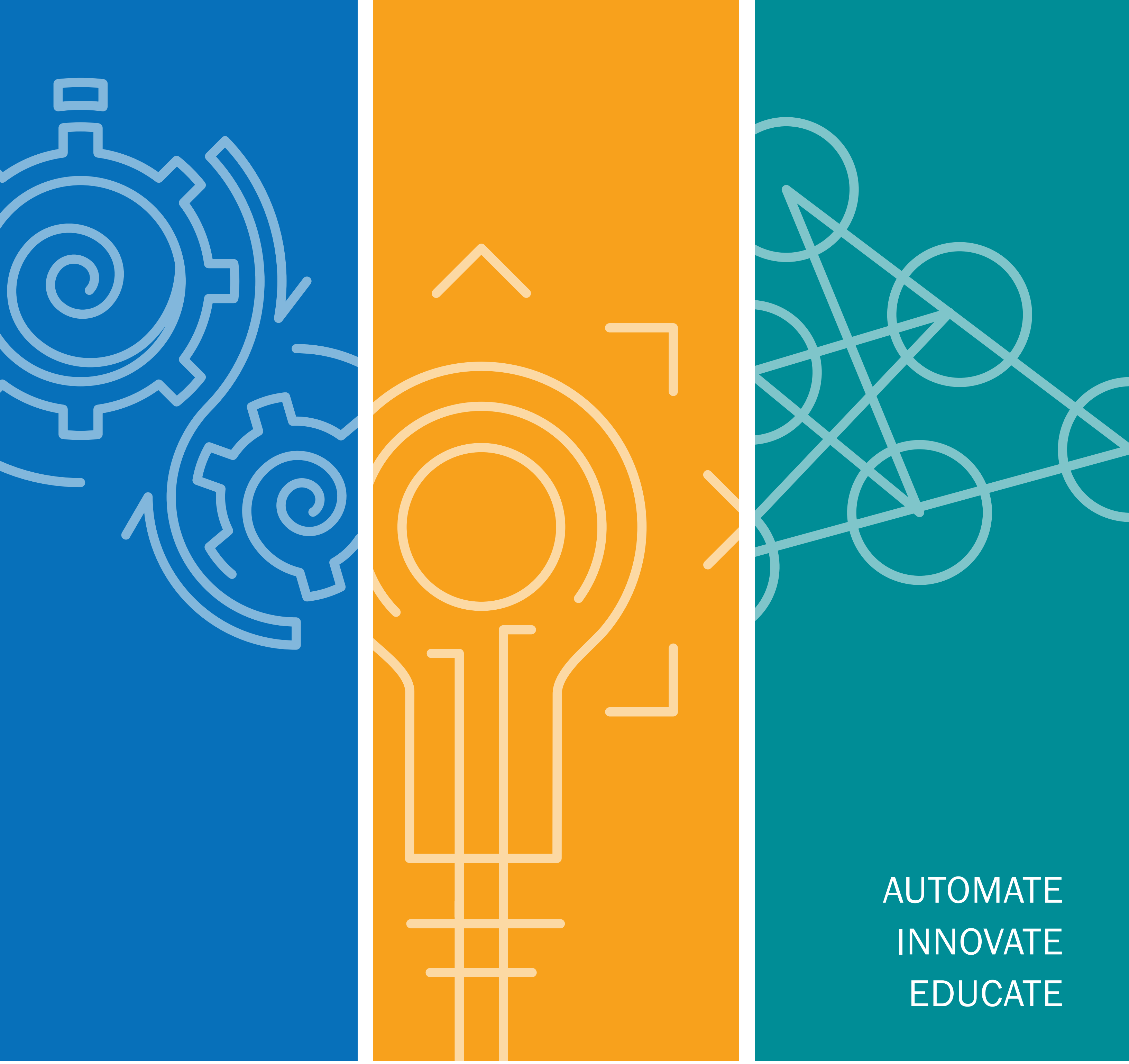


POWERED BY INTELLECT
DRIVEN BY VALUES

INFOSYS BPO LIMITED ANNUAL REPORT 2016-17

Board and committees – Infosys BPO Limited

The Board of Directors

U. B. Pravin Rao
Chairman of the Board

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Prof. Jayanth R. Varma
Independent Director

Dr. Omkar Goswami
Independent Director

D. N. Prahlad
Independent Director

Board committees

Audit committee

Prof. Jayanth R. Varma
Chairperson and Financial Expert

U. B. Pravin Rao
Member

Dr. Omkar Goswami
Member

Nomination and remuneration committee

Prof. Jayanth R. Varma
Chairperson

U. B. Pravin Rao
Member

Dr. Omkar Goswami
Member

Corporate social responsibility committee

U. B. Pravin Rao
Chairperson

Anantharaman Radhakrishnan
Member

Dr. Omkar Goswami
Member

Share allotment committee

U. B. Pravin Rao
Chairperson

Anantharaman Radhakrishnan
Member

Investment committee

U. B. Pravin Rao
Chairman

Anantharaman Radhakrishnan
Member

Nishit Ajitkumar Shah
Member

As on March 31, 2017

Contents

Board's Report 1

Annexures to the Board's Report. 9

Management's discussion and analysis 24

Risk management report 36

Report on health, safety and environment 39

CEO and CFO certification 41

Standalone financial statements 42

Consolidated financial statements 85

Ratio Analysis 125

Corporate governance report .126

Global presence 136

Notice to the 15th Annual General Meeting 138

Proxy form 145

Board's Report

Dear members,

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company'), along with the audited financial statements, for the financial year ended March 31, 2017. The consolidated performance of the Company and its subsidiaries (Group) has been referred to wherever required.

1. Results of our operations

in ₹ crore, except per equity share data

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Revenue from operations	2,940	2,849	4,019	3,791
Cost of sales	1,993	1,914	2,819	2,571
Gross profit	947	935	1,200	1,220
Selling and marketing expenses	156	130	165	140
General and administration expenses	262	252	388	371
Operating profit	529	553	647	709
Other income, net	221	199	242	197
Profit before tax	750	752	889	906
Tax expenses	198	185	160	203
Net profit after tax	552	567	729	703
Earnings Per Share (EPS) (1)				
Basic	163.14	168.46	215.50	207.82
Diluted	163.14	168.46	215.50	207.82

Note : IGAAP numbers adjusted for Ind AS numbers for fiscal 2016.

(1) Equity shares are at par value of ₹ 10 per share.

2. Company's overview

Infosys BPO Limited, the business process outsourcing subsidiary of Infosys (NYSE, BSE, NSE:INFY), is an end-to-end outsourcing services provider. Infosys BPO addresses the business challenges and unlocks business value by applying proven process methodologies with integrated IT and business process outsourcing solutions.

Infosys BPO Limited is the leader when it comes to providing innovative solutions to clients. We help clients deliver improved business results in addition to optimizing the efficiency of their business processes. We also have a proven global delivery model and commitment to quality and process execution. A strong brand name coupled with long-standing client relationships help us be the employer of choice. Expertise in lean automation and continuous improvement help us increase productivity and being more for the client.

Infosys BPO Limited seeks to differentiate in the market by delivering business value through deep domain expertise and technology prowess. We invest in offerings that help clients optimize their Cost of Revenues (CoR) instead of the traditional approach of optimizing just the SG & A expenses. Infosys BPO limited has 32 delivery centers across the globe and is focused to give its clients, the flexibility to take their operations to any market. We are striving to deliver the experience to our clients and their stakeholders by adopting a Desirability – Feasibility – Viability approach of Design Thinking. We are reducing the distance to our clients by focusing on their experience, the distance to code by focusing on engineering, and the distance to value by focusing on economics. Due to these focused strategies, Infosys BPO has emerged as a trusted and valued collaborative partner for clients and an employer of choice for aspiring professionals.

3. Performance overview (standalone)

Our revenue from operations aggregated to ₹ 2,940 crore, up by 3.19% from ₹ 2,849 crore in the previous year.

Our gross profit amounted to ₹ 947 crore as against ₹ 935 crore in the previous year. The operating profit amounted to ₹ 529 crore as against ₹ 553 crore in the previous year. Sales and marketing costs were ₹ 156 crore and ₹ 130 crore for the years ended March 31, 2017 and March 31, 2016 respectively. General and administration expenses were ₹ 262 crore and ₹ 252 crore during the current year and previous year respectively. The net profit after tax was ₹ 552 crore as against ₹ 567 crore in the previous year. The profit after tax for the year is 18.78% of revenue.

Performance overview (consolidated)

Our revenue from operations aggregated to ₹4,019 crore, up by 6.01% from ₹3,791 crore in the previous year.

Our gross profit amounted to ₹1,200 crore as against ₹1,220 crore in the previous year. The operating profit amounted to ₹647 crore as against ₹709 crore in the previous year. Sales and marketing costs were ₹165 crore and ₹140 crore for the years ended March 31, 2017 and March 31, 2016 respectively. General and administration expenses were ₹388 crore and ₹371 crore during the current year and previous year respectively. The net profit after tax was ₹729 crore as against ₹703 crore in the previous year. The Group's profitability after tax for the year is 18.14% of revenue.

The Company continues to be amongst the most profitable BPO companies in India. The Company has 177 customers as on Mar 31, 2017. The Company ended 2016 with 34,625 employees having added 827 (net) employees during the year.

Our year-to-date wins have been strategically significant and add versatility to our portfolio. Some of the new logos added to our client base include a Dutch Insurance company, an American healthcare corporation, an American infrastructure and Development Corporation, a Europe based retail chain as well as a Europe based financial services company.

The Company continues to focus on moving our pricing models to outcome based and non-effort based pricing. Several of the deals were signed on fixed and outcome based pricing model in fiscal 2017. We truly have a global delivery model, with 32 delivery centers across 14 countries (8 each in India and rest of APAC, 6 in Europe, 1 in Africa, 5 in US and 4 in Latin America).

Traditionally BPOs were known as third party contractors who looked after the operations and responsibilities of a specific business process. Business processes often involved and still involve many mundane, low decision making skill requiring, repetitive tasks. Work which was traditionally done manually, using pen and paper, slowly got outsourced to BPOs who tried to bring in some efficiency but used similar methods of execution. Gradually we shifted to ERP, Microsoft Excel etc. Today and in the coming age, work that involves repetition and low decision making skills will be taken care by automation and robotics. Artificial Intelligence, STP, robotics will all only aid and enhance human productivity. Competency will be a sum total of technological advances and human intellect. These combined will form the plinth of successful, error-free business processes.

Renew business process management will be about the inverted work triangle – from manual work to fully automated stuff, all combined, cohesively and coherently will bring about the change that will transform the businesses end-to-end. The new business process management will be about focusing on enhancing stakeholder's experience. This would be done by selling stack offerings, providing data-led and process-led business insights. By Zero Distance, Design Thinking and benchmarking of key business metrics, the new value triangle would help enhance human intelligence, which will in turn further help in enhancing stakeholder experience. To cater to all these disruptions, BPO industry has an increasing need for highly skilled talent who can act as domain professionals and execute initiatives that the client values. Keeping in view of the achievements in this financial year and the market landscape, our focus is on 'Reimagining BPM'.

Infosys BPO has aligned its strategy and investments towards 'Reshaping Client Experience' and 'Igniting employee minds'. The world around us is being reshaped by disruptive trends. These trends like automation, adoption of analytics, use of machine learning and technologies, called for all of us to relook at the way we do things and make our solutions transformational in nature. We are enhancing client's experience through co-innovation, visualizations, data insights and process excellence. Beside this, we have become servant leaders by listening to our people and not just being order givers. We are igniting employee minds by not just incentivizing them, but by also making them design thinkers and not just order takers. Focusing on reshaping client experience and employee experience has started transforming the way we are and what we'll be achieving in the years to come.

4. Human resource management

A key enabler to achieve our vision of reimagining Business Process Management (BPM) is igniting the minds of our associates to be at Zero Distance to our clients. The Design Thinking approach was used to identify the explicit as well as the latent needs of the employees to innovate and reshape client experiences. The belief that 'Happy employees make happy customers' and 'Experienced, knowledgeable employees make great change agents', brought about the Leap of Faith campaign which was focused on rewarding, retaining and motivating talent for higher value add to the clients.

There were significant changes in our learning pedagogy and investments to drive a culture of self-learning by bringing in new tools and platforms which allow our employees to access learning resources anytime, anywhere. The device agnostic mobile app for entry level training, the digital coaching initiative for global centers and the introduction of micro learning through videos and online assessments were some of the key initiatives around getting our associates to be prepared for the business challenges of tomorrow.

We take pride in providing multiple career opportunities for our employees and 69% of vacancies in the organization were fulfilled through home grown and developed talent. Fast paced and competitive world of today requires newly promoted talent to hit the ground running while facing a steep learning curve. The 100 days role induction initiative was launched to help talent succeed and reaffirm our employee value proposition of careers for life. We are igniting employee minds by not just incentivizing them, but by also making them design thinkers and not just order takers. Focusing on reshaping client experience and employee experience has started transforming the way we are and what we'll be achieving in the years to come.

Project Genesis is our flagship program to train teaching faculty on industry ready curriculum touched 20,877 students through 497 academicians. Through the Rural Student Development Program which focuses on disabled and unemployed youth in tier 2 and 3 towns, 1,546 students were trained on employability skills. Igniting young minds and raising aspirations is an integral part of our CSR initiative and through our Student Outreach Program, 13,250 students were touched. The National Digital Literacy Mission (NDLM) is aligned to the Government of India's vision of making at least one person in each household in the country, digitally literate by the year 2020. In collaboration with Nasscom foundation we helped setting up two NDLM centers this year, one in Mysuru for persons with disabilities and one in Hoskote. With the total number of NDLM centres set up through Infosys increasing to 5, a total of 5,007 people were made digitally literate. We sponsored 16 digital classrooms in Government Schools in Karnataka, Andhra Pradesh, Tamil Nadu and Maharashtra this year with the objective to create a knowledgeable and empowered rural India through quality education. 1,196 students have benefited from these educational facilities.

Infosys BPO won the 'NHRDN Corporate Social Responsibility (CSR) Case Study Competition' during the third NHRDN CSR Summit on strategizing CSR for Sustainable Development for its CSR Practices on Skill Development.

Our best HR practices were showcased in prestigious platforms and events. These include Best Apprenticeship program @ TISS Leapvault, Best Employer Brands Award 2016 @ Employer Branding Institute & World HRD Congress, Leadership and contribution @ World HRD Congress and Best Leadership Development Program for Top Management at Asia's Training and Development(ATD) Excellence Awards.

Infosys BPO also won awards for improving the efficiency of employee background verification, Best Project contributing to organizational Value Sustainability and Innovation and Best Process Improvement Project @ National Quality Excellence Awards (NQEA).

Particulars of employees

As per Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a statement containing the names of top 10 employees in terms of remuneration drawn, details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹1.02 crore or more per annum, details of employees posted in India for part of the year and in receipt of ₹8.5 lakh or more a month is enclosed as Annexure 3 to the Board's report.

The details of employees posted outside India and in receipt of a remuneration of ₹1.02 crore or more per annum or ₹8.5 lakh or more a month can be made available on request.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have a mechanism in place to foster a positive work place environment free from harassment of any nature. We have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the work place. Our global policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land wherever we operate. Our ASHI policy applies to everyone involved in the operations of the Company, including vendors and clients.

We have also constituted an Internal Complaints Committee (ICC)* in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an independent group.

Our whistleblower policy assures complete anonymity and confidentiality of information to the reporting individual.

Keeping the objective of fostering a positive work place environment and free from harassment, we conduct the following awareness campaigns:

- Orientation of new joinees on the Anti-Sexual Harassment Initiative (ASHI).
- Refresher Training sessions, floor walks and an online quiz on ASHI Awareness.
- Monthly ASHI awareness mailers.
- ASHI awareness session for our contractual staff.

The details of ASHI cases for the fiscal year 2017:

Number of cases filed - 41

Disposal by conciliation - 1

Disposal by disciplinary action(s) - 37

*03 cases evaluated by the Internal Complaints Committee (ICC) were reported in March 2017 and the investigation process was under way as on March 31, 2017.

Liquidity

We continue to be debt-free and maintain sufficient cash to meet our business requirements. We clearly understand that the liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. Liquidity also enables us to make a rapid shift in direction, in case our business requires us to.

Appropriations

Dividend

The directors do not recommend any dividend for the financial year ended March 31, 2017.

Transfer to reserves

The Company does not propose to carry any amount to General reserves.

Particulars of loans, guarantees or investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements.

5. Fixed deposits

We have not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

6. Particulars of contracts or arrangements made with related parties

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as Annexure 2 to the Board's report.

7. Material changes and commitments affecting financial position between the end of the financial year and date of report

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

8. Share capital

During the year under review, the Company has not issued any shares and hence the outstanding issued, subscribed and paid up equity share capital stands at ₹33,82,77,510 as on March 31, 2017 (₹33,82,77,510 as on March 31, 2016).

9. Subsidiaries

As on March 31, 2017, we have five wholly-owned subsidiaries, namely – Infosys (Czech Republic) Limited s.r.o (formerly Infosys BPO s.r.o), Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland, Sp. z.o.o), Infosys McCamish Systems LLC, Portland Group Pty. Limited and Infosys BPO Americas LLC. The Company does not have any associate company.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is appended as Annexure 1 to the Board's report. The statement also provides the details of performance, financial positions of each of the subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on our website www.infosysbpo.com. These documents will also be available for inspection by members during business hours at our registered office in Bengaluru, India.

A. Infosys (Czech Republic) Limited s.r.o

Infosys (Czech Republic) Limited s.r.o had a mixed fiscal year. On the positive side, seven new client engagements started in the areas of multilingual service desk, application development, finance and accounting, and HRO and several contract extensions and mid-term project assignments were signed. Brno center has started being positioned as a nearshore IT center for Infosys German clients. On the negative side, Prague Finance and Accounting operation was closed down together with a proactive people transfer to the client which resulted in a revenue loss, but helped profitability of the overall Czech operation. Multiple successful improvement such as Zero Distance innovation and automation initiatives were started and run in the fiscal year in question – the success has been acknowledged by winning the business service industry ABSL Diamond Award for Business Excellence. The financial performance of the entity has been impacted positively by high utilization and negatively by underutilized infrastructure in Brno. During the year under review the Company generated revenue of ₹63 crore as against a revenue of ₹61 crore for the year ended on March 31, 2016 with a profit of ₹12 crore against the profit of ₹4 crore for the year ended on March 31, 2016.

B. Infosys Poland Sp. z o.o.

The Lodz Delivery Center continues to grow with existing and new clients (four new clients added to the portfolio last fiscal year). Lodz DC is focusing on F&A, Sourcing and Procurement, Master Data Management, Business Analytics and high-end services (Tax, SOX Compliance, FP&A Consolidation of financial statements) as well as european language based services as a part of Infosys global delivery model. The Center offers also business transformation services for local market companies.

The Center has been bestowed with the following awards in the year under review: Wioslo CSR (2016, Gazeta Wyborcza); NOA Professional Award 2016 – Best Nearshore Team (National Outsourcing Association, 2016), Top Employer Poland 2016 (CRF Institute 2016);

During the year under review, the revenue were ₹491 crore as against revenue of ₹451 crore for the period ended March 31, 2016 with a net profit of ₹102 crore as against a profit of ₹95 crore for the period ended March 31, 2016.

C. Infosys McCamish Systems LLC

During the year under review, the financial performance improved over the prior fiscal with a margin of 16% versus 7% in fiscal 2016, continuing the positive trend. We are generally seeing good traction in other new geographical markets including India, Asia-Pacific (APAC) and South America. In the US, large life insurance companies continues to invest in modernizing legacy policy administration systems while focusing on improved customer engagement. Fiscal 2017 saw more clients in worksite and producer services businesses expanding relationship with us. Two strategic contracts were renewed. New lines of services were opened with analytical support and enabling cloud based services. Continued investments occurred in the core functionality, technology and architecture of VPAS® Life. New E-app and self service capabilities were also introduced in overall platform suite. The analyst community, including Gartner, HfS and Novarica, refers to us positively. The Retirement Services business unit continues its market leadership position.

During the year under review, the revenue were ₹467 crore as against revenue of ₹357 crore for the period ended March 31, 2016 with a net profit of ₹ 75 crore as against a profit of ₹25 crore for the period ended March 31, 2016.

D. Portland Group Pty. Limited

Portland Group Pty. Limited (Infosys Portland) had a challenging year, with a decline in revenue and margin over the previous year. Portland Group has led the expansion of the Infosys BPO S&P procurement practice into the North American market, establishing a team in Chicago in August 2016 to service a client base through the US and Canada.

There has been limited growth in the offshore team, with numbers maintained at 120 FTE. Onshore staff numbers have reduced over last 12 months to 100 FTE.

During the year under review, the Company generated a revenue of ₹114 crore as against a revenue of ₹147 crore for the previous year ended on March 31, 2016 and with a profit of ₹6 crore against the profit of ₹ 31 crore for the year ended on March 31, 2016.

E. Infosys BPO Americas LLC

Infosys BPO Americas LLC, an entity that was incorporated during 2016 and is in the process of completing multi state licensing. As on March 31, 2017, the entity has received regulatory approvals from 21 states and has applications under review for a further 24 states. Business is expected to begin later in fiscal 2017 with the completion of licensing.

10. Awards and recognition

During the year under review, your Company received numerous awards and recognition, both international and national. Here is a quick glimpse of some of them:

- Infosys BPO and Rio Tinto won a honorary mention at the Shared Services and Outsourcing Network (SSON) Excellence Awards for Australasia, 2016
- Infosys BPO was recognized at the NOA Professional 2016 awards
- Infosys BPO won the 'Best Employer Brand' award
- Infosys BPO won awards at the World Quality Congress 2016
- Infosys BPO won the Corporate Social Responsibility (CSR) case study competition, hosted by the NHRD
- Infosys BPO won an award at the Global Knowledge Management Congress 2016
- Infosys BPO was awarded with the TISS LeapVault CLO Award in the 'Best Apprenticeship Program' category
- Infosys BPO won the FKCCI Export Excellence Award 2016
- Infosys BPO won awards at the Indian Statistical Institute's Six-Sigma Case Study Competition
- Infosys BPO Poland was certified as Top Employer Poland 2016
- Infosys Brno Center was awarded the ABSL Diamond Award 2016
- Infosys BPO China was recognized as one of the best employers of 2016

Digital business services

- Winner in HfS' Blueprint Report - Digital Marketing Operations 2016
- Robotics Process Automation
- Ranked #13 in HfS' 2016 RPA Premier League Table

Finance and accounting

- Leader and Star Performer in Everest Group's Finance and Accounting Outsourcing PEAK Matrix™ Assessment 2016
- Leader in ISG's Provider Lens - Finance and Accounting Outsourcing Services
- High Performer in HfS' Blueprint Report - Finance As-a-Service 2016

Sourcing and procurement

- Leader in Everest Group's Procurement Outsourcing PEAK Matrix™ Assessment 2016
- Leader in HfS' Blueprint Report - Procurement As-a-Service 2016

Sales and fulfilment

- Execution Powerhouse in HfS' Blueprint - Supply Chain Management As-a-Service 2016
- Major Contender in Everest's Supply Chain Management PEAK Matrix™ Assessment 2017

Analytics

- Major Player in IDC MarketScape- Worldwide Business Analytics BPO Services 2016 Vendor Assessment (Doc# US40405316)

Customer service

- High Performer in HfS' Blueprint - Digitally Enabled Contact Center 2016
- High Performer in HfS' Blueprint - Contact Center Operations 2016
- High Achiever in NelsonHall CMS Delivery & Transformation NEAT
- Innovator in NelsonHall's CMS in Retail Banking NEAT
- Aspirant in Everest Group's Contact Center Outsourcing (CCO) PEAK Matrix™ Assessment 2016

Human resources outsourcing

- Major Contender in Everest Group's Multi-Process HRO PEAK Matrix™ Assessment 2016
- High Potential in HfS Blueprint Report - HR Operations As-a-Service 2016
- High Achiever in NelsonHall's Multi-Process HRO NEAT
- Major Player in NelsonHall's Payroll Services NEAT
- Major Player in NelsonHall's Cloud Based HR Services NEAT

Banking, financial services

- Leader in NelsonHall's RPA and AI in Banking NEAT
- Leader in NelsonHall's Wealth and Asset Management NEAT
- Winner in HfS' Blueprint - 2016 Banking and Financial Services Analytics Services
- Major Contender in Everest Group's Banking BPO PEAK Matrix™ Assessment 2016
- Major Contender in Everest Group's Retail Banking BPO PEAK Matrix™ Assessment 2016

- Major Contender in Everest Group's Capital Markets BPO PEAK Matrix™ Assessment 2016
- High Performer in HfS' Blueprint Report - Capital Markets Operations
- High Performer in HfS' Blueprint Report - Mortgage As-a-Service 2016
- High Achiever in NelsonHall's Retail Banking BPS NEAT

Insurance

- Leader in NelsonHall's Life Annuities & Pensions BPS NEAT
- Major Contender in Everest Group's Life and Pensions Insurance BPO PEAK Matrix™ Assessment 2016
- Major Contender in Everest Group's Property & Casualty Insurance BPO PEAK Matrix™ Assessment 2017
- Niche Player in NelsonHall's Property & Casualty BPS NEAT

Healthcare

- Aspirant in Everest Group's Healthcare Payer BPO PEAK Matrix™ Assessment 2016

Energy and telecom

- Winner in HfS' Blueprint Report - Energy Operations 2016
- Winner in HfS' Blueprint Report - Telecom Operations As-a-Service 2016

11. Quality

Business Process Management – BPM industry is on the threshold of a new phase of revolution which promises a unique and interesting period in its growth lifecycle. The 'new BPM' will focus on providing business insights through data and process excellence, with a significant promise of further growth - working alongside clients to catalyze and co-create business value and enhance stakeholder experience where the quality team is expected to play a significant role.

During this fiscal, we had seen greater emphasis on the delivery excellence driven by the top leadership through the 5 P framework (People, Process, Productivity, Predictability and Partnership and collaboration) and through various quality programs. Our client experience scores have improved by 28% over that of the previous year 2016, with customer centricity, a partnership-oriented approach and consistency in service delivery being the top areas highlighted where quality team had important role to play.

Quality function has been driving implementation of standards and certifications through right investments in the various quality programs TL 9000, ISO 9001, ISO 20000, OHSAS 18001, ISO 14001, ISO 27001 and PCI-DSS 2.0 at multiple delivery centers across the globe. In the last fiscal Infosys BPO received the ISO 22301 accredited certification. Infosys BPO is also compliant to AT 801 erstwhile SSAE 16 / ISAE 3402 requirements at the enterprise level. For the first time we had five International locations – Costa Rica, Brno, Lodz, Phoenix and Puerto Rico getting ISO 9001 – Quality Management systems, certified with the latest 2015 version.

The quality function manages large change management initiatives to drive quality and productivity improvements across the organization. The PPM assessment is now integrated to the internal assessment framework as single composite assessment framework ensuring the accounts are assessed in a wholesome manner. The quality function is spearheading knowledge management by developing and implementing various deployment methodologies, enabling people through KM certifications – we have close to 175 certified KM practitioners in the last fiscal and they are our backbone in building an environment for adoption of best practices within engagements. This is further enabled through KM Maturity Assessment (KMMA at 4 levels) leading to a culture of sharing and reuse.

Our focus has expanded and we are now looking at bringing in quality interventions early in the lifecycle through the Zero Distance handover process, the transition health review process enabling early process improvements, effective client collaboration and faster stabilization which in turn has led to delivery excellence.

Our process excellence and transformation program to promote process improvements and drive transformation across engagements is now aligned to the mission productivity initiative, which under its umbrella encompasses the automation and transformation cycle. These are segregated into 3 Levers – L1 (automation tools / platforms), L2 (Transformation) and L3 (Lean and Continuous improvement). Quality team is responsible for the L3 and is driven by adopting customized six sigma and lean methodologies. We have institutionalized the incremental and breakthrough improvements resulting in improving our operational efficiency and effectiveness.

12. Corporate governance

Our corporate governance philosophy

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Infosys BPO, the goal of corporate governance is to ensure fairness to every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. Our Corporate governance report for fiscal 2017 forms part of this Annual Report.

We wish to state that your Company has complied with all norms of corporate governance applicable to Unlisted Public Companies as envisaged under the Companies Act, 2013.

Number of meetings of the Board

The Board met five times during the financial year, the details of which are given in the corporate governance report that forms part of this Annual Report. The intervening gap between any two meetings were within the period prescribed by the Companies Act, 2013.

Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2017, the Board consists of seven members, three non-executive, one executive, and three independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is available on the website of the Company at www.infosysbpo.com. We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

Declaration by independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

Board evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board had evaluated during fiscal 2017, the performance of all the directors as per the requirements of the Companies Act, 2013.

Directors and key managerial personnel

Inductions

The Board, on the recommendation of the nomination and remuneration committee made the following appointments till the date of the report:

- Appointed Ravikumar Singisetti as an additional director with effect from June 2, 2016. The shareholders in the Extra-ordinary General Meeting held on November 30, 2016, confirmed the appointment of Ravikumar Singisetti;
- Appointed D. N. Prahlad as an Independent Director effective January 6, 2017, subject to shareholders approval;
- Appointed Sangita Singh as Non-executive Director effective January 6, 2017, subject to shareholders approval;
- Appointed Nishit Ajitkumar Shah as the Chief Financial Officer, effective July 19. 2016
- Appointed Bindu Raghavan as the Company Secretary effective April 14, 2017 (approved by the Board in its meeting held on April 10, 2017).

Resignations

- Roopa Kudva, resigned as an Independent Director with effect from November 11, 2016. The Board places on record its appreciation for the valuable services rendered by Roopa Kudva during her tenure as director.
- Deepak Bhalla resigned as Chief Financial Officer with effect from July 18, 2016. The Board places on record its appreciation for the valuable services rendered by him during his tenure.
- A. G. S. Manikantha resigned as Company Secretary with effect from April 13, 2017 (noted by the Board in its meeting held on April 10, 2017). The Board places on record its appreciation for the valuable services rendered by him during his tenure as the company secretary.

Re-appointment

As per the provisions of the Companies Act 2013, Anantharaman Radhakrishnan, retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment.

Committees of the Board

The Company has constituted five committees namely : The audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the share allotment committee, and the investment committee. The composition, functions, scope, number of meetings held and attended by the members, etc., of each committee are furnished in the *Corporate governance report* which forms part of the this Annual Report.

Director's responsibility statement

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. 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.

The directors confirm that :

- In preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed.
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.

- They have laid down internal financial controls, which are adequate and are operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Audit Reports and auditors

Audit Reports

- The Auditors' Report for fiscal 2017 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Auditors' Report for fiscal 2017 does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is enclosed in this Annual Report.

Auditors

Statutory auditors

Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said Section. Consequent to the mandatory auditor rotation requirement in India, and in order to align to the changes in the statutory auditors of the holding company, the Company recommends the change in auditors. Accordingly, the audit committee has proposed and the Board on February 20, 2017 recommended the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration number 117366 W / W 100018) ('Deloitte') as the statutory auditors of the Company. Deloitte will hold office for a period of five consecutive years from the conclusion of the 15th Annual General Meeting of the Company, till the conclusion of the 20th Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements for the year.

Secretarial audit

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2018.

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Extract of annual return

Pursuant to Section 134(3) (a) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 5 to the Board's report.

13. Risk management framework

Your Company has always taken a comprehensive view to risk management to address risks inherent to clients as well as enterprise. The risk management report form part of this Annual Report.

14. Corporate social responsibility

The Company through Infosys Foundation has undertaken various CSR programs like eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development. The funds were allocated to a corpus and utilized through the year on these activities which are in accordance with the purposes specified in Schedule VII of the Companies Act, 2013.

The total CSR spend by the Company during the financial year was ₹15.12 crore towards our CSR activities in fiscal 2017, which constitutes 2% of the average net profits of the Company for the preceding three financial years.

The committee is responsible for formulating CSR policy and monitoring the CSR activities of the Company.

The CSR policy and initiatives taken by the Company on Corporate Social Responsibility during the year are available on the Company's website, www.infosysbpo.com. Annual Report on CSR activities is attached as Annexure 6 to the Board's report.

15. Conservation of energy, technology absorption, foreign exchange earnings and outgo.

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure 7 to the Board's report.

Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. The Board also places on record its appreciation of the contribution made by employees at all levels.

The Board also acknowledges the cooperation and support extended by Government authorities of various countries where the Company has operations, the Government of India, particularly the Ministry of Labour and Employment, the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Corporate Affairs, the Ministry of Finance, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the State Governments, the Software Technology Parks (STPs) / Special Economic Zones (SEZs) – Bengaluru, Chennai, Gurugram, Jaipur, Pune and other government agencies for their support and look forward to their continued support in the future.

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

	Sd / -	Sd / -
Bengaluru	U. B. Pravin Rao	Anantharaman Radhakrishnan
April 10, 2017	*Chairman and Director*	*Chief Executive Officer and Managing Director*

Annexure 1 – Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-1]

in ₹ crore except % of shareholding and exchange rate

Name of the subsidiary	Financial period ended	Exchange rate as at March 31, 2017	Share capital	Reserves and surplus	Total assets	Total liabilities (excluding share capital and reserve and surplus)	Investments *	Turnover [1]	Profit / (loss) before taxation [1]	Provision for taxation [1]	Profit / (loss) after taxation [1]	% of shareholding
Infosys (Czech Republic) Limited s.r.o[2][3] *(formerly Infosys BPO s.r.o)*	31-Mar-17	1 CZK = ₹ 2.55	3	55	71	13	14	64	15	3	12	100
Infosys Poland Sp. z o.o. [2][4] *(formerly Infosys BPO Poland, Sp. z.o.o)*	31-Mar-17	1 PLN = ₹ 16.45	4	435	543	104	55	491	103	1	102	100
Infosys McCamish Systems LLC [2][5]	31-Mar-17	1 USD = ₹ 64.85	175	(48)	296	169	-	467	29	(46)	75	100
Portland Group Pty. Limited [2][6]	31-Mar-17	1 AUD = ₹ 49.58	18	88	131	25	-	114	9	3	6	100
Infosys BPO Americas LLC[2][7]	31-Mar-17	1 USD = ₹ 64.85	7	(3)	5	1	-	-	(3)	-	(3)	100

[1] Converted at monthly average exchange rates
[3] Incorporated effective Feb 04, 2004
[5] Incorporated effective December 04, 2009
[7] Incorporated effective November 20, 2015

[2] Wholly-owned subsidiary of Infosys BPO Limited
[4] Incorporated effective October 01, 2007
[6] Incorporated effective January 04, 2012

* Notes : Investments excludes investments in subsidiaries

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

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Annexure 2 – Particulars of contracts / arrangements made with related parties

[Pursuant to Clause(h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

As per Section 188 of the Companies Act 2013, whenever a company avails or renders any service directly or through agents amounting to 10% or more of the turnover of the company or ₹50 crore, whichever is lower, prior approval of the shareholders is required. However, shareholders' approval for such transactions need not be sought if the transactions are between the holding company and its wholly-owned subsidiaries whose accounts are consolidated with the holding company and placed for shareholders' approval. All the transactions entered by the Company with related parties are in the ordinary course of business and at arm's length basis.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2017, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

in ₹ crore

Name of related party	Nature of relationship	Duration of contract	Salient terms [1]	Amount
Purchase of services				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	58
Purchase of shared services including facilities and personnel				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	49
Sale of services				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	390
Sale of shared services including facilities and personnel				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	19

(1) Appropriate approvals have been taken for related party transactions.

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

Sd / -
U. B. Pravin Rao
Chairman and Director

Sd / -
Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Bengaluru
April 10, 2017

Annexure 3 – Particulars of employees

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top 10 employees in terms of remuneration drawn during the year

Name	Gross remuneration paid	Designation	Educational qualification	Experience (in years)	Previous employment and designation
Vivek Sharma	3,36,08,290	Sales Head	BE,PGD	22	Groups Sales Manager, Igate Global Solutions
Binod Choudhary	2,92,50,132	Business Head - Energy, Utilities, Communication and Services and Americas Operations	BE,MA,PGD	28	Vice President, Equinox, iFlex
Madhusudan Hegde	2,71,48,867	Sales Head	BE,MMS	20	Divisional Manager, Syntel INC
John Thottungal	2,31,32,442	Sales Head	BE,MMS	20	Manager, ICICI Prudential
Kapil Jain	2,26,47,574	Global Head of Sales and Capability	BE, MS, MBA	27	Sr. Engagement Manager, Infosys Ltd.
Neil Simon Lawson	2,18,53,333	Client Partner	Diploma in Computer studies	18	Global BPO Sales Director, Accenture
Vipul Taneja	2,15,75,150	Senior Manager - Client Services	BE,PGD	17	Sr. Consultant, Equaterra Europe Ltd.
Archana Arcot	2,12,36,021	HR Business Leader - Americas	BA,PGD,MA	19	Vice President (OE) WNS Global Services
Abhay Chauhan	2,02,99,977	Sales Head	B.Sc, PGD	22	Vice President, Transworks
Anantharaman Radhakrishnan*	2,01,60,268	Chief Executive Officer and Managing Director - BPO	BE, PGD	26	Assistant VP and GM, Infosys Ltd.

Notes : The details in the above table is based on payouts made during the year.

For overseas-based employees, the average exchange rates have been used for conversion to Indian Rupees.

Remuneration comprises basic salary, allowances and taxable value of perquisites.

* Anantharaman Radhakrishnan was appointed as the CEO and MD effective May 17, 2016.

Employees drawing a remuneration of ₹ 1.02 crore or above per annum and posted in India

Name	Designation	Age (in years)	Experience (in years)	Date of joining	Gross remuneration paid	Previous employment and designation
Anup Kapoor	Global Head Operations	51	18	May 2, 2008	1,16,88,919	Chief Financial Officer, Anasal Properties & Infra Ltd.
Raghavendra K	Head Human Resource Development	56	32	Aug 5, 2008	1,26,93,404	VP-HR, Strides Acrolab Ltd.
Sheshadri B C	Business Head - Delivery Excellence	53	31	June 23, 2004	1,07,64,576	Delivery Manager, Infosys Ltd.

Notes : The above table is based on payouts made during the year.

Remuneration comprises basic salaries, allowances and taxable value of perquisites.

The above table does not include the details of remuneration drawn by the top 10 employees as their details are provided elsewhere in this report.

Employed for part of the year with an average salary above ₹8.5 lakh per month posted in India

Name	Designation	Age (in years)	Experience (in years)	Date of joining	Date of leaving	Gross remuneration paid	Previous employment and designation
Anup Uppadhayay	Chief Executive Officer and Managing Director	47	24	Dec 1, 2014	May 31, 2016	73,15,952	Service Offering Head – Financial Services, Infosys Ltd.
Deepak Bhalla	Chief Financial Officer	44	20	Nov 19, 2014	July 18, 2016	46,13,418	Unit Financial Controller, Infosys Ltd.
Nishit Ajitkumar Shah	Chief Financial Officer	44	19	July 19, 2016	–	81,69,973	Unit Financial Controller, Infosys Ltd.

Notes: The above table is based on payouts made during the year.

Remuneration comprises basic salary, allowances and taxable value of perquisites

Annexure 4 – Secretarial audit report for the financial year ended March 31, 2017

(Pursuant to Section 204 (1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members, Infosys BPO Limited,

Electronics City, Hosur Road Bengaluru-560100 Karnataka, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Infosys BPO Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of :

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any, and

iii. Other laws applicable specifically to the Company namely :
   - a. Information Technology Act, 2000 and the rules made thereunder
   - b. Special Economic Zones Act, 2005 and the rules made thereunder
   - c. Software Technology Parks of India rules and regulations
   - d. The Patents Act, 1970
   - e. The Trade Marks Act, 1999.

I have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

I report that, during the period under review the Company has complied with the provisions of the Acts, rules and regulations mentioned above.

I further report that, being unlisted Company, during the audit period, the following Acts and the rules and regulations made thereunder were not appicable to the compnay :

(i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder

(iii) The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations and Guidelines made / issued thereunder

I further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by statutory financial audit and other designated professionals.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the information provided and the representation made by the company and also on the review of the compliance reports of Company Secretary / Chief Executive Officer taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

Sd / -
P.G.Hegde
Hegde & Hegde
Company Secretaries
FCS: 1325 / C.P. No.: 640

Bengaluru
April 10, 2017

Annexure 5 – Extract of annual return

Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Registration and other details :

Corporate Identity Number (CIN) of the Company	U72200KA2002PLC030310
Registration date	April 3, 2002
Name of the Company	Infosys BPO Limited
Category / sub category of the Company	Company Limited by shares Public non-government company
Address of the registered office and contact details	Electronics City, Hosur Road, Bengaluru, Karnataka, India Tel : 91 80 2852 2405 Fax : 91 80 2852 2411 email : cosecretarybpo@infosys.com website : www.infosysbpo.com
Listed company (Yes / No)	No
Name, address and contact details of registrar and transfer agent, if any	Karvy Computershare Private Limited Unit : Infosys Limited, Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Contact person Shobha Anand Assistant General Manager Tel : 91 40 67161559 email : shobha.anand@karvy.com

Principal business activities of the Company

Name and description of main products / services	NIC Code of the product / service	% to total turnover of the Company
Business Process Management Services	631	100

Particulars of holding, subsidiary and associate companies

Particulars	Country	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
Infosys Limited	India	L85110KA1981PLC013115	Holding	99.98	2 (46)
Infosys (Czech Republic) Limited s.r.o	Czech Republic	NA	Wholly-Owned Subsidiary	100	2 (87)
Infosys Poland Sp. z o.o.	Poland	NA	Wholly-Owned Subsidiary	100	2 (87)
Infosys McCamish Systems LLC	U.S.A.	NA	Wholly-Owned Subsidiary	100	2 (87)
Portland Group Pty. Limited	Australia	NA	Wholly-Owned Subsidiary	100	2 (87)
Infosys BPO Americas LLC	U.S.A.	NA	Wholly-Owned Subsidiary	100	2 (87)

Note : The Company does not have any associate as on date.

Share holding pattern (equity share capital breakup as percentage of total equity)

(i) Category-wise share holding

Category of shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)Promoter									
(1) Indian									
(a) Individual / HUF	–	–	–	–	–	–	–	–	–
(b) Central government	–	–	–	–	–	–	–	–	–
(c) State government(s)	–	–	–	–	–	–	–	–	–
(d) Bodies corporate	3,38,22,319	–	3,38,22,319	99.98	3,38,22,319	–	3,38,22,319	99.98	–
(e) Banks / financial Institutions	–	–	–	–	–	–	–	–	–
(f) Any other	–	–	–	–	–	–	–	–	–
Sub-total A(1)	3,38,22,319	–	3,38,22,319	99.98	3,38,22,319	–	3,38,22,319	99.98	–
(2)Foreign									
(a) Individuals (NRIs / foreign individuals)	–	–	–	–	–	–	–	–	–
(b) Other individuals	–	–	–	–	–	–	–	–	–
(c) Bodies corporate	–	–	–	–	–	–	–	–	–
(d) Banks / financial institutions	–	–	–	–	–	–	–	–	–
(e) Any other	–	–	–	–	–	–	–	–	–
Sub-total A(2)	–	–	–	–	–	–	–	–	–
Total shareholding of promoters A=A(1)+A(2)	3,38,22,319	–	3,38,22,319	99.98	3,38,22,319	–	3,38,22,319	99.98	–
(B) Public shareholding									
Institutions									
(a) Mutual funds	–	–	–	–	–	–	–	–	–
(b) Banks / financial institutions	–	–	–	–	–	–	–	–	–
(c) Central government	–	–	–	–	–	–	–	–	–
(d) State government(s)	–	–	–	–	–	–	–	–	–
(e) Venture capital funds	–	–	–	–	–	–	–	–	–
(f) Insurance companies	–	–	–	–	–	–	–	–	–
(g) Foreign institutional Investors	–	–	–	–	–	–	–	–	–
(h) Foreign venture capital funds	–	–	–	–	–	–	–	–	–
(i) Any other (specify)	–	–	–	–	–	–	–	–	–
Sub-total B(1)	–	–	–	–	–	–	–	–	–

Category of shareholder	Number of shares held at the beginning of the year				Number of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(2) Non-institutions									
(a) Bodies corporate									
(i) Indian	176	5,256	5,432	0.02	176	5,256	5,432	0.02	–
(ii) Overseas	–	–	–	–	–	–	–	–	–
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
Total public shareholding total B=B(1)+B(2)	176	5,256	5,432	0.02	176	5,256	5,432	0.02	–
(c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total B(2)	–	–	–	–	–	–	–	–	–
Total public shareholding total B=B(1)+B(2)	176	5,256	5,432	0.02	176	5,256	5,432	0.02	–
(C) Shares held by custodians for ADRs	–	–	–	–	–	–	–	–	–
Grand total (A+B+C)	3,38,22,495	5,256	3,38,27,751	100	3,38,22,495	5,256	3,38,27,751	100	–

(ii) Shareholding of promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	Number of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
Infosys Limited	3,38,22,319	99.98	–	3,38,22,319	99.98	–	–
V. Balakrishnan	1	0	–	1	0	–	–
U. Ramadas Kamath	1	0	–	1	0	–	–
Deepak Natraj	1	0	–	1	0	–	–
H. Venkatesh Gadiyar	1	0	–	1	0	–	–
R. Nithyanandan	1	0	–	1	0	–	–
G. S. Chaitanya	1	0	–	1	0	–	–
Total	3,38,22,325	99.98	–	3,38,22,325	99.98	–	–

(iii) Change in promoters' shareholding

There was no change in promoter's shareholding in fiscal 2017. The shareholding of promoter's is same as mentioned above in the shareholding pattern.

(iv) Shareholding pattern of top ten shareholders

(Other than directors, promoters and holders of GDRs and ADRs) :

For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
Amit Agarwal				
At the beginning of the year	875	0	875	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	875	0	875	0
Dhiraj Poddar				
At the beginning of the year	750	0	750	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	750	0	750	0
Naveen Kumar				
At the beginning of the year	750	0	750	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	750	0	750	0
Sanjay Chandiram				
At the beginning of the year	750	0	750	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	750	0	750	0

For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
Naveen Tiruvalluri				
At the beginning of the year	375	0	375	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	375	0	375	0
Manjesh Verma				
At the beginning of the year	375	0	375	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	375	0	375	0
Avishek Gupta				
At the beginning of the year	375	0	375	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	375	0	375	0
Sandeep Narang				
At the beginning of the year	250	0	250	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	250	0	250	0
Rahul Nehru				
At the beginning of the year	200	0	200	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	200	0	200	0
Amit K Ghandhi				
At the beginning of the year	200	0	200	0
Date-wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g., allotment / transfer / bonus / sweat equity, etc)	–	–	–	–
At the end of the year	200	0	200	0

(v) Shareholding of directors and key managerial personnel

None of the existing directors and key managerial personnel hold shares in the Company.

Indebtedness

The Company has not availed any loan during the year and is a debt free company.

Remuneration of directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and / or Manager :

in ₹

Particulars of remuneration	Anup Uppadhayay [1]	Anantharaman Radhakrishnan[2]	Total amount
Gross salary			
(a) Salary as per provisions contained in Section 17 of the Income-tax Act, 1961	73,15,952	1,95,16,734	2,68,32,686
(b) Value of perquisites u / s 17 Income-tax Act, 1961	–	–	–
(c) Profits in lieu of salary under Section 17 Income-tax Act, 1961	–	–	–
Stock option	–	[3]	–
Sweat equity	–	–	–
Commission as % of profit others, specify	–	–	–
Others, please specify	–	–	–
Total (A)	73,15,952	1,95,16,734	2,68,32,686
Ceiling as per the Act			27,59,24,872

Note : The details in the above table are on accrual basis.

[1] Resigned effective May 17, 2016.

[2] Appointed as CEO and MD effective May17, 2016.

[3] Restricted Stock Units (RSU's) and Stock Options of Infosys Limited were granted to certain eligible employees as per the Infosys Limited 2015 Stock Incentive Compensation Plan. The 2015 stock incentive plan is available at https://www.infosys.com/investors/corporate-governance/Documents/incentive-compensation-plan.pdf

B. Remuneration to other directors : Independent Directors

in ₹

Particulars of remuneration	Name of directors				Total amount
	Prof. Jayanth Varma	Dr. Omkar Goswami	Roopa Kudva [1]	D. N. Prahlad [1]	
Independent directors					
Fee for attending board / committee meetings	60,000	60,000	20,000	10,000	1,50,000
Commission	12,00,000	12,00,000	7,39,800	2,79,500	34,19,300
Others, please specify					
Total (1)	12,60,000	12,60,000	7,59,800	2,89,500	35,69,300
Other non-executive directors					
Fee for attending board / committee meetings	–	–		–	–
Commission	–	–		–	–
Others, please specify	–	–		–	–
Total (2)	–	–		–	–
Total (B)=(1+2)	12,60,000	12,60,000	7,59,800	2,89,500	35,69,300
Total managerial remuneration	12,60,000	12,60,000	7,59,800	2,89,500	35,69,300
Overall ceiling as per the Act					5,51,84,974

[1] D. N. Prahlad was appointed as a director effective January 6, 2017 and Roopa Kudva had resigned with effect from November 11, 2016. Therefore the remuneration paid to them is calculated on a proportionate basis.

C. U. B. Pravin Rao, non-executive chairman, Ravikumar Singisetti and Sangita Singh, non-executive directors do not receive any remuneration from Infosys BPO Limited.

D. Remuneration to key managerial personnel other than MD / Manager / WTD

in ₹

Particulars of remuneration	Company secretary	CFO	CFO	Total amount
	A. G. S. Manikantha	Deepak Bhalla (1)	Nishit Ajitkumar Shah (2)	
Gross salary				
(a) Salary as per provisions contained in Section 17 of the Income-tax Act, 1961	–	46,13,418	9,16,09,23	1,37,74,341
(b) Value of perquisites u / s 17 Income-tax Act, 1961	–	–	–	–
(c) Profits in lieu of salary under Section 17 Income-tax Act, 1961				
Stock option	–	*	*	–
Sweat equity	–	–	–	–
Commission as % of profit others, specify	–	–	–	–
Others, please specify	–	–	–	–
Total (A)	–	46,13,418	9,16,09,23	1,37,74,341

Note: The details in the above table are on accrual basis.

Remuneration comprises basic salaries, allowances and taxable value of perquisites.

1 Deepak Bhalla resigned as a Chief Financial Officer effective July 18, 2016.

2 Nishit Ajitkumar Shah appointed as a Chief Financial Officer effective July 19, 2016.

3 A. G. S. Manikantha, Company Secretary, does not receive any remuneration from Infosys BPO Limited.

* Restricted Stock Units (RSU's) and Stock Options of Infosys Limited were granted to certain eligible employees as per the Infosys Limited 2015 Stock Incentive Compensation Plan. The 2015 stock incentive plan is available at https://www.infosys.com/investors/corporate-governance/Documents/incentive-compensation-plan.pdf

Penalties / punishment / compounding of offences:

There were no penalties / punishment / compounding of offences for the year ending March 31, 2017.

Annexure 6 – Annual report on CSR activities

[Pursuant to Section 135 of the Companies Act, 2013]

The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development projects. The funds are allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

CSR Committee

We have a Board Committee (CSR Committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. Our CSR committee comprises :

- U. B. Pravin Rao, Chairperson
- Anantharaman Radhakrishnan
- Dr. Omkar Goswami

Financial details

Section 135 of the Companies Act and rules made thereunder prescribes every company having net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more during any financial year shall ensure that the Company spends, in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to corporate social responsibility as prescribed under the Companies Act, 2013 are applicable to the Company.

The financial details as sought by the Companies Act, 2013 are as follows:

in ₹ crore

Particulars	Amount
Average net profit of the Company for last three financial years.	755.98
Prescribed CSR expenditure (2% of the average net profit as computed above)	15.12
Details of CSR expenditure during the financial year	
Total amount to be spent for the financial year	15.12
Amount spent	15.12
Amount unspent	–

The major projects and heads under which the out-lay amount was spent in fiscal 2017 are as follows:

in ₹ crore

Theme-based CSR project / activity / beneficiary	Location of the project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period
(i) Expenditure on projects / programs through Foundation Promoting healthcare including preventive health care				
Ramakrishna Mission	Chandigarh	2.00	2.00	2.00
Ramakrishna Mission	Srinagar	1.00	1.00	1.00
Rural development Projects				
Ramakrishna Mission, Belur Math	Howrah	0.50	0.50	0.50
(ii) Expenditure on projects / programs by Infosys BPO Promoting education, enhancing vocational skills				
Indraprastha Institute of Information Technology	Delhi	5.50	5.50	5.50
Parivaar Education Society	Kolkata	5.00	5.00	5.00
Skill Development Programmes	Bengaluru	0.76	0.76	0.76
NASSCOM Foundation	Dakshin Kannada, Kolar and Pune	0.11	0.11	0.11
Others	Various locations	0.25	0.25	0.25
Total		15.12	15.12	15.12

Our CSR responsibilities

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the projects and activities in compliance with our CSR objectives.

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

Sd / -
U. B. Pravin Rao
Chairman and Director

Sd / -
Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Bengaluru
April 10, 2017

Annexure 7 – Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

Particulars pursuant to the Companies (Accounts) Rules, 2014

Conservation of energy

The operations of your Company are not energy-intensive. However, adequate measures have been taken to reduce energy consumption by using energy-efficient computers and by the purchase of energy-efficient equipment. Your company constantly evaluates new technologies and invests in them to make its infrastructure more energy-efficient.

Capital investment on energy conservation equipments

The Company has made investments in purchase of energy efficient equipments. The Company constantly evaluates new technologies and invests in them to make its infrastructure more energy efficient.

Technology absorption

- Efforts, in brief, made towards technology absorption : Not Applicable
- Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. : Not Applicable
- In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished : Not Applicable
  - Details of technology imported : Not Applicable
  - Year of import : Not Applicable
  - Whether the technology been fully absorbed : Not Applicable
  - If not fully absorbed, areas where absorption has not taken place, and the reasons therefor : Not Applicable
- Expenditure incurred on research and development : Not Applicable

Foreign Exchange earnings and outgo

in ₹ crore

Particulars	As at March 31,	
	2017	2016
Earnings	2,570	2,498
Expenditure	927	900
Net Foreign exchange earnings (NFE)	1,643	1,598
NFE / earnings (%)	63.93	63.97

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

Bengaluru
April 10, 2017

Sd / -
U. B. Pravin Rao
Chairman and Director

Sd / -
Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Overview

Our business

Infosys BPO Limited ("Infosys BPO"), incorporated on April 3, 2002 as "Progeon Limited" and changed to "Infosys BPO Limited" on August 29, 2006, offers business process outsourcing solutions to its global clients by leveraging process, domain and people management expertise. At Infosys BPO ('the Company') we have built our organization around managing risk for our clients through a scalable, cost-effective and predictable delivery platform. We focus on acquiring "strategic" clients with whom we can build a deep and wide relationship over time. The Company is committed to provide best-in-class services in both horizontal and vertical focus areas. Horizontal solutions comprise Sourcing and Procurement (S&P), Customer Service (CS), Finance and Accounting (F&A), Analytics (AT), Legal Process Outsourcing (LPO), Human Resources (HR), Sales and Fulfilment (S&F), Industry Solution (IS) and Digital Business Services (DBS), while Vertical (Industry) solutions include Financial Services and Insurance (FSI), Manufacturing (MFG), Energy & Utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL) and Life Sciences and Healthcare (LSH).

We believe in continuously building a business mix, which will allow us to provide long-term and continuing benefits to our clients. Our objective is to enable our customers move up the risk-reward curve, by providing them the benefits of outsourcing, while effectively managing and mitigating risks associated with off-shoring, based on our experience and process management skills.

Infosys BPO provides business process management services to organizations that wish to outsource their business processes. Infosys BPO is a majority owned and controlled subsidiary of Infosys Limited. Industry experience helps us understand the evolving needs of our clients better and provides us the ability to offer appropriate solutions across different industry verticals and horizontals, in a short time.

Since inception, Infosys BPO has focused on end-to-end outsourcing and operates on the principle that true BPO is transformational — in addition to the cost arbitrage, Infosys BPO consistently demonstrates value arbitrage with enterprise wide improvement in client operations through process optimization, process reengineering and best practices.

Financial condition and business performance

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) and guidelines issued by the Securities and Exchange Board of India (SEBI).

This *Management discussion and analysis* report is prepared based on standalone financials

Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that they reflect in a true and fair manner, the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

I Industry structure and development

Over the years BPO as industry has matured, providing end -to-end services that has resulted in increasing influence with clients. Now the industry is at the cusp of multiple disruptions that can transform the tenets of the industry.

Traditionally, BPOs were known as third party business service providers looked after the operations and responsibilities of a specific business process. Business processes often involved and still involve many mundane and repetitive tasks that require low decision making skills. Work which was traditionally done manually, using pen and paper, slowly got outsourced to BPOs who tried to bring in some efficiency but used similar methods of execution. Gradually shifted to ERP, Microsoft Excel etc. Today and in the coming age, work that involves repetition and low decision making skills will be taken care by robotics process automation. Artificial Intelligence, Robotics will not only aid but also enhance human productivity. Competency will be a combination of technological advances and human intellect. All these combined will form the plinth of successful, error-free business processes.

To leverage to all these disruptions, BPO industry has an increasing need for highly skilled talent who can act as domain professionals and execute initiatives that the client values. Renewed business process management will be about the inverted work triangle – from manual work to fully automated stuff, all combined, cohesively and coherently will bring about the change that will transform the businesses end-to-end. The new business process management will be about focusing on enhancing stakeholder's experience. This would be done by selling stack offerings, providing data-led and process-led business insights.

1. Rise of digitalization

With the increasing number of active internet users and people having social media accounts, there's an increased need to focus on providing digital business services for our clients. Our client's customers are increasingly using multiple digital channels and technologies to interact with each other, thereby exponentially increasing the digital touch-points and complexities service providers need to take care of. This is fundamentally changing the digital ecosystem with BPO firms focusing on leveraging their expertise in software and services, while traditional media agencies continue to focus on the creative aspects. We have a robust Digital Business Services offering and pipeline to cater to these changing client expectations.

2. Surge in data and need for analytics

Extracting actionable business insights from the immense stores of transactional data would be an immense opportunity for Infosys BPO. To help clients derive maximum value from available data, the Company has scaled up the Analytics Practice with data scientists and capabilities. Data scientist are helping to build predictive and prescriptive models.

3. Rise of robots / automation

Automation in BPO goes beyond traditional rule based automation to a source for amplifying human potential. Robotics Process Automation (RPA) will continue to have a profound impact on business processes and the next year will be an important one in mass-implementation of RPA across service lines. In a few years, many large BPM and shared services companies will have more number of bots than people. Control and compliance in execution of bots would be an evolving paradigm of automation.

4. Commoditization of traditional offerings

Consultative approach to find innovative ways for transforming clients business is the new norm in BPO industry. BTS, the process consulting arm of Infosys BPO, drives end to end transformation for clients worldwide. BTS focuses on a few critical drivers that derive maximum impact on business KPIs and accelerate the business benefits for our clients. Impacting the end business metrics for clients and being more relevant is the game changer. Business benefits range from increasing revenue visibility, reducing direct/indirect costs and increasing working capital. Infosys BPO has a proprietary business value assessment framework PPM™ (Process Progression Model) that addresses client objectives at Operation, Optimization and Transformation stage.

5. Transform processes using vertical utilities of the future (People and Software)

In order to assist clients variabilize their costs, BPO providers are leveraging technology to move from a CAPEX to OPEX model. Industry and enterprise service processes where third party vendors have developed expertise, are now getting standardized using platforms. At Infosys BPO we leverage the next-generation Artificial Intelligence Platform for our CXOs and its Robotic Process Automation (RPA) solution, Assist Edge.

II Financial condition

Sources of funds

1. Share capital

We have only one class of shares referred to as equity shares having a par value of ₹10 each. Our authorized share capital is ₹123 crore, divided into 12.3 crore equity shares of ₹10/- each. The issued, subscribed and paid-up capital stood at ₹34 crore as at March 31, 2017 (same as the previous year).

2. Reserves and surplus

Securities premium reserve and Capital reserve balance as at March 31, 2017 are ₹25 crore and ₹1 crore, respectively.

Increase in retained earnings for the year by ₹552 crore which represents profit for the year.

General reserves balance as at March 31, 2017 amounted to ₹1,000 crore, same as the previous year.

Other components of equity in reserves and surplus decreased during the year by 4 crore due to remeasurement of the net defined benefit liability / asset net of tax effect

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Securities premium	25	25
Retained earnings	2,949	2,397
Capital reserve	1	1
General reserve	1,000	1,000
Other components of equity	(14)	(10)
	3,961	3,413

Application of funds

3. Fixed Assets

Additions to gross block

During the year, we capitalized ₹89 crore of assets comprising ₹48 crore for investment in computer equipment and ₹41 crore in infrastructure investments. The infrastrcture investments includes expenditure on Leasehold improvements, Plant and machinary, Furniture and fixtures, buildings and Office equipment of ₹26 crore, ₹3 crore, ₹6 crore, ₹1 crore and ₹5 crore, respectively for the year.

During the previous year, we capitalized ₹80 crore of assets majorly consisting of ₹53 crore in computer equipment and ₹12 crore in plant and machinery.

Deductions from gross block

During the year, we deducted ₹45 crore (net book value of ₹1 crore) from the gross block on retirement of assets and on disposal of various assets. During the previous year, we retired / transferred various assets with a gross block of ₹12 crore (net book value of ₹1 crore).

Capital expenditure commitments

We have a capital expenditure commitment of ₹29 crore, as at March 31, 2017 as compared to ₹40 crore as at March 31, 2016.

Fixed asset snapshot

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Tangible assets		
Land-leasehold	12	12
Buildings	153	152
Leasehold improvement	93	71
Office equipment	111	120
Plant and machinery	46	43
Computer equipment	264	237
Furniture and fixtures	61	61
	740	696
Less: Accumulated depreciation	484	455
Net block	256	241
Add: Capital work-in-progress	13	16
Net fixed assets	269	257

Details of location-wise built up area and seats are as follows:

Location	March 31, 2017		March 31, 2016	
	sq. ft.	seats	sq. ft.	seats
Bengaluru	6,33,020	8,382	6,44,610	8,451
Pune	7,35,107	9,648	6,69,077	8,724
Jaipur	3,87,103	3,523	2,78,043	1,877
Mysuru	1,26,298	1,267	1,26,298	1,267
Mangaluru	40,000	350	40,000	360
Gurugram	75,406	820	75,406	820
Chennai	1,31,448	1,612	1,31,448	1,612
Manila	1,81,595	2,638	1,49,974	2,365
U.S.A. (Atlanta and Milwuakee)	45,891	401	45,891	390
U.S.A. and U.K. (for sales force)		132		22
Costa Rica	33,903	451	33,903	451
Puerto Rico	17,668	254	17,668	254
Netherlands	13,450	125	13,450	125
South Africa	–	12	–	12
Total	24,20,889	29,615	22,25,768	26,730

4. Goodwill

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Philips (SSCA)	19	19
Total	19	19

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

5. Investments in subsidiaries / associates

We made several strategic investments during the past years aimed at deriving business benefits and operational efficiency for us. Infosys BPO Ltd has following five wholly-owned subsidiaries as on March 31, 2017.

(i) Infosys (Czech Republic) Limited s.r.o
(ii) Infosys Poland, Sp. z o.o
(iii) Infosys McCamish Systems LLC
(iv) Portland Group Pty. Ltd.
(v) Infosys BPO Americas LLC

Infosys BPO Americas LLC

Infosys BPO Americas LLC was incorporated on November 23, 2015 as a wholly-owned subsidiary of Infosys BPO Ltd. The capital infusion was made on May 19, 2016 by Infosys BPO Limited amounting to ₹7 crore.

6. Deferred tax assets / liabilities

The company had exemptions from payment of Indian corporate income taxes for a period of 10 consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"). The period of the STP Tax Holiday available was restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or June 30, 2011, whichever was earlier.

Infosys BPO also has operations in Special Economic Zones ('SEZ'). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

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.

As at March 31, 2017 the Company has a deferred tax asset of ₹41 crore, same as the previous year.

7. Trade receivables

Trade receivables amount to ₹491 crore (includes ₹37 crore dues from holding, subsidiary and fellow subsidiaries companies) as at March 31, 2017 as compared to ₹490 crore as at March 31, 2016. Trade receivables are at 16.7% of revenues for the year ended March 31, 2017 and 17.2% of revenues for the year ended March 31, 2016, representing a Day Sales Outstanding (DSO) of 63 days and 62 days for the respective years.

On account of adoption of Ind AS 109, the Group uses Expected Credit Loss (ECL) model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The movement in allowances for credit losses during the year is as follows:

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Opening balance	10	18
Add: Amount provided	(2)	(8)
Less: Amount written-off		–
Closing balance	8	10

8. Cash and cash equivalents

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Current accounts	51	36
Deposit accounts	1,260	1,820
Deposits with financial institutions / body corporate	750	330
Total cash and cash equivalents	2,061	2,186

The bank balances in India include both rupee accounts and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations and regulatory requirements.

Deposits with financial institutions represent surplus money deployed in the form of deposits.

9. Investments

Long-term investments represents investments in subsidiary, Non-convertable debentures (NCD), Government bonds and Fixed maturity plans amounting to ₹916 crore as at March 31, 2017 as compared to ₹562 crore as at March 31, 2016. Current investments amounting to ₹279 crore as of March 31, 2017 as compared to ₹21 crore as of March 31, 2016. Current investments include investments in Certificate of deposits, liquid mutual fund units, Fixed maturity plans and Government bonds.

10. Loans and other financial assets

10.1. Loans

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Non-current		
Unsecured, considered good		
Loans and advances to employees	6	5
Less: Allowance for doubtful loans to employees	(6)	(5)
Current		
Unsecured, considered good		
Loans and advances to employees	17	18
Total	17	18

Loans and advances to employees represents housing and other loans, and Salary advances to employees both in India and abroad consisting of ₹17 crore, which is recoverable within a year.

10.2. Other financial assets

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Non-current		
Security deposits	2	2
Rental deposits	31	58
Current		
Security deposits	3	1
Rental deposits	2	2
Restricted deposits	75	67
Unbilled revenues	42	45
Interest accrued but not due	52	60
Foreign currency forward contracts	16	7
Others	3	4
Total	226	246

Unbilled revenues comprise costs and earnings in excess of billings. The unbilled revenues, as at March 31, 2017 and March 31, 2016 amounted to ₹42 crore and ₹45 crore, respectively.

Rent deposits are towards buildings on lease by the Company for its business process service operations.

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

11. Other assets

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Non-current		
Capital advances	1	–
Prepaid gratuity	9	1
Current		
Unsecured, considered good		
Payments to vendors for supply of goods	15	14
Others		
Prepaid expenses	6	1
Deferred customer contracts	4	–
Others	30	28
Total	65	44

Payments to vendors for supply of goods represents payment made to suppliers for supply of goods and services.

Others represent advance salary withholding and Advance made to PF department.

12. Income tax assets (net)

The Company's liability towards income tax is fully provided for. The details of advance income tax and provision for tax are as follows:

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Advance income tax	1,019	832
Provision for tax adjustment	(960)	(779)
	59	53

13. Financial liabilities and other current liabilities

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Non-current		
Rental deposits	–	21
Current		
Accrued compensation to employees	109	141
Accrued expenses	137	123
Compensated absences	63	59
Client deposits	1	1
Capital creditors	2	8
Other payables	5	13
Total	317	366

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.

Accrued compensation to employees includes provision for salaries, allowances and variable pay to employees both in India and abroad, provision for bonus, performance and salary incentives payable to the staff. It also comprises provision for the Company's liability for leave encashment on actuarial basis.

Unearned Revenue

Unearned revenue represents revenue not recognized due to non-confirmity with revenue recognition principles. The deferred revenues amounted to ₹ 49 crore as at March 31, 2017 and ₹ 39 crore as at March 31, 2016.

14. Income tax liabilities (net) and provisions

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Current year income taxes (net of advance tax and tax deducted at source)	8	1

15. Provisions

Particulars	March 31, 2017	March 31, 2016
Post sales customer support ('PSCS')	28	33

The provision for PSCS compliance is based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence. The movement in provision is as follows:

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	33	54
Provision recognized / (reversal)	(5)	17
Provisions utilized	1	(40)
Exchange difference during the year	(1)	2
Balance at the end of the period	28	33

III Results of operations

The function wise classification of statement of Profit and Loss account is as follows:

in ₹ crore

Particulars	March 31, 2017	%	March 31, 2016	%
Revenue from operations	2,940	100.0	2,849	100.0
Cost of sales	1,993	67.8	1,914	67.2
Gross profit	947	32.2	935	32.8
Operating expenses		–		–
Selling and marketing expenses	156	5.3	130	4.6
General and administration expenses	262	8.9	252	8.8
Total operating expenses	418	14.2	382	13.4
Operating profit	529	18.0	553	19.4
Other Income, net	221	7.5	199	7.0
Profit before Tax	750	25.5	752	26.4
Tax Expense	198	6.7	185	6.5
Profit for the Year	552	18.8	567	19.9

Consolidated revenues for the year were ₹2,940 crore as against ₹2,849 crore for the previous year.

Operating Profit for the year was ₹529 crore compared to ₹553 crore during the previous year.

Net profit for the current year was ₹552 crore as compared to ₹567 crore for the previous year.

Gross Addition to headcount for the year ended March 31, 2017 was 10,740 compared to 12,975 at the end of the previous year.

1. Revenue

in ₹ crore

Particulars	March 31, 2017	March 31, 2016	YoY Growth %
Revenues	2,940	2,849	3.2

Revenues for the current year increased by 3.2 % as compared to the immediately preceding year.

1.1 Analysis of consolidated revenues

The Company's revenues are segmented into onsite and offshore revenues. Onsite revenues are those services, which are performed at client sites or at our global development centers located in the same country where the client is based out of, while offshore services are those services which are performed at the Company's operations centers located in the country other than where the client is based out of.

The details of revenues are as follows:

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Onsite	629	612
Offshore	2,311	2,237
Total	2,940	2,849

1.2 Revenues by project type

The company's revenues are generated principally on time and material basis and fixed price contracts. Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

The segmentation of service revenues based on project types is as follows:

in %

Particulars	March 31, 2017	March 31, 2016
Fixed price	21.8	21.9
Transaction based pricing	11.8	12.7
Time and material	66.4	65.4
Total	100.0	100.0

1.3 Revenues by industry segments

Infosys BPO offers Business process outsourcing solutions to several clients and its service offerings span across multiple industry segments. Following is the revenue by industry:

in %

Particulars	March 31, 2017	March 31, 2016
Financial Services and Insurance	27.7	28.7
Manufacturing	32.1	32.1
Retail, Consumer Packaged Goods and Logistics	8.2	8.3
Life Sciences and Healthcare	3.1	3.7
Energy and Utilities, Communication and Services	28.9	27.2
Total	100.0	100.0

1.4 Revenues by geographic region

Revenue is also analyzed in terms of the client locations spread across the globe. Infosys BPO offers services to clients located at different parts of the world, both offshore and onsite. Revenues by location are:

in %

Particulars	March 31, 2017	March 31, 2016
North America	57.0	55.2
Europe	24.9	27.6
India	5.6	5.0
Others	12.5	12.2
Total	100.0	100.0

1.5 Client concentration and new business development

For the year ended March 31, 2017, the Company has 157 active clients. The Company has been consistently providing value added services to its existing clients resulting in better visibility and stability of revenue streams.

1.6 Voice Vs non-voice

Infosys BPO has from the beginning advocated a non-voice BPO strategy. The Management is of the opinion that non voice would offer greater opportunities for process improvements, higher client retention and greater revenues. For the current year ended March 31, 2017, the voice and non voice proportion was at 14:86 whereas for the previous year, the voice and non-voice proportion was 15:85.

2. Expenditure

in ₹ crore

Particulars	March 31, 2017		March 31, 2016		Growth %
	Standalone	%	Standalone	%	(YoY)
Revenues	2,940	100.0	2,849	100.0	3.2
Expenses					
Employee benefit expenses	1,728	58.8	1,649	57.9	4.8
Cost of technical sub-contractors	161	5.5	179	6.3	(9.9)
Travel expenses	126	4.3	117	4.1	7.7
Cost of software packages and others	21	0.7	33	1.2	(36.4)
Communication expenses	65	2.2	51	1.8	27.5
Office expenses	78	2.7	64	2.2	21.9
Power and fuel	29	1.0	26	0.9	11.5
Insurance charges	9	0.3	9	0.3	–
Rent	88	3.0	75	2.6	17.3
Depreciation and amortization expense	74	2.5	62	2.2	18.9
Other expenses	32	1.1	31	1.1	3.9

Employee benefit expenses consists of salaries paid to employees in India and include overseas staff expenses.

Details of total billed and non-billable person months and gross addition for the year are as follows:

Particulars	March 31, 2017	March 31, 2016
Billed Person Months	3,08,955	2,91,304
Non Production and Trainee Person Months	39,565	47,830
Gross Addition of employees	10,740	12,975
Aggregate Employees	29,795	29,154

During the current year, there is increase in billed person months.

The utilization rates of Billed employees are as follows:

in %

Particulars	March 31, 2017	March 31, 2016
Including trainees	78.6	75.8
Excluding trainees	75.9	72.7

Cost of technical subcontracts, represents purchase of services from subsidiaries, professional charges and others constituted approximately 5.5% and 6.3% of total revenue for the current year and previous year respectively.

Travel expenses, representing cost of travel abroad for transition and discovery, client visits, local conveyance etc constituted approximately 4.3% and 4.1% of total revenue for the current year and previous year respectively.

A major part of the Company's revenue comes from offshore business process services. This involves the large-scale use of communication links in order to be online with clients. Communication expenses constituted 2.2% and 1.8% of revenues for the current year and previous year respectively.

Office expenses represents the cost incurred for office maintenance, computer maintenance, printing and machinery, etc., constituted approximately 2.7% and 2.2% of total revenue for the current year and previous year respectively.

Rent comprises overseas and domestic rent payments for space utilized by sales and marketing team constituted approximately 3.0% and 2.6% of total revenue for the current year and previous year, respectively.

Other expenses represent brand build, consumables, rates and taxes, marketing expenses, donations, provisions, etc., which were 1.1% and 1.1% of the revenues for the current year and previous year respectively.

At the end of the current year, there were 157 clients as compared to 121 clients in the previous quarter.

3. Gross Profit

During the year ended March 31, 2017, the Company earned an gross profit of ₹ 947 crore representing 32.2% of revenues as compared to ₹ 935 crore representing 32.8% of revenues during the previous year.

4. Operating profit

During the year ended March 31, 2017, the Company earned an operating profit of ₹ 529 crore representing 18.0% of revenues as compared to ₹ 553 crore representing 19.4% of revenues during the previous year.

5. Interest

The Company continued to be debt-free during the year.

6. Depreciation and amortization

The Company provided a sum of ₹ 74 crore and ₹ 62 crore towards depreciation and amortization for the years ended March 31, 2017 and March 31, 2016 respectively representing 2.5% and 2.2% of total revenues respectively. The depreciation as a percentage of average gross block is 10.3% and 9.4% for the years ended March 31, 2017 and March 31, 2016 respectively.

7. Other income, net

Other income includes interest received on deposits with banks and other financial institutions, dividends from mutual fund investments exchange differences and other miscellaneous income.

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Interest on deposits with bank and others	181	162
Dividend on investment in mutual fund units	3	5
Miscellaneous income, net	1	1
Exchange gains / (losses) on foreign currency forward contracts	39	2
Interest received on financial assets - Non convertible debentures	6	–
Gains on sale of investment	–	1
Gains on sale of mutual Funds	4	–
Profit on sale of fixed assets	1	–
Rental Income from holding company	8	9
Exchange gains / (losses) on translation of other assets and liabilities	(22)	19
Total	221	199

Gains / (Losses) on forward foreign exchange and option contracts

The Group uses forward exchange contracts and option to hedge its exposure to movements in foreign exchange rates. The use of these forward exchange contracts and options contract reduces the risk or cost to the group and the group does not use the forward exchange contracts for trading or speculation purposes.

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.

The composition of currency-wise revenue for the year ended March 31, 2017 and March 31, 2016 is as follows:

in %

Currency	March 31, 2017	March 31, 2016
US Dollar(USD)	61.1	59.2
UK Pound (GBP)	10.5	11.3
Euro (EUR)	8.0	8.7
Australian Dollar (AUD)	6.9	7.4
Other	13.5	13.4
Total	100.0	100.0

8. Provision for tax

The present Indian corporate tax rate is 34.6% (comprising a base rate of 30.0% and a surcharge of 12.0% on the base rate and an educational cess of 3.0% on the cumulative tax).The Company had exemptions from payment of Indian corporate income taxes for a period of ten consecutive years of operation of software development facilities designated as "Software Technology Parks" (the "STP Tax Holiday"). The period of the STP Tax Holiday available was restricted to 10 consecutive years beginning from the financial year when the unit started rendering business process management services or March 31, 2013, whichever was earlier. However, the income tax incentives provided by the Government of India for STP units have expired, and the income from all of our STP units are now taxable.

Infosys BPO also has operations in a Special Economic Zone (SEZ). Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next five years and 50% exempt for another 5 years subject to fulfilling certain conditions.

Provisions for taxation represent estimated income tax liabilities, both in India and abroad. For the year ended March 31, 2017, the provision for taxation amounts to ₹ 198 crore.

Net impact of provision for taxation for different period is as follows.

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Current taxes	198	184
Deferred taxes	–	1
Total	198	185

9. Net profit

The net profit of the Company from ordinary activities amounted to ₹ 552 crore and ₹ 567 crore for the years ended March 31, 2017 and March 31, 2016, respectively. This represents 18.8% and 19.9% of total revenue for the respective years.

10. Earnings per equity share (EPS)

Our basic EPS decreased by 3.2 % during the year to ₹ 163.1 per share from 168.5 per share in the previous year. The outstanding shares used in computing the basic EPS were 33,827,751 and 33,827,751 for the year ended March 31, 2017 and March 31, 2016, respectively.

11. Segmental profitability

The details of Income and operating income by industry and Geographical segments are provided in this Section.

Industry segment

in ₹ crore

Particulars	FSI[1]	MFG[2]	RCL[3]	LSH[4]	ECS[5]	Total
Segmental revenues						
Fiscal 2017	815	945	241	89	850	2,940
Fiscal 2016	817	915	237	107	773	2,849
Growth%	(0.2)	3.3	1.7	16.8	10.0	3.2
Segmental operating income						
Fiscal 2017	200	137	35	14	217	603
Fiscal 2016	202	132	49	22	210	615
Growth%	(1.0)	3.8	(28.6)	(36.4)	3.3	(2.0)
Segmental operating income (%)						
Fiscal 2017	24.5	14.5	14.5	15.7	25.5	20.5
Fiscal 2016	24.7	14.4	20.7	20.6	27.2	21.6

[1]Financial Services and Insurance
[2]Manufacturing
[3]Retail, Consumer packaged goods and Logistics
[4]Life Sciences and Healthcare
[5]Energy and utilities, Communication and Services

Geographic segment

in ₹ crore

Particulars	North America	Europe	Other*	Total
Segmental revenues				
Fiscal 2017	1,675	732	533	2,940
Fiscal 2016	1,573	786	490	2,849
Growth%	6.5	(6.9)	8.8	3.2
Segmental operating income				
Fiscal 2017	393	81	129	603
Fiscal 2016	377	116	122	615
Growth%	4.2	(30.2)	5.7	(2.0)
Segmental operating income (%)				
Fiscal 2017	23.5	11.1	24.2	20.5
Fiscal 2016	24.0	14.8	24.9	21.6

* India and Rest of the world

12. Liquidity

The growth of the Company has been largely financed by cash generated from operations. As of March 31, 2017, the Company had cash and cash equivalents of ₹2,061 crore (including short-term liquid investments in money market instruments amounting to ₹279 crore). The cash and cash equivalents decreased by ₹98 crore during the year. Additionally the Company also had short-term investment of ₹ 279 crore, an increase of ₹258 crore as compared to the previous year.

Cash Flow Statement

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Cash flows		
Operating activities	404	484
Investment activities	(502)	138
Financing activities	–	–
Net increase in cash and cash equivalents	(98)	622
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(27)	(16)
Cash and cash equivalents at the beginning of the period	2,186	1,580
Cash and cash equivalents at the end of the period	2,061	2,186

The Company's treasury policy calls for investing only in highly rated banks, financial institutions and companies for short maturities with a limit for individual entities. The Company retains the money both in rupee and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas branches in the U.S. and other countries, and to meet project-related expenditure overseas. The Company's policy is to maintain sufficient cash in the Balance Sheet to fund the ongoing capex requirements, the operational expenses and other strategic initiatives for the next one year and to maintain business continuity in case of exigencies.

Working capital

in ₹ crore

Particulars	March 31, 2017	March 31, 2016
Current assets	3,096	2,944
Current liabilities	448	469
Working capital	2,648	2,475
Current ratio	6.9 : 1	6.3 : 1

Working capital increased by ₹172 crore from the year end 2016 position. The key changes are described as follows:

Current assets increased by ₹152 crore due to decrease in cash and cash equivalent by ₹125 crore, increase in trade receivable by ₹1 crore, increase in Short-term investment by ₹258 crore, decrease in unbilled revenue ₹3 crore, increase in other financial asset by ₹10 crore, increase in prepaid expense by ₹5 crore, and increase in other current asset by ₹7 crore.

Current liabilities decreased by ₹21 crore mainly due to decrease in Trade Payable by ₹3 crore, decrease in Other current liabilities by ₹20 crore, decrease in provisions by ₹5 crore and increase in income tax liability by ₹7 crore.

13. Capital Commitments and contingent liabilities

Particulars	As at March. 31, 2017		As at March. 31, 2016	
a. Forward Contracts Sell	in base currency (Mn)	in ₹ crore	in base currency (Mn)	in ₹ crore
USD-INR	43	279	43	285
EUR-INR	3	17	3	19
GBP-INR	5	42	5	50
AUD-INR	5	25	5	25
Total forward contracts o/s		363		379
b. Estimated amount of unexecuted capital contracts (net of advance and deposits)		29		40
c. Claims against the Company not acknowledged as debts		95		96
d. Bank guarantees towards lease premises		21		21

14. Related party transactions

These have been discussed in details in the Notes to the Accounts in this Annual Report.

IV. Opportunities and threats

1. Our strengths

Infosys BPO is the leader when it comes to providing innovative solutions to clients. We help clients deliver improved business results in addition to optimizing the efficiency of their business processes. We also have a proven global delivery model and commitment to quality and process execution. We are running client's business process from 32 global centers in total - 8 in India, 8 in APAC, 6 in Europe, 1 in Africa, 5 in US and 4 in Latin America. A strong brand name coupled with long standing client relationships help us be the employer of choice. Expertise in lean automation and continuous improvement help us in improving productivity and being more for the client.

2. Our strategy

Infosys BPO has aligned its 'Reimagining BPM' strategy and investments towards 'Reshaping Client Experience' and 'Igniting employee minds'. The world around us is being reshaped by disruptive trends. These trends like automation, adoption of analytics, use of machine learning and technologies, called for us to relook at the way we do things and make our solutions transformational in nature. We are enhancing client's experience through co-innovation, visualizations, data insights and process excellence. Besides this, we have become servant leaders by listening to our people and not just being order givers. We are igniting employee minds by not just incentivizing our people, but by also making them design thinkers and not just order takers. Focusing on reshaping client experience and employee experience has started transforming the way we are and what we'll be achieving in the years to come. We invest in offerings that go beyond traditional SG&A and thus address COGS part of our clients. Infosys BPO has 32 delivery centers across the globe and is focused to give its clients, the flexibility to take their operations to any market. Due to these focused strategies, Infosys BPO has emerged as a trusted and valued collaboration partner for clients and an employer of choice for aspiring professionals.

3 Our competition

We operate in a highly competitive and rapidly changing market. At one end of the spectrum, we compete with consulting firms such as Accenture Limited and Deloitte Consulting LLP. We also compete with divisions of large multinational technology firms such as Capgemini, Hewlett-Packard Company and IBM Corporation. Besides these, we directly compete with Business Process Outsourcing players such as TCS BPS, Genpact Limited, Wipro BPO, EXL Service and WNS Global Services. In the future, we expect an intensified competition from these firms also from new platform and Business Process as a Service (BPaaS) players. We understand that price alone cannot constitute a sustainable competitive advantage. We need to improvise on our ability to attract and retain talent in the organization. We also need to strengthen our articulation of long-term value to potential clients. We should focus on increasing the scale and breadth of service offerings to provide one-stop solutions for customer needs.

V. Outlook, risk and concerns:

This section contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a result of certain factors

The following lists our outlook, risks and concerns:

- Our revenues and expenses are difficult to predict and can vary significantly from period-to-period. We may not be able to sustain our previous profit margins or levels of profitability.
- The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues.

- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, as well as on clients concentrated in certain industries. An economic or industry slowdown in these regions may affect our business.
- Our success depends largely on our ability to attract, hire, train, motivate and retain talent.
- Intense competition in the market for business process management services could affect our cost advantages.
- Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business.
- Legislation in certain countries in which we operate, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites.
- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract.
- Our business will suffer if we fail to anticipate and develop new services in order to keep pace with rapid changes in technology.
- Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues.
- We may be liable to our clients for damage caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services.
- The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis, and other natural and man-made disasters.
- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins.
- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition.

VI. Internal control system and their adequacy

The CEO and CFO certification provided in the CEO and CFO certification section of the Annual Report discusses the adequacy of our internal control and procedures.

VII. Material developments in human resources/ industrial relations, including number of people employed

Our culture and reputation as a leader in the business process outsourcing services industry enables us to recruit and retain some of the best available talent in India.

Risk management report

Management of risk

This report sets out the enterprise-wide risk management that is practiced by Infosys BPO. Readers are cautioned that the risks outlined here are not exhaustive and are for information purposes only. This report contains statements, which may be forward-looking in nature. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are requested to exercise their own judgment in assessing the risks associated with the Company.

Infosys BPO leverages its strengths from standardized and simpler processes, minimizing risks associated with internal fraud, information leakage, interruption risk, damage to physical assets and innovation to eliminate redundant steps in process and add value for its stakeholders. In this process Infosys BPO recognizes the fact that its clients are taking substantial risk in deciding to outsource their complex business processes and consequently adopts a strategic approach towards risk management from their perspective. Infosys BPO recognizes the fact that internal risk management practices are also important to all stakeholders including its internal clients and regulators.

Infosys BPO has grown both organically and inorganically since its inception. This has led to integration of Management systems and internal controls. However, changes in global economic environment, matured and higher client expectations, and shifts in competitive landscape, have increased the challenges faced by Infosys BPO and therefore the management of risks has become more important.

Risk Management Framework

Infosys BPO Limited has always sought a comprehensive view to risk management to address risks inherent to clients as well as enterprise risks. Over the last few years, Infosys BPO has implemented many controls focusing on reducing the risks to its operations from the perspective of operational risk and control, data protection, information security and business continuity.

Risk Governance: Key risks are managed through a structure that cascades across the corporate, business units and the subsidiaries which are located in following locations

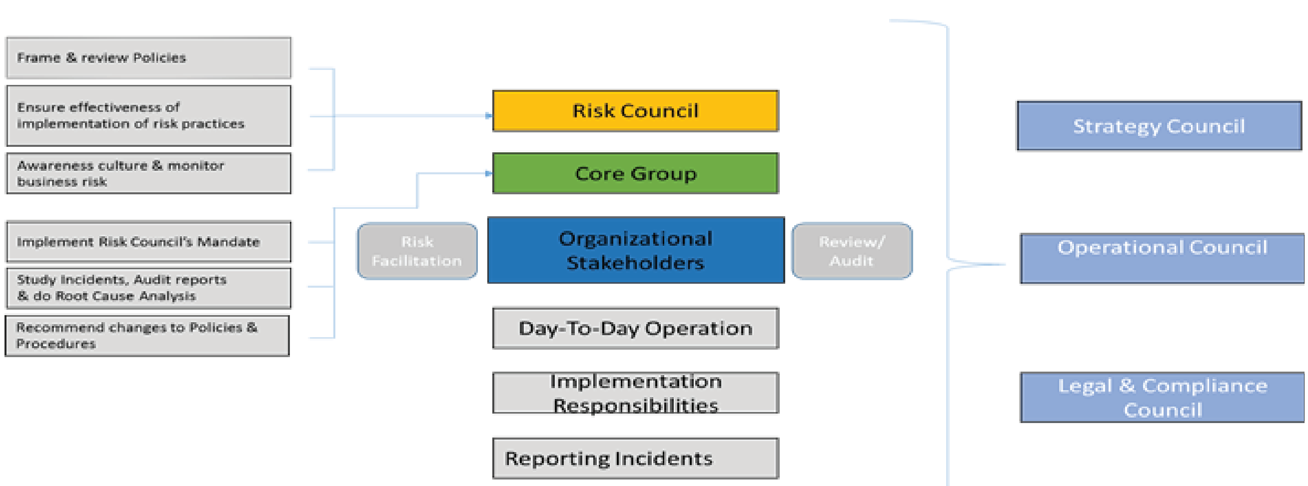
Americas	Europe	APAC and Australia
Brazil	Czech Republic	Australia
Costa Rica	Ireland	China
Mexico	Netherlands	India
Puerto Rico	Poland	Philippines
South Africa		Singapore
United States		

At the corporate level, The Board of Directors is responsible for managing risks on various parameters. Under the supervision of the Managing Director and CEO, the Executive Council has to ensure implementation of the mitigation measures. The Risk Council provides oversight and reviews the risk management policies annually. The risk management group facilitates the implementation and management of the controls at business unit and department level. The implementation approach and governance is based on the following three approaches

- Control assessments by the various departments and units
- Control validation through process audits
- Third party assessments of control implementation

The day-to-day implementation of the risk management steps are undertaken at each facility by respective functional teams for each location and their implementation are overseen at the organization level by a Risk Management Core Group comprising of various functional heads and integrates with the Group level Infosys Risk Management Framework as shown in the following diagram.

Infosys BPO Risk Governance flow to Group level Infosys Risk Management Framework



The Risk Council, comprising of the CEO, CFO along with the Head of Quality and Head Risk Management review both client-facing risks and Infosys BPO internal risks and suggest appropriate mitigation. Material non-compliances identified out of self-assessment and other audits are reported to the risk council.

The Risk Management Core Group comprises represented members from each of the business enabling functions, operations and center heads. This team recommends policies and standards formulation, implementation and communication. On a monthly basis this team reviews all incidents, exceptions and suggests necessary changes to the appropriate policies and standards.

Risk Identification

External and internal risk factors that must be managed are identified in the context of organizational strategy. These are identified by using the recommendations for enterprise risk management being proposed by The Committee of Sponsoring Organizations of the Tread way Commission (COSO). Using this framework, the risk factors that could potentially affect the Company and its stakeholders are identified. The process of business / strategic risk identification is done at the enterprise level by an annual risk survey and at functional levels by the various functional teams along with the risk management team. At an engagement / client level risks are identified and reported on a monthly basis.

Risk assessment and control

Internal assessment: Internal assessment is an evaluation of the engagement performance by an assessor who even though, is internal to the Company is not directly connected with the engagement as such. Assessment is done on a sample basis. Performance of engagements against the critical parameters like CSAT, attrition, customer complaints, risk, gross margin, service credits payouts.

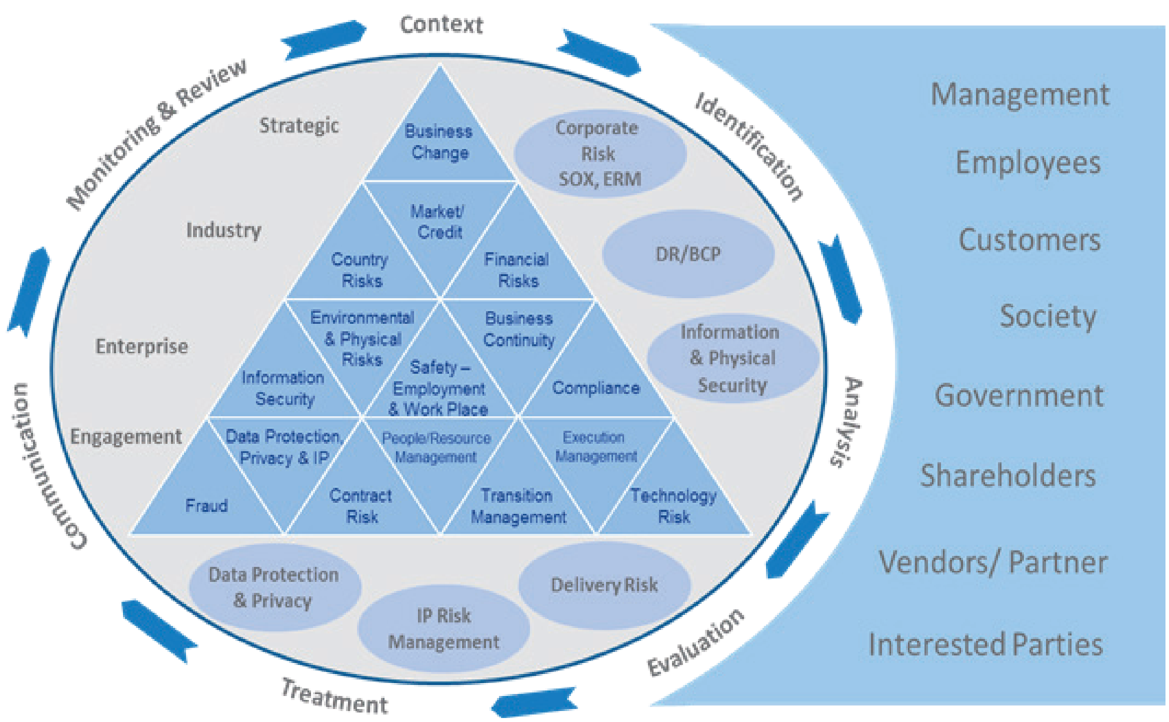
New engagements and Reverse Transitioning (RT) engagements would be evaluated for selecting the assessment sample. RT is validated using a RT process checklist. Sampled engagements would be assessed during the financial year.

Corporate audits: Certifications and Assessments Team (CCAT) is a part of the Corporate Audit Group and conducts internal audits for the engagements as per audit sample criteria during the fiscal year.

Infosys BPO carries out periodic initiatives to improve the risk management capability of its managers and increase organizational awareness through a 6-monthly risk management refresher campaign. In addition to ensuring that all employees go through a mandatory training on risk management during induction, employees are put through these refresher sessions including use of online awareness quiz which has been mandated twice a year for all employees and other learning resources has been introduced via the intranet online training module which is Technical Advance Learning under which courses like Anti Money Laundering (AML), Health Insurance Portability and Accountability Act (HIPAA) have been made available for all employees across the organization. In addition establishing adequate control environment, the Company has a comprehensive scheme of transfer of residual risks by insurance.

Infosys BPO has developed a comprehensive risk management framework that is applied to each of the client engagements and tested periodically. The framework includes identifying and assessing the risk and hazards, analyzing the control measures in place to mitigate the risks and or its consequences.

Risks are documented, analyzed, treated and reviewed in the form of risk management framework dashboard illustrated as follows:



Risk reporting

Identification and analysis of key risks to business objectives, client engagement and its impacts, mitigation measures and target closure dates is presented to risk council on a periodic basis. Additionally, information security risks, business continuity risks, intellectual property risks and data privacy risks are also highlighted to other appropriate group level forums.

Risk management highlights for the year

During the year, our risk management practices were primarily focused on the effectiveness of strategic programs in improving our competitive position and differentiation in market segments, the momentum of new initiatives to achieve our long-term business aspirations, our preparedness to address any incidents that may cause business disruptions to our physical and technological infrastructure, strengthening internal controls to detect fraudulent activity, leadership development, and monitoring possible impact of changes in our regulatory environment.

We carried out the following risk management activities during the last fiscal:

- Assessed and strengthened the risk management framework for further standardization of risk identification, assessment and governance of risks across the organization.
- Assessment of our business momentum relative to competition and competitive position in key market segments comprising geographies, industries and service lines were conducted and actions tracker.
- Regularly assessed the business environment including trend line of key external and internal business indicators such as deals pipeline, client and geography distribution, operational and human capital specific metrics.
- Reviewed key operational risks and actions based on inputs from the internal risk register, external assessments, internal audit findings and incidents. Reviewed operational risk areas including client service delivery, information security (cyber-attacks and threat intelligence), women's safety, physical security, succession planning, capital expenditures on infrastructure and business continuity management.
- Monitored key developments in the regulatory environment, especially relating to immigration laws, minimum wages and impact to businesses of our clients.

Third party assurance

Infosys BPO's internal controls are also audited by third party and this is done via Attestation Standards (AT 801) which is an internationally recognized auditing standard developed by International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants (IFAC). AT 801 audit suggests that a service organization has been through an in depth audit of control activities, which generally include controls over information technology and related processes. Infosys BPO has been providing all clean reports since 2004. The audit is conducted by one of big four audit firms.

Infosys BPO has covered the following locations for SOC1, Type 2 audit : Manila (Alabang), Philippines; Bengaluru, Chennai (TRIL & TIDEL), Pune, Jaipur and Gurugram, India; Lodz, Poland; Brno, Czech Republic; Dalian and Hangzhou, China; Monterrey, Mexico; Belo Horizonte, Brazil; San Jose and Costa Rica.

Report on health, safety and environment

We are committed to providing a safe and healthy work place, to our employees, consultants, contract workmen, visitors and high standards of environmental protection. Ozone, our Health, Safety and Environmental Management System (HSEMS), is designed to not only comply with all applicable legal requirements, but also to exceed these expectations wherever we operate. It helps in providing a secure working environment for our employees, assets and operations against all HSE risks. The initiative also strives to keep employees, contractors and others well informed, trained and committed to our HSE process. Most of our campuses in India are OHSAS 18001: 2007 and ISO 14001: 2015 certified.

The various processes under the initiative includes and are not limited to:

Risk management

Risk management includes the identification of hazards and environmental impacts for all activities (including new or modified activities, products and services), assessment of their impacts, implementation of measures to minimize or control the impacts, and monitoring the same in a structured manner.

Health and safety

Safety is every employee's responsibility and concern. Forums and help lines are provided to our employees to report security incidents and workplace hazards. They are actively involved in suggesting and implementing changes to the HSE policy.

An Occupational Health and Safety (OH&S) Committee is set up in each development centre. This committee is made up of OH&S representatives who represent employees of a designated workgroup. The OH&S committee brings employees and management together in a non-adversarial, cooperative effort to promote OH&S within the entire workplace. The committee would discuss, explore, study and make recommendations on various OH&S related issues. The committee will also provide employees with the opportunity to voice concerns relating to hazards.

SAFE - Secure affirmative fun environment

SAFE initiative is committed to ensure Safe Affirmative Fun Environment to employees. This is a comprehensive physical and psychological health initiative, customized to an IT and ITES environment and constantly innovating to cater to the needs of the employees with offerings which include interactive portals, quizzes, comprehensive health and well-being plan for employees with offerings such as preventive healthcare options for employees and families, health checks, talks, consultations, fitness related interventions, and health awareness campaigns. safety week and health week - comprising of master health check-ups and focused health and stress campaigns, was conducted in our campuses which saw good participation by employees.

A hotline help and the psychological counseling that provide timely, expert help to employees and their families on issues related to relationships, stress, depression and personal issues is also established.

Incident reporting and investigation

Incidents can be reported by employees through an internal application or through an email reporting mechanism. Incidents reported are investigated and analyzed, and appropriate corrective actions and preventive measures are taken to reduce future injuries and losses. The investigations focus on root causes and system failures. The Occupational Health and Safety (OH&S) committees are responsible for conducting these investigations.

Awareness

Various awareness campaigns were held across development centres to create awareness amongst employees, including contractual staff to ensure support and compliance. ECO groups also were involved in spreading awareness.

Environment

On the environmental front persistent and focused efforts through smart building automation, highly-efficient building designs, deep green retrofits and renewable energy have helped us in resource conservation and efficient management of waste has enabled us minimize waste to landfills.

Energy: Several energy reduction programs have been initiated. We have a 250 KW of solar plant at Jaipur as a source of renewable energy.

Water: Our innovative smart water metering program enables us to monitor our water consumption online on a continuous basis and eliminate water wastage significantly. We have been able to achieve a per capita reduction of fresh water during the year. This has been achieved with the use of water-efficient fixtures, innovative wastewater treatment technologies, reuse of treated wastewater, rainwater harvesting. We have our own sewage treatment plants to recycle and reuse waste water generated at our campuses every day. Recycled water is used for landscape maintenance, HVAC and for flushing purposes at our campuses.

Waste management: We have adopted a focused approach towards waste management. Waste is segregated at source and disposed to recyclers. Hazardous waste is disposed to authorized recyclers and in adherence to applicable legislations. We are working on strengthening the process for effective waste disposal through initiatives like establishment of biogas plants, organic waste converters, etc.

Assessments and reviews

Health, Safety and Environment performance, effectiveness of processes and programs for achievement of established HSE objectives and targets are evaluated through periodic reviews and audits of the HSEMS.

Business continuity

The Business Continuity Management System (BCMS) initiative at Infosys referred to as the Phoenix program which :

- Enables identification of business impacts due to disruption in our services.
- Enables identification and management of related risks.
- Aids in establishment of business continuity plans which are regularly tested. Corporate, development centre and account level plans exist..
- Includes drills and exercises. Drills and exercises are conducted periodically to test our preparedness levels to handle all potential disasters, and to check the liaison effectiveness and involvement with external organizations. Observations recorded during these mock drills are analyzed, and acted upon and the learnings are included in the plans and trainings.

CEO and CFO certification

The Board of Directors Infosys BPO Limited Bengaluru

Dear members of the Board,

We, Anantharaman Radhakrishnan, Chief Executive Officer and Managing Director, and Nishit Ajitkumar Shah, Chief Financial Officer of Infosys BPO Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the Balance Sheet, Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows and a summary of the significant accounting policies and other explanatory information of the Company and the Board's report.
2. These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's code of conduct and ethics, except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
    a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian Accounting Standards (Ind AS).
    c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
    d. Disclosed in this report any changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation of Company's internal control over financial reporting's, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :
    a. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
    b. Any significant changes in internal controls during the year covered by this report.
    c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
    d. Any instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct and ethics for the year covered by this report.

	Sd / -	Sd / -
Bengaluru	Anantharaman Radhakrishnan	Nishit Ajitkumar Shah
April 10, 2017	*Chief Executive Officer and Managing Director*	*Chief Financial Officer*

Independent Auditors' Report

To the Members of Infosys BPO Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Infosys BPO Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's Responsibility for the Standalone Financial Statements

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

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

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards, and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows, and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the

Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

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

a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued thereunder;

e. on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, 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 B'; and

g. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements. (*Refer to Note* 2.22 to the standalone Ind AS financial statements);

   ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. (*Refer to Note 2.15* to the financial statements);

   iii. there were no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

   iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. (*Refer to Note* 2.8 to the standalone Ind AS financial statements).

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

Sd/-

Supreet Sachdev
Partner
Membership number: 205385

Bengaluru
April 10, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that :

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

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

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

(iv) During the year, the Company has not advanced any loan to which the provisions of Section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provision of Section 186 of the Act has been complied with.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of sales tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, service tax and value added tax have not been deposited by the Company on account of disputes :

Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest / Tax demands	4,502,275	AY 2006-07	High Court of Karnataka
Income Tax Act, 1961	Tax Demands	3,178,238	AY 2011-12	Commissioner of Income tax (appeals)
Finance Act, 1994	Service tax demands / penalty	759,657,948#	April 2007 to September 2010	Central Excise, Service Tax Appellate Tribunal- Bengaluru
Finance Act, 1994	Service tax demands / penalty	110,820,080#	January 2005 to March 2007	Central Excise, Service Tax Appellate Tribunal- Bengaluru
Finance Act, 1994	Service tax demands / penalty	76,420,315#	October 2010 to September 2011	Central Excise, Service Tax Appellate Tribunal- Bengaluru
RVAT Act, 2005	Value added tax	46,645	FY 2011-12	Commercial tax office, Jaipur
RVAT Act, 2005	Value added tax	1,000	FY 2012-13	Commercial tax office, Jaipur

a stay order has been received against the amount disputed and not deposited.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

Sd/-

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru

April 10, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls 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 BPO Limited ('the Company') as of 31 March 2017 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 Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' 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') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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, 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

Balance Sheet

in ₹ crore

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.3	256	241	223
Capital work-in-progress		13	16	7
Goodwill		19	19	19
Financial assets				
Investments	2.4	916	562	566
Loans	2.5	–	–	–
Other financial assets	2.6	33	60	47
Deferred tax assets, net	2.16	41	41	41
Income tax assets, net	2.16	59	53	52
Other non-current assets	2.9	10	1	1
Total non-current assets		1,347	993	956
Current assets				
Financial assets				
Investments	2.4	279	21	125
Trade receivables	2.7	491	490	462
Cash and cash equivalents	2.8	2,061	2,186	1,580
Loans	2.5	17	18	15
Other financial assets	2.6	193	186	133
Other current assets	2.9	55	43	39
Total current assets		3,096	2,944	2,354
Total assets		4,443	3,937	3,310
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.11	34	34	34
Other equity		3,961	3,413	2,845
Total equity		3,995	3,447	2,879
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.12	–	21	21
Total non-current liabilities		–	21	21
Current liabilities				
Financial Liabilities				
Trade payables	2.13	7	10	20
Other financial liabilities	2.12	317	345	304
Other current liabilities	2.14	88	80	31
Provisions	2.15	28	33	54
Income tax liabilities, net	2.16	8	1	1
Total current liabilities		448	469	410
Total equity and liabilities		4,443	3,937	3,310

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

As per our report of even date attached

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

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

Supreet Sachdev
Partner
Membership number : 205385

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Statement of Profit and Loss

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

Particulars	Note	For the year ended March 31,	
		2017	2016
Revenue from operations		2,940	2,849
Other income, net	2.17	221	199
Total Income		3,161	3,048
Expenses			
Employee benefit expenses	2.18	1,728	1,649
Cost of technical sub-contractors and professional charges	2.18	161	179
Travel expenses		126	117
Rent	2.19	88	75
Depreciation and amortization expense	2.3	74	62
Other expenses	2.18	234	214
Total expenses		2,411	2,296
Profit before tax		750	752
Tax expense			
Current tax	2.16	198	184
Deferred tax	2.16	–	1
		198	185
Profit for the year		552	567
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax		(4)	(1)
		(4)	(1)
Items that will be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale financial asset, net of tax		–	–
		–	–
Total other comprehensive income, net of tax		(4)	(1)
Total comprehensive income for the period		548	566
Earnings per equity share			
Equity shares of par value ₹ 10 / - each			
Basic (₹)		163.14	168.46
Diluted (₹)		163.14	168.46
Weighted average equity shares used in computing earnings per share			
Basic	2.21	3,38,27,751	3,38,27,751
Diluted	2.21	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 B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W / W-100022

Supreet Sachdev
Partner
Membership number : 205385

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

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Statement of Changes in Equity

in ₹ crore

Particulars	Equity Share capital	Other equity					Total
		Reserves and surplus				Other comprehensive income	
		Securities premium account	Retained earnings	Capital reserve	General reserve		
Balance as of April 1, 2015	34	25	1,830	1	1,000	(11)	2,879
Changes in equity for the year ended March 31, 2016							
Fair value changes on available-for-sale financial asset, net of tax	–	–	–	–	–	2	2
Remeasurement of the net defined benefit liability, net of tax	–	–	–	–	–	(1)	(1)
Profit for the period	–	–	567	–	–	–	567
Balance as of March 31, 2016	34	25	2,397	1	1,000	(10)	3,447
Balance as of April 1, 2016	34	25	2,397	1	1,000	(10)	3,447
Changes in equity for the year ended March 31, 2017							
Fair value changes on available-for-sale financial asset	–	–	–	–	–	–	–
Remeasurement of the net defined benefit liability, net of tax	–	–	–	–	–	(4)	(4)
Profit for the period	–	–	552	–	–	–	552
Balance as of March 31, 2017	34	25	2,949	1	1,000	(14)	3,995

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm's registration number : 101248W / W-100022

Supreet Sachdev
Partner

Membership number : 205385

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

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Statement of Cash Flows

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Cash flow from operating activities		
Profit for the year	552	567
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	74	62
Income tax expense	198	185
Profit on sale of fixed assets	–*	– *
Profit on sale of investments	–	(3)
Interest and dividend income	(195)	(167)
Effect of exchange rate changes on assets and liabilities	22	19
Allowance for credit loss on financial assets	–	(8)
Trade receivables and unbilled revenue	5	(20)
Loans and other financial assets and other assets	(13)	(20)
Trade payables	(3)	–
Other financial liabilities, other liabilities and provisions	(38)	53
Cash generated from operations	602	668
Income taxes paid	(198)	(184)
Net cash generated by operating activities	404	484
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(92)	(86)
Interest and dividend received on investments	200	115
Payment to acquire financial assets		
Non-convertible debentures	(276)	–
Pre-acquisition interest on non-convertible debentures	(22)	–
Investment in subsidiary	(7)	–
Investment in other government bonds	(5)	(1)
Investment in certificates of deposit	(270)	–
Investment in fixed maturity plan	(50)	–
Investment in liquid mutual fund units	(2,872)	(889)
Proceeds on sale of financial assets		
Redemption of liquid mutual fund units	2,892	999
Net cash (used in) / generated from investing activities	(502)	138
Effect of exchange rate changes on cash and cash equivalents	(27)	(16)
Net increase / (decrease) in cash and cash equivalents	(98)	622
Cash and cash equivalents at the beginning	2,186	1,580
Cash and cash equivalents at the end	2,061	2,186
Supplementary information		
Restricted cash balance	–	–

* The value of the transaction is less than ₹1 crore.

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number : 101248W / W-100022

Supreet Sachdev
Partner

Membership number : 205385

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

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Notes to the standalone financial statements

1. Company overview and significant accounting policies

1.1 Company overview

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

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India.

The standalone financial statements ('Financial Statements') are approved for issue by the Company's Board of Directors on April 10, 2017.

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 and gratuity benefits, which are measured at fair values, 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 Companies Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally-accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2.

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, judgements and assumptions. These 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. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period-to-period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Critical accounting estimates

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The Company's major tax jurisdiction is India even though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also *Refer to Note 2.16 and Note 2.22*.

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.

1.5 Revenue recognition

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

In arrangements for transition-related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering transition-related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the transition related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction, has been allocated to the delivered components for which specific fair values do not exist.

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

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

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

1.6 Property, plant and equipment

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

Building	22-25 years
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Office equipment	5 years

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

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

1.7 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.

1.8 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 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.

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

(ii) Financial assets at fair value through Other Comprehensive Income

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

(iii) Financial assets at fair value through Profit or Loss

A financial asset, which is not classified in any of the above categories, is 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 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 recognized initially at fair value and attributable transaction costs are recognized 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.

(ii) Cash flow hedge

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 it expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

c. Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8.3 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.

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.

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

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 Statement of Profit and Loss.

b. Non-financial assets

Intangible assets and property, plant and equipment

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

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

1.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

a. Post sales client support

The Company provides its clients with a fixed-period post-sales support for corrections of errors and support on all its fixed-price, fixed-timeframe, and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

1.12 Foreign currency

Functional currency

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

Transactions and translations

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

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

1.13 Earnings per equity share

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

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

1.14 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 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. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.15 Employee benefits

1.15.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPO Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability / asset are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

1.15.2 Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the superannuation plan beyond the monthly contribution to the Infosys BPO Limited Employees' Superannuation Fund Trust, the corpus of which is invested with the Life Insurance Corporation of India.

1.15.3 Pension

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the pension plan beyond the monthly contributions.

1.15.4 Provident fund

Eligible employees of the Company are participants in defined contribution plan. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

1.15.5 Compensated absences

The Company has a policy on compensated absences, which are both accumulating and non-accumulating in nature. The expected cost of such 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.

1.16 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 or 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.

1.18 Leases

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

2. Notes to the standalone financial statements for the year ended March 31, 2017

2.1 First-time adoption of Ind AS

These standalone financial statements of Infosys BPO Limited for the year ended March 31, 2017, have been prepared in accordance with Ind AS. This is the Company's first set of financial statements in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard with April 1, 2015, as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss is set out in Note 2.2.

2.2 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101.

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

2.2.1 Reconciliation of equity as previously reported under IGAAP with IND AS

in ₹ crore

Particulars	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, plant and equipment	223	–	223	241	–	241
Capital work-in-progress	7	–	7	16	–	16
Goodwill	19	–	19	19	–	19
Financial assets						
Investments *(Refer to Note A)*	594	(28)	566	590	(28)	562
Other financial assets	47	–	47	60	–	60
Deferred tax assets, net	41	–	41	41	–	41
Income tax assets, net	52	–	52	53	–	53
Other non-current assets	1	–	1	1	–	1
Total non-current assets	984	(28)	956	1,021	(28)	993
Current assets						
Financial assets						
Investments *(Refer to Note B)*	123	2	125	21	–	21
Trade receivables	462	–	462	490	–	490
Cash and cash equivalents	1,580	–	1,580	2,186	–	2,186
Loans	15	–	15	18	–	18
Other financial assets	133	–	133	186	–	186
Other current assets	39	–	39	43	–	43
Total current assets	2,352	2	2,354	2,944	–	2,944
Total assets	3,336	(26)	3,310	3,965	(28)	3,937
EQUITY AND LIABILITIES						
Equity						
Equity share capital	34	–	34	34	–	34
Other equity *(Refer to Note C)*	2,871	(26)	2,845	3,441	(28)	3,413

Particulars	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
Total equity	2,905	(26)	2,879	3,475	(28)	3,447
Non-current liabilities						
Financial liabilities						
Others financial liabilities	21	–	21	21	–	21
Total non-current liabilities	21	–	21	21	–	21
Current liabilities						
Financial liabilities						
Trade payables	20	–	20	10	–	10
Other financial liabilities	304	–	304	345	–	345
Other current liabilities	31	–	31	80	–	80
Provisions	54	–	54	33	–	33
Income tax liabilities , net	1	–	1	1	–	1
Total current liabilities	410	–	410	469	–	469
Total equity and liabilities	3,336	(26)	3,310	3,965	(28)	3,937

Explanations for reconciliation of equity as previously reported under IGAAP with Ind AS

A. Non-current investments

Investments include discounted value of contingent consideration payable on acquisition of business under Ind AS as compared to undiscounted value of contingent consideration under IGAAP.

B. Current investments

Investment in equity instruments are carried at fair value through OCI under Ind AS compared to being carried at cost under IGAAP.

C. Other equity

Adjustments to retained earnings and other comprehensive income made in accordance with Ind AS, for the above mentioned line items.

2.2.2 Reconciliation of Statement of Profit and Loss as previously reported under IGAAP with IND AS

in ₹ crore

Particulars	For the year ended March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations	2,849	–	2,849
Other income, net *(Refer to Note D)*	201	(2)	199
Total revenue	3,050	(2)	3,048
EXPENSES			
Employee benefit expenses *(Refer to Note E)*	1,648	1	1,649
Cost of technical sub-contractors and professional charges	179	–	179
Travel expenses	117	–	117
Rent	75	–	75
Depreciation and amortization expenses	62	–	62
Other expenses	214	–	214
Total expenses	2,295	1	2,296
Profit before tax	755	(3)	752
Tax expense			
Current tax	184	–	184
Deferred tax	1	–	1
Profit for the year	570	(3)	567
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 *(Refer to Note F)*	–	(1)	(1)

Particulars	For the year ended March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS
	–	(1)	(1)
Items that may be reclassified subsequently to profit or loss			
Fair value changes on available-for-sale financial asset, net of tax	–	–	–
	–	–	–
Total other comprehensive income, net of tax	–	(1)	(1)
Total comprehensive income for the period	570	(4)	566

Explanations for Reconciliation of Statement of Profit and Loss as previously reported under IGAAP with Ind AS

D. Other income, net

Loss on sale of fixed maturity plan has been recognized to profit and loss which was taken to other comprehensive income before realization.

E. Employee benefit expenses

As per Ind AS 19, remeasurement of the net defined benefit liability / asset are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period. Accordingly, an Ind AS adjustment of ₹ 1 crore, net of taxes of ₹ 1 crore has been made to the previous GAAP numbers for the year ended March 2016.

F. Remeasurement of the net defined benefit liability / asset

Increase in ₹ 1 crore is on account of actuarial gains and losses arising from changes in the present value of the obligation, which is required to be recorded in the other comprehensive income.

Cash Flow Statement

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

2.3 Property, plant and equipment

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

in ₹ crore

Particulars	Land-Leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	12	152	71	43	120	237	61	696
Additions	–	1	26	3	5	48	6	89
Deletions	–	–	(4)	–	(14)	(21)	(6)	(45)
Gross carrying value as of March 31, 2017	12	153	93	46	111	264	61	740
Accumulated depreciation as of April 1, 2016	1	50	54	22	109	166	53	455
Depreciation	–	6	12	8	5	37	6	74
Accumulated depreciation on deletions	–	–	(4)	–	(14)	(21)	(6)	(45)
Accumulated depreciation as of March 31, 2017	1	56	62	30	100	182	53	484
Carrying value as of March 31, 2017	11	97	31	16	11	82	8	256

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016 :

in ₹ crore

Particulars	Land-Leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2015	12	148	67	31	119	192	59	628
Additions	–	4	4	12	4	53	3	80
Deletions	–	–	–	–	(3)	(8)	(1)	(12)
Gross carrying value as of March 31, 2016	12	152	71	43	120	237	61	696
Accumulated depreciation as of April 1, 2015	1	45	44	16	105	145	49	405
For the year	–	5	10	6	7	29	5	62
Deduction / adjustments during the year	–	–	–	–	(3)	(8)	(1)	(12)
Accumulated depreciation as of March 31, 2016	1	50	54	22	109	166	53	455
Carrying value as of March 31, 2016	11	102	17	21	11	71	8	241
Carrying value as of April 1, 2015	11	103	23	15	14	47	10	223

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

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

The rental income from the leasing of certain assets to holding Company for the year ended March 31, 2017 is ₹8 crore (₹9 crore for year ended March 31, 2016).

2.4 Investments

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current investments			
Equity instruments of subsidiaries	569	562	562
Government bonds	–	–	4
Non-convertible debentures	297	–	–
Fixed maturity plans	50	–	–
	916	562	566
Current Investments			
Liquid mutual fund units	–	16	95
Fixed maturity plans	–	–	30
Government bonds	9	5	–
Certificate of deposits	270	–	–
	279	21	125
Total carrying value	1,195	583	691

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2017	2016
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys (Czech Republic) Limited s.r.o	3	3
Infosys Poland Sp. z o.o., 5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Infosys McCamish Systems LLC	289	289
Portland Group Pty. Limited, 17,45,00,000 (17,45,00,000) equity share of AU $1 each, fully paid	211	211
Infosys BPO Americas LLC	7	–
Total	569	562
Quoted		
Investments carried at fair value through Other Comprehensive Income		
Non-convertible debentures *(Refer to Note 2.4.3)*	297	–
	297	–
Quoted		
Investments carried at fair value through Profit and Loss		
Fixed maturity plan *(Refer to Note 2.4.4)*	50	–
	50	–
Total Non-current investments	916	562
Current investments		
Unquoted investments- carried at fair value through Profit and Loss		
Liquid mutual fund units *(Refer to Note 2.4.1)*	–	16
	–	16
Quoted investments- carried at amortized cost		
Investments in government bonds *(Refer to Note 2.4.2)*	9	5
	9	5
Unquoted investments- carried at fair value through Other Comprehensive Income		
Certificate of deposits *(Refer to Note 2.4.5)*	270	–
	270	–
Total current investments	279	21
Total investments	1,195	583
Aggregate amount of quoted investments	356	5
Market value of quoted investments (including interest accrued thereon)	356	5
Aggregate amount of unquoted investments	839	578

Particulars	As at March 31,	
	2017	2016
Investment carried at cost	569	562
Investment carried at amortized cost	9	5
Investment carried at fair value through Other Comprehensive Income	567	–
Investment carried at fair value through Profit and Loss Account	50	16

2.4.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	As at March 31,			
	2017		2016	
	Units	Amount	Units	Amount
ICICI Liquid Plan Direct Daily Dividend	–	–	16,07,064	16
	–	–	16,07,064	16

2.4.2 Details of investments in government bonds

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face value PHP	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
Treasury Notes 1.625 PCT MAT DATE 25 Apr 2016	100	–	–	2,60,000	4
Treasury Notes PHY6972FWG18 MAT DATE 22 Feb 2017	100	–	–	10,000	–
Treasury Notes PIBL1215I091 MAT DATE 07 Sept 2016	100	–	–	50,000	1
Treasury Notes PHY6972FWQ99 MAT DATE 07 June 2017	100	3,40,000	4	–	–
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5	–	–
		7,40,000	9	3,20,000	5

2.4.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face value INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
8.6 Life Insurance Corporation Housing Finance Limited 22 July 2020	100	1,00,00,000	108	–	–
8.6 Life Insurance Corporation Housing Finance Limited 29 July 2020	100	35,00,000	38	–	–
8.5 Housing Development Finance Corporation Limited 31 August 2020	100	50,00,000	53	–	–
8.49 Housing Development Finance Corporation Limited 27 April 2020	100	45,00,000	49	–	–
8.658 IDFC Bank Limited 27 December 2018	100	40,00,000	49	–	–
		2,70,00,000	297	–	–

2.4.4 Details of investments in fixed maturity plan

The balances held in fixed maturity plan as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	NAV INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
ICICI FMP Series 80-1194 D Plan F Div	10	1,50,00,000	15	–	–
Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan	10	1,50,00,000	15	–	–
HDFC FMP 1155D Feb 2017-Direct Growth Series 37	10	1,00,00,000	10	–	–
Birla Sunlife Fixed Term Plan-Series OD (1145 days)	10	1,00,00,000	10	–	–
		5,00,00,000	50	–	–

2.4.5 Details of investments in certificate of deposits

The balances held in certificate of deposits as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face Value INR	As at March 31,			
		2017		2016	
		Units	Amount	Units	Amount
KOTAK MAHINDRA BANK LIMITED CD 23 FEB 18	1,00,000	11,500	109	–	–
AXIS BANK LIMITED CD 19 JAN 18	1,00,000	12,000	114	–	–
IDFC BANK LIMITED CD 07 MAR 18	1,00,000	5,000	47	–	–
		28,500	270	–	–

2.5 Loans

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Unsecured, considered good			
Loans and advances to employees	6	5	2
Less: Allowance for doubtful loans to employees	6	5	2
	–	–	–
Current			
Unsecured, considered good			
Loans and advances to employees	17	18	15
	17	18	15

2.6 Other financial assets

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non- current			
Security deposits (1)	2	2	–
Rental deposits (1)(3)	31	58	47
	33	60	47
Current			
Security deposits (1)	3	1	1
Rental deposits (1)	2	2	4
Restricted deposits (1)	75	67	59

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Unbilled revenues	42	45	42
Interest accrued but not due [(1)]	52	60	8
Foreign currency forward contracts [(2)]	16	7	6
Others [(1)(4)]	3	4	13
	193	186	133
[(1)] Financial assets carried at amortized cost	210	239	174
[(2)] Financial assets carried at fair value through Profit or Loss	16	7	6
[(3)] Includes dues from holding company *(Refer to Note 2.23)*	–	27	27
[(4)] Includes dues from holding company, subsidiaries and other group companies *(Refer to Note 2.23)*	2	3	12

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

2.7 Trade receivables

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Unsecured			
Considered good[(1)]	491	490	462
Considered doubtful	8	5	7
	499	495	469
Less : Allowances for credit losses	8	5	7
	491	490	462
[(1)] Includes dues from subsidiaries, holding company and other group companies *(Refer to Note 2.23)*	37	43	10

2.8 Cash and cash equivalents

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Balances with banks			
In current and deposit accounts	1,311	1,856	1,453
Cash on hand	–	–	–
Others			
Deposits with financial institution	750	330	127
	2,061	2,186	1,580
Deposit with more than 12 months maturity	–	–	–

Cash and cash equivalents as of March 31, 2017 and March 31, 2016 include restricted cash and bank balances of less than a ₹ 1 crore, respectively. 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 time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹ crore

Particulars	As at March 31,	
	2017	2016
In current accounts		
Bank of America, California, USA	17	14
Bank of America, California- Trust account, USA*	–	–
Bank of Philippine Islands	–	–
Citibank, Manila	1	1
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	5	2
Citi Bank, Singapore	1	1
Citi Bank, Australia	–	2
Citi Bank, Bengaluru	–	–
Deutsche Bank, India	3	3
Deutsche Bank- EEFC (Euro account)	4	1
Deutsche Bank- EEFC (UK Pound Sterling account)	1	–
Deutsche Bank- EEFC (U.S. Dollar account)	3	1
Deutsche Bank, Netherland	–	2
Deutsche Bank, London, UK	1	–
Deutsche Bank, Philippines (PHP account)	1	1
Deutsche Bank, Philippines - (U.S. Dollar account)	4	1
ICICI Bank, India	5	3
ICICI Bank- EEFC (Euro account)	1	1
ICICI Bank- EEFC (UK Pound Sterling account)	1	–
ICICI Bank- EEFC (U.S. Dollar account)	1	1
Royal Bank of Canada	–	–
State Bank of India, India	1	1
	51	36

in ₹ crore

Particulars	As at March 31,	
	2017	2016
In deposit accounts		
Andhra Bank	–	100
Axis Bank	230	170
Bank of India	–	77
Central Bank of India	–	20
Canara Bank	–	169
Corporation Bank	–	100
HDFC Bank limited	120	150
ICICI Bank	282	271
IDBI Bank	–	150
Indian Overseas Bank	–	250
Kotak Mahindra Bank	35	45
Punjab National Bank	–	18
Syndicate Bank	–	16
South Indian Bank	250	23
Union Bank of India	–	133
Vijaya Bank	–	104
Yes Bank	143	24
IDFC Bank	200	–
	1,260	1,820
Deposits with financial institution		
HDFC Limited	750	330
	750	330
Total cash and cash equivalents as per Balance Sheet	2,061	2,186

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

Note: During the year, the Company did not hold any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. Hence the denomination-wise SBNs and other notes as per the notification is not mentioned. The cash balance shown in Balance Sheet less than ₹ 1 crore represents the cash in other foreign currency denominations.

2.9 Other assets

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Capital advances	1	–	–
Advances other than capital advance			
Prepaid gratuity	9	1	1
	10	1	1
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	15	14	11
Others			
Prepaid expenses	6	1	3
Deferred contract cost	4	–	–
Withholding and other tax receivables *	30	28	25
	55	43	39
Total other assets	65	44	40

* Withholding taxes primarily consists of input tax credits.

2.10 Financial instruments

Financial instruments by category

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

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.8)*	2,061	–	–	–	–	2,061	2,061
Investments *(Refer to Note 2.4)*							
Non-convertible debentures	–	–	–	–	297	297	297
Government bonds	9	–	–	–	–	9	9
Fixed maturity plan	–	–	50	–	–	50	50
Certificate of deposits	–	–	–	–	270	270	270
Trade receivables *(Refer to Note 2.7)*	491	–	–	–	–	491	491
Unbilled revenue *(Refer to Note 2.6)*	42	–	–	–	–	42	42
Loans *(Refer to Note 2.5)*	17	–	–	–	–	17	17
Other financial assets *(Refer to Note 2.6)*	168	–	16	–	–	184	184
Total	2,788	–	66	–	567	3,421	
Liabilities:							
Trade payables *(Refer to Note 2.13)*	7	–	–	–	–	7	7
Other financial liabilities *(Refer to Note (2.12)*	317	–	–	–	–	317	317
Total	324	–	–	–	–	324	

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.8)*	2,186	–	–	–	–	2,186	2,186
Investments *(Refer to Note 2.4)*							
Government bonds	5	–	–	–	–	5	5
Liquid mutual fund units	–	–	16	–	–	16	16
Trade receivables *(Refer to Note 2.7)*	490	–	–	–	–	490	490
Unbilled revenue *(Refer to Note 2.6)*	45	–	–	–	–	45	45
Loans *(Refer to Note 2.5)*	18	–	–	–	–	18	18

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.6)*	194	–	7			201	201
Total	2,938	–	23	–	–	2,961	
Liabilities :							
Trade payables *(Refer to Note 2.13)*	10	–	–	–	–	10	10
Other financial liabilities *(Refer to Note 2.12)*	366	–	–	–	–	366	366
Total	376	–	–	–	–	376	

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows :

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.8)*	1,580	–	–	–	–	1,580	1,580
Investments *(Refer to Note 2.4)*							
Government bonds	4	–	–	–	–	4	4
Liquid mutual fund units	–	–	95	–	–	95	95
Fixed maturity plans	–	–	30	–	–	30	30
Trade receivables *(Refer to Note 2.7)*	462	–	–	–	–	462	462
Unbilled revenue *(Refer to Note 2.6)*	42	–	–	–	–	42	42
Loans *(Refer to Note 2.5)*	15	–	–	–	–	15	15
Other financial assets *(Refer to Note 2.6)*	132	–	6			138	138
Total	2,235	–	131	–	–	2,366	
Liabilities :							
Trade payables *(Refer to Note 2.13)*	20	–	–	–	–	20	20
Other financial liabilities *(Refer to Note 2.12)*	325	–	–	–	–	325	325
Total	345	–	–	–	–	345	

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 on a recurring basis as of March 31, 2017 :

in ₹ crore

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in government bonds *(Refer to Note 2.4)*	9	9	–	–
Investment in non-convertible debentures *(Refer to Note 2.4)*	297	297	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	16	–	16	–
Investment in fixed maturity plans *(Refer to Note 2.4)*	50	–	50	–
Investment in certificate of deposits *(Refer to Note 2.4)*	270	–	270	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016 :

in ₹ crore

Particulars	As of March 31, 2016	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4)*	16	16	–	–
Investments in government bonds *(Refer to Note 2.4)*	5	5	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	7	–	7	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015 :

in ₹ crore

Particulars	As of April 1, 2015	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units *(Refer to Note 2.4)*	95	95	–	–
Investments in fixed maturity plans *(Refer to Note 2.4)*	30	–	30	–
Investments in government bonds *(Refer to Note 2.4)*	4	4	–	–
Derivative financial instruments - gain on outstanding Foreign exchange forward contracts *(Refer to Note 2.6)*	6	–	6	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts	–	–	–	–

The fair value of liquid mutual funds, government bonds and non-convertible debentures is based on quoted price. Derivative financial instruments, fixed maturity plans and certificate of deposits 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.

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 instruments as of March 31, 2017 :

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	26	6	3	–	7	42
Trade receivables	327	37	58	24	5	451
Other financial assets (including loans)	46	7	5	9	8	75
Trade payables	(3)	–	–	–	–	(3)
Other financial liabilities	(47)	(19)	(3)	(4)	(25)	(98)
Net assets / (liabilities)	349	31	63	29	(5)	467

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016 :

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	17	4	–	2	6	29
Trade receivables	310	40	59	39	5	453
Other financial assets (including loans)	34	7	9	14	8	72
Trade payables	(2)	(1)	(2)	(4)	–	(9)
Other financial liabilities	(59)	(9)	(11)	(9)	(29)	(117)
Net assets / (liabilities)	300	41	55	42	(10)	428

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian Rupee and U.S. Dollar, has affected the Company's incremental operating margins by approximately 0.40% and 0.39%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution. 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 following table gives details in respect of outstanding foreign exchange forward contracts :

Particulars	As of March 31,			
	2017		2016	
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts				
In U.S. $	43	279	43	285
In Eur €	3	17	3	19
In U.K. £	5	42	5	50
In AU $	5	25	5	25
Total forwards		363		379

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

in ₹ crore

Particulars	As of March 31,	
	2017	2016
Not later than one month	88	110
Later than one month and not later than three months	159	129
Later than three months and not later than one year	116	140
	363	379

The Company offsets a financial asset and liability when it currently has a legally enforceable right to set off the recognized amounts and intends 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 of March 31,			
	2017		2016	
	Derivative financial		Derivative financial	
	Asset	Liability	Asset	Liability
Gross amount of recognized financial asset / liability	16	–	7	–
Amount set off	–	–	–	–
Net amount presented in Balance Sheet	16	–	7	–

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 ₹ 491 crore and ₹ 490 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹ 42 crore and ₹ 45 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk 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. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

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

In %

Particulars	For the year ended March 31,	
	2017	2016
Revenue from top customer	7%	8%
Revenue from top five customers	25%	26%

Credit risk exposure

The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹ 2 crore. The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹ 8 crore respectively.

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Balance at the beginning	5	8
Provisions recognized / (reversed)	(2)	(8)
Write-offs	–	–
Translation differences	5	5
Balance at the end	8	5

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2017, the Company had a working capital of ₹ 2,648 crore including cash and cash equivalents of ₹ 2,061 crore and current investments of ₹ 279 crore. As of March 31, 2016, the Company had a working capital of ₹ 2,475 crore including cash and cash equivalents of ₹ 2,186 crore.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹ 63 crore and ₹ 59 crore, respectively, which have been substantially funded. Further, as of March 31, 2017 and March 31, 2016, the Company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	7	–	–	–	7
Client deposits	1	–	–	–	1
Other liabilities (excluding liability towards acquisition) *(Refer to Note 2.12)*	253	–	–	–	253

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016 :

in ₹ crore

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	10	–	–	–	10
Client deposits	1	–	–	–	1
Other liabilities (excluding liability towards acquisition) *(Refer to Note 2.12)*	286	21	–	–	307

2.11 Equity

Share capital

in ₹ crore, except as otherwise stated

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Authorized			
Equity shares, ₹ 10 / - par value			
12,33,75,000 (12,33,75,000) equity shares	123	123	123
	123	123	123
Issued, Subscribed and paid-up			
Equity shares, ₹ 10 / - par value [(1)]			
3,38,27,751 (3,38,27,751[(2)]) equity shares fully paid up			
(Of the above 3,38,22,319 equity shares are held by the holding Company, Infosys Limited)	34	34	34
	34	34	34

[(1)] *Refer to Note 2.21* for details of basic and diluted shares.

[(2)] Represents number of shares as of March 31, 2016 .

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

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

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out as follows :

Name of the shareholder	As at March 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding Company	3,38,22,319	99.98	3,38,22,319	99.98

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out as follows :

Particulars	As at March 31,			
	2017		2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year	3,38,27,751	34	3,38,27,751	34
Add : Shares issued during the year	–	–	–	–
Number of shares at the end of the year	3,38,27,751	34	3,38,27,751	34

2.12 Other financial liabilities

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Non-current			
Rental deposits received from holding Company [(1)]	–	21	21
	–	21	21
Current			
Others			
Accrued compensation to employees	109	141	132
Accrued expenses [(2)]	137	123	116
Retention monies	–	–	1
Compensated absences	63	59	50
Client deposits	1	1	1
Capital creditors	2	8	2
Other payables [(3)]	5	13	2
Foreign currency forward contracts	–	–	–
	317	345	304
	317	366	325
Financial liability carried at amortized cost	317	366	325
Financial liability carried at fair value through Profit and Loss	–	–	–
[(1)] Includes dues to holding Company *(Refer to Note 2.23)*	–	21	21
[(2)] Includes dues to holding Company *(Refer to Note 2.23)*	2	1	1
[(3)] Includes dues to holding, subsidiaries and other group Company *(Refer to Note 2.23)*	3	11	1

2.13 Trade payables

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Trade payables [(1)]	7	10	20
	7	10	20
[(1)] Includes dues to subsidiaries and other group companies *(Refer to Note 2.23)*	6	7	12

2.14 Other liabilities

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Current			
Unearned revenue	49	39	5
Others			
Withholding and other payables	39	41	26
	88	80	31

2.15 Provisions

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Others			
Post-sales client support and warranties and others	28	33	54
	28	33	54

Provision for post-sales client support and warranties and others

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

in ₹ crore

Particulars	For the year ended March 31, 2017
Balance at the beginning	33
Provision recognized / (reversed)	(5)
Provision created / (utilized)	1
Exchange difference	(1)
Balance at the end	28

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

2.16 Income taxes

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

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Current taxes	198	184
Deferred taxes	–	1
Income tax expense	198	185

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversal (net of additional provisions) is ₹ 3 crore and ₹ 2 crore, respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

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

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Profit before income taxes	750	752
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	259	261
Tax effect due to non-taxable income for Indian tax purposes	(56)	(75)
Overseas taxes	3	5
Tax reversals, overseas and domestic	(3)	(2)
Effect of deferred tax assets - reversal / (origination)	–	1
Effect of exempt non-operating income	(1)	(2)
Effect of non-deductible expenses	3	–
Others	(7)	(3)
Income tax expense	198	185

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO Limited operations are mainly conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). At present, income from STP units are taxable. Income from SEZs Unit is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Income tax assets	59	53	52
Current Income tax liabilities	(8)	(1)	(1)
Net income tax assets / (liability) at the end	51	52	51

The gross movement in the current income tax asset / (liability) for the year ended March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Net income tax asset / (liability) at the beginning	52	51
Translation differences	(3)	1
Income tax paid	198	184
Income tax expense	(198)	(184)
MAT credit utilization	–	–
Income tax on other comprehensive income	2	–
Net income tax asset / (liability) at the end	51	52

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

in ₹ crore

Particulars	As at March 31,		April 1,
	2017	2016	2015
Deferred income tax assets			
Property, plant and equipment	16	17	19
Trade receivables	6	5	6
Compensated absences	18	17	13
Others	1	2	3
Total deferred income tax assets	41	41	41

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where such assets and 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 March 31, 2017 and March 31, 2016, is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Net deferred income tax asset at the beginning	41	42
Credits / (charge) relating to temporary differences	–	(1)
Net deferred income tax asset at the end	41	41

The credits relating to temporary differences during the year ended March 31, 2017 are primarily on account of compensated absences and others partially offset by reversal of credits pertaining to property, plant and equipment, trade receivable and others. The charge relating to temporary differences during the year ended March 31, 2016 are primarily on account of property, plant and equipment, trade receivable partially offset by compensated absences and others.

2.17 Other income, net

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Interest received on financial assets - carried at amortized cost		
Government bonds	–	–
Deposit with banks and others	181	162
Interest received on financial assets - carried at fair value through Other Comprehensive Income		
Non-convertible debentures	6	–
Dividend on investment in mutual fund units	3	5
Gains on sale of investments	–	1
Gains on sale of mutual Funds	4	–
Profit on sale of fixed assets	1	–
Rental income from holding Company	8	9
Exchange gains / (losses) on foreign currency forward contracts	39	2
Exchange gains / (losses) on translation of other assets and liabilities	(22)	19
Miscellaneous income, net	1	1
	221	199

2.18 Expenses

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,634	1,562
Contribution to provident and other funds	75	72
Staff welfare	19	15
	1,728	1,649
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	115	136
Legal and professional	22	22
Recruitment and training	24	21
Auditors' remuneration		
Statutory audit fees	–	–
Reimbursement of expenses	–	–
	161	179

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Other expenses		
Consumables	4	6
Brand building and advertisement	2	6
Marketing expenses	4	4
Rates and taxes	5	2
Contribution to corporate social responsibility	15	14
Communication expenses	65	51
Power and fuel	29	26
Office expenses	78	64
Bank charges and commission	1	1
Postage and courier	–	1
Allowances for credit losses on financial assets	(2)	(8)
Provision for doubtful loans and advances	2	3
Professional membership and seminar participation fees	1	1
Cost of software for own use	21	33
Insurance charges	9	9
Other miscellaneous expenses	–	1
	234	214

2.19 Leases

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Lease rentals recognized during the period	88	75

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

in ₹ crore

Lease obligations payable	As at March 31,		April 1,
	2017	2016	2015
Not later than 1 year	68	56	44
Later than 1 year and not later than 5 years	149	120	103
Later than 5 years	29	20	6

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

2.20 Employee benefits

(a) Gratuity

The following tables set out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as of March 31, 2017 and March 31, 2016 :

in ₹ crore

Particulars	As of	
	March 31, 2017	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	57	52
Service cost	9	8
Interest expense	4	4
Acquisitions (credit) / cost	(2)	–
Remeasurements - Actuarial (gains) / losses	6	–
Benefits paid	(8)	(7)
Benefit obligations at the end	66	57
Change in plan assets		
Fair value of plan assets at the beginning	58	53
Interest income	5	–
Acquisitions adjustment	(2)	–
Actuarial gain / (loss)	–	1
Expected return on plan assets	–	5
Return on plan assets greater / (lesser) than discount rate	1	–
Contributions	22	6
Benefits paid	(9)	(7)
Fair value of plan assets at the end	75	58
Funded status	9	1
Prepaid gratuity benefit	9	1

Following is the amount for the year ended March 31, 2017, and March 31, 2016 recognized in the Statement of Profit and Loss as employee benefit expenses :

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Service cost	9	8
Net interest on the net defined benefit liability / asset	(1)	2
Net gratuity cost	8	10

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Other Comprehensive Income :

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	6	–
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(1)	(2)
	5	(2)

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	1	–
	1	–

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016, and April 1, 2015 are set out as follows :

Particulars	As of		
	March 31,		April 1,
	2017	2016	2015
Discount rate	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%	7.5%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are set out as follows :

Particulars	For the year ended March 31,	
	2017	2016
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%
Weighted average duration of defined benefit obligation	6.1 years	6.4 years

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

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 2 crore and ₹ 2 crore, respectively.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹ 1 crore and ₹ 1 crore, respectively.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

Gratuity is applicable only to employees drawing a salary in Indian rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the Infosys BPO Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹5 crore and ₹6 crore, respectively.

Maturity profile of defined benefit obligation:

in ₹ crore

Within 1 year	20
1-2 year	18
2-3 year	16
3-4 year	15
4-5 year	14
5-10 years	38

(b) Superannuation

The Company contributed ₹4 crore to the Superannuation Trust for the year ended March 31, 2017 (₹3 crore for year ended March 31, 2016).

(c) Provident fund

The Company contributed ₹63 crore towards Provident Fund for year ended March 31, 2017 (₹55 crore for the year ended March 31, 2016).

(d) Pension Fund

The Company contributed ₹5 crore to pension funds for year ended March 31, 2017 (₹9 crore for the year ended March 31, 2016).

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

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

Particulars	For the year ended March 31,	
	2017	2016
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

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

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Contingent liabilities			
Bank guarantees	21	21	17
Claims against the Company, not acknowledged as debts[1]	95	96	119
[Net of amount paid to statutory authorities ₹23 crore (₹23 crore)]			
Commitments			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	29	40	18

[1] Claims against the Company not acknowledged as debts includes demand from the Indian income tax authorities for payment of additional tax of ₹19 crore (₹19 crore), including interest of ₹5 crore (₹5 crore) upon completion of their tax review for fiscal 2007, fiscal 2008, fiscal 2009, and fiscal 2011. These demands to the extent of ₹19 crore were paid to statutory authorities. These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and / or 10AA of the income Tax Act as determined by the ratio of export turnover to total turnover. This disallowance arose mainly from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2007 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bengaluru. The matter for fiscal 2008, fiscal 2009 and fiscal 2011 are pending before the Commissioner of Income tax (Appeals) Bengaluru. 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.

2.23 Related party transactions

Name of subsidiaries	Country	Holding as at		
		March 31,		April 1,
		2017	2016	2015
Related parties				
Holding				
Infosys Limited	India	Holding Company	Holding Company	Holding Company
Subsidiaries				
Infosys (Czech Republic) Limited s.r.o (formerly Infosys BPO s. r. o) [1]	Czech Republic	100%	100%	100%
Infosys Poland Sp. z o.o. *(formerly Infosys BPO (Poland) Sp. Z.o.o)*[1]	Poland	100%	100%	100%
Infosys BPO S.DE R.L. de.C.V [1][17]	Mexico	–	–	–
Infosys BPO Americas LLC.[1][16]	U.S.	100%	100%	100%
Infosys McCamish Systems LLC [1]	U.S.	100%	100%	100%
Portland Group Pty. Ltd[1]	Australia	100%	100%	100%
Fellow subsidiaries				
Infosys Technologies (China) Co. Limited (Infosys China)	China			
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico			
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden			
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China			
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil			
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.			
Infosys Americas Inc., (Infosys Americas)	U.S.			
Portland Procurement Services Pty Ltd[5]	Australia			
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia			
EdgeVerve Systems Limited (EdgeVerve) [7]	India			
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland			
Lodestone Management Consultants Inc. [3]	U.S.			
Infosys Management Consulting Pty Limited *(formerly Lodestone Management Consultants Pty Limited)*[3]	Australia			
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* [3]	Switzerland			
Lodestone Augmentis AG [6][18]	Switzerland			
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* [3][20]	Switzerland			
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A[4]	Belgium			
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* [3]	Germany			
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* [21]	Singapore			
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* [3]	France			
Infosys Consulting s.r.o.*(formerly Lodestone Management Consultants s.r.o.)* [3]	Czech Republic			
Lodestone Management Consultants GmbH [3]	Austria			
Lodestone Management Consultants Co., Ltd. [3]	China			
Infy Consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* [3]	U.K.			
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [3]	Netherlands			
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* [4]	Brazil			
Infosys Consulting Sp. Z.o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* [3]	Poland			
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal			

Name of subsidiaries	Country	Holding as at		
		March 31,		April 1,
		2017	2016	2015
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)* [3]	Romania			
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* [3]	Argentina			
Infosys Canada Public Services Ltd.[8]	Canada			
Infosys Nova Holdings LLC. *(Infosys Nova)*[9]	U.S.			
Panaya Inc. (Panaya) [10]	U.S.			
Panaya Ltd.[11]	Israel			
Panaya GmbH[11]	Germany			
Panaya Pty Ltd[11][19]	Australia			
Panaya Japan Co. Ltd.[11]	Japan			
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India			
Kallidus Inc. (Kallidus)[13]	U.S.			
Noah Consulting LLC (Noah) [14]	U.S.			
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada			

(1) Wholly-owned subsidiary of Infosys BPO.
(2) Under liquidation.
(3) Wholly-owned subsidiaries of Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*.
(4) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*.
(5) Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.
(6) Wholly-owned subsidiary of Infosys Consulting AG *(formerly Lodestone Management Consultants AG)*.
(7) Incorporated effective February 14, 2014.
(8) Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014.
(9) Incorporated effective January 23, 2015.
(10) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(11) Wholly-owned subsidiary of Panaya Inc.
(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems.
(13) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.
(14) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah.
(15) Wholly-owned subsidiary of Noah.
(16) Incorporated effective November 20, 2015.
(17) Liquidated effective March 15, 2016.
(18) Liquidated effective October 5, 2016.
(19) Liquidated effective November 16, 2016.
(20) Liquidated effective December 21, 2016.
(21) Wholly-owned subsidiary of Infosys

List of other related parties

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

Refer to Notes 2.20 for information on transactions with post-employment benefit plans mentioned above.

Name of the related party	Designation
Anup Uppadhayay[1]	Chief Executive Officer and Managing Director
Anantharaman Radhakrishnan [2]	Chief Executive Officer and Managing Director
Rajiv Bansal[3]	Director
Prof. Jayanth R.Varma	Independent Director
Dr. Omkar Goswami	Independent Director
U. B. Pravin Rao	Chairman and Director
Roopa Kudva [7]	Independent Director
Deepak Bhalla [4]	Chief Financial Officer
Ravikumar Singisetti [5]	Director
A. G. S. Manikantha	Company Secretary

Name of the related party	Designation
Nishit Ajitkumar Shah (6)	Chief Financial Officer
D. N. Prahlad (8)	Director
Sangita Singh (8)	Director

(1) Resigned as a Managing Director and Chief Executive Officer effective May 17, 2016

(2) Appointed as a Managing Director and Chief Executive Officer effective May 17, 2016

(3) Resigned as a Director effective April 16, 2015

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

(5) Appointed as a Director effective June 2, 2016

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

(7) Resigned as a Director effective November 11, 2016

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

The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 and April 1, 2015 are as follows:

in ₹ crore

Particulars	As at		
	March 31,		April 1,
	2017	2016	2015
Trade Receivables			
Infosys Limited	33	32	5
Infosys Poland Sp. z o.o.	–	–*	–
EdgeVerve Systems Limited	–*	1	–
Infosys McCamish Systems LLC	2	5	3
Portland Group Pty. Ltd.	1	– *	–
Infosys Public Services Inc	1	5	2
Infosys Mexico	–*	–	–
Infosys China	–*	–	–
Lodstone UK	– *	–	–
	37	43	10
Other financial assets			
Infosys Limited	2	2	11
Infosys (Czech Republic) Limited s.r.o	–	–*	–
Infosys McCamish Systems LLC	–	1	1
EdgeVerve Systems Limited	–*	–*	–
	2	3	12
Trade payables			
Infosys Limited	5	–*	– *
Infosys (Czech Republic) Limited s.r.o	–	– *	– *
Infosys Poland Sp. z o.o.	– *	– *	3
Infy Consulting Company Limited	– *	1	1
EdgeVerve Systems Limited	–	2	5
Infosys Mexico	–	–	1
Infosys McCamish Systems LLC	– *	–	–
Portland Group Pty. Ltd.	1	4	2
	6	7	12
Other financial liabilities			
Infosys Limited	3	9	1
EdgeVerve Systems Limited	– *	2	–
Infosys Mexico	– *	– *	–
	3	11	1
Provision for expenses			
Infosys Limited	2	1	1
	2	1	1
Rental Deposit given for shared services			
Infosys Limited	–	27	27
Rental Deposit taken for shared services			
Infosys Limited	–	21	21

* The value of the transaction is less than ₹ 1 crore.

The details of the related parties transactions entered into by the Company for the year ended March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Revenue transactions:		
Purchase of services		
Infosys Limited	58	68
Portland Group Pty. Ltd.	4	12
Infosys McCamish Systems LLC	1	–
Lodestone Management Consultants (UK)	10	6
Lodestone Management Consultants Pty. Limited (Australia)	–	2
Infosys (Czech Republic) Limited s.r.o	– *	1
EdgeVerve Systems Limited	3	3
Infosys Poland Sp. z o.o.	4	3
Infosys Technologies S. de R.L.de C.V.	–	1
	80	96
Purchase of shared services including facilities and personnel		
Infosys Limited	49	43
Infosys McCamish Systems LLC	– *	–
	49	43
Sale of services		
Infosys Consulting AG	–	–*
Infosys BPO S. de R.L. de C.V.	–	1
Infosys Public Services, Inc.	20	16
Infosys Poland Sp. z o.o.	2	–
Infosys Limited	390	340
EdgeVerve Systems Limited	4	(2)
Lodestone Management Consultants (U.K.)	–*	–
Infosys Mexico	1	–
Infosys China	– *	–
Portland Group Pty. Ltd.	5	6
Infosys McCamish Systems LLC	37	53
Lodestone Switzerland	–*	–
	459	414
Sale of shared services including facilities and personnel		
Infosys Limited	19	17
Infosys McCamish Systems LLC	1	12
Infosys Technologia do Brasil Ltda. ('Infosys Brazil')	–	–*
	20	29

* The value of the transaction is less than ₹ 1 crore.

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

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers	5	4
Commission and other benefits to non-executive / independent directors	–	–
Total	5	4

2.24 Segment-reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented along industry classes and geographic segmentation of customers, industry being the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Business segments for the Company are primarily enterprises in :

- Financial Services and Insurance (FSI)
- Manufacturing (MFG)
- Energy and utilities, Communications and Services (ECS)
- Retail, Consumer packaged goods and Logistics (RCL)
- Life Sciences and Healthcare (LSH).

Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except those mentioned above.

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

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

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

Business segments

Year ended March 31, 2017 and March 31, 2016

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues	815	945	241	89	850	2,940
	817	915	237	107	773	2,849
Identifiable operating expenses	305	449	113	40	309	1,216
	308	437	100	46	272	1,163
Allocated expenses	310	359	93	35	324	1,121
	307	346	88	39	291	1,071
Segment profit	200	137	35	14	217	603
	202	132	49	22	210	615
Unallocable expenses						74
						62
Operating profit						529
						553
Other income, net						221
						199
Profit before income tax						750
						752
Income tax expense						198
						185
Net profit						552
						567
Depreciation and amortization						74

Particulars	FSI	MFG	RCL	LSH	ECS	Total
						62
Non-cash expenses other than depreciation and amortization						–
						–

Geographic segments

For the years ended March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	North America	Europe	Rest of the World	Total
Revenues	1,675	732	533	2,940
	1,573	786	490	2,849
Identifiable operating expenses	643	372	201	1,216
	604	375	184	1,163
Allocated expenses	639	279	203	1,121
	592	295	184	1,071
Segment profit	393	81	129	603
	377	116	122	615
Unallocable expenses				74
				62
Operating profit				529
				553
Other income, net				221
				199
Profit before income tax				750
				752
Income tax expense				198
				185
Net profit				552
				567
Depreciation and amortization				74
				62
Non-cash expenses other than depreciation and amortization				–
				–

Significant clients

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2017 and March 31, 2016.

2.25 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee was formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural 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 ₹ 15 crore.

b) Amount spent during the year on:

in ₹ crore

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	15	–	15

2.26 Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	For the year ended March 31,	
	2017	2016
Revenue from operations	2,940	2,849
Cost of sales	1,993	1,914
Gross Profit	947	935
Operating expenses		
Selling and marketing expenses	156	130
General and administration expenses	262	252
Total operating expenses	418	382
Operating profit	529	553
Other income	221	199
Profit before tax	750	752
Tax expense		
Current tax	198	184
Deferred tax	–	1
Profit for the period	552	567
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset, net of tax	(4)	(1)
	(4)	(1)
Items that will be reclassified to profit or loss		
Fair value changes on available-for-sale financial asset, net of tax	–	–
	–	–
Total other comprehensive income, net of tax	(4)	(1)
Total comprehensive income for the period	548	566

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

Supreet Sachdev
Partner
Membership number : 205385

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

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director and

Prof. Jayanth R. Varma
Director

D. N. Prahlad
Director

Ravikumar Singisetti
Director

Sangita Singh
Director

Bengaluru
April 10, 2017

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Independent Auditors' Report on Consolidated Financial Statements

To the Members of Infosys BPO Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Infosys BPO Limited ('the Holding Company') and its subsidiaries (collectively referred to as 'the Company' or 'the Group'), comprising of the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated financial position of the Group as at 31 March 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books

(c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Cash Flows and, the consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director of that company 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 Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

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

i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. *Refer to Note 2.21* to the consolidated Ind AS financial statements;

ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivatives contracts. *Refer to Note 2.15* to the consolidated Ind AS financial statements;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and

iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. *Refer to Note 2.29* to the consolidated Ind AS financial statements.

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

Sd/-
Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April10, 2017

Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Infosys BPO Limited ('the Company').

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company, which is incorporated in India, 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.

Auditors' 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 ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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, 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 31 March 2017, 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 ICAI.

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

Sd/-
Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April10, 2017

Consolidated Balance Sheet

in ₹ crore

Particulars	Note	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.3	287	281	259
Capital work-in-progress		13	17	7
Goodwill	2.4	378	389	366
Other intangible assets	2.4	27	39	54
Financial assets				
Investments	2.5	416	21	4
Loans	2.6	5	–	–
Other financial assets	2.7	35	63	47
Deferred tax assets, net	2.19	91	45	39
Income tax assets, net	2.19	75	60	65
Other non-current assets	2.10	10	1	2
Total non-current assets		1,337	916	843
Current assets				
Financial assets				
Investments	2.5	279	21	125
Trade receivables	2.8	686	669	667
Cash and cash equivalents	2.9	2,534	2,605	1,902
Loans	2.6	19	19	16
Other financial assets	2.7	260	198	171
Other current assets	2.10	110	54	46
Total current assets		3,888	3,566	2,927
Total assets		5,225	4,482	3,770
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.12	34	34	34
Other equity		4,435	3,754	2,996
Total equity attributable to equity holders of the Company		4,469	3,788	3,030
Non-controlling interest		–	–	–
Total equity		4,469	3,788	3,030
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.13	–	21	21
Total non-current liabilities		–	21	21
Current liabilities				
Financial liabilities				
Trade payables		10	7	62
Other financial liabilities	2.13	522	512	497
Other current liabilities	2.14	176	103	55
Provisions	2.15	39	46	67
Income tax liabilities, net	2.19	9	5	38
Total current liabilities		756	673	719
Total equity and liabilities		5,225	4,482	3,770

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

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

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

U. B. Pravin Rao
Chairman and Director

Ravikumar Singisetti
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

D. N. Prahlad
Director

A. G. S. Manikantha
Company Secretary

Prof. Jayanth R. Varma
Director

Sangita Singh
Director

Consolidated Statement of Profit and Loss

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

Particulars	Note	Year ended March 31,	
		2017	2016
Revenue from operations		4,019	3,791
Other income, net	2.16	242	197
Total income		4,261	3,988
EXPENSES			
Employee benefit expenses	2.17	2,338	2,191
Cost of technical sub-contractors and professional charges	2.17	198	225
Travel expenses		156	150
Rent	2.18	128	114
Cost of software for own use		167	47
Depreciation and amortization expense		103	97
Other expenses	2.17	282	258
Total expenses		3,372	3,082
Profit before tax		889	906
Tax expense:			
Current tax	2.19	209	207
Deferred tax	2.19	(49)	(4)
		160	203
Profit for the year		729	703
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset, net of tax		(4)	1
		(4)	1
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(44)	54
Fair value changes on investments		–	–
		(44)	54
Total other comprehensive income, net of tax		(48)	55
Total comprehensive income for the year		681	758
Profit attributable to			
Owners of the Company		729	703
Non-controlling interest		–	–
		729	703
Total comprehensive income attributable to			
Owners of the Company		681	758
Non-controlling interest		–	–
		681	758
Earnings per equity share			
Equity shares of par value ₹10 each			
Basic		215.50	207.82
Diluted		215.50	207.82
Weighted average equity shares used in computing earnings per equity share			
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants

Firm's registration number : 101248W / W-100022

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

Ravikumar Singisetti
Director

D. N. Prahlad
Director

Sangita Singh
Director

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Consolidated Statement of Changes in Equity

in ₹ crore

Particulars	Equity share capital	Other equity					Total
		Reserves and surplus				Other components of equity	
		Securities premium	Retained earnings	Capital reserve	General reserve		
Balance as of April 1, 2015	34	25	1,955	1	1,000	15	3,030
Changes in equity for the year ended March 31, 2016							
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	–	1	1
Fair value changes on investments, net of tax effect	–	–	–	–	–	–	–
Exchange differences on translating foreign operations	–	–	–	–	–	54	54
Profit for the year	–	–	703	–	–	–	703
Balance as of March 31, 2016	34	25	2,658	1	1,000	70	3,788
Balance as of April 1, 2016	34	25	2,658	1	1,000	70	3,788
Changes in equity for the year ended March 31, 2017							
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	–	(4)	(4)
Exchange differences on translating foreign operations	–	–	–	–	–	(44)	(44)
Profit for the year	–	–	729	–	–	–	729
Balance as of March 31, 2017	34	25	3,387	1	1,000	22	4,469

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

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

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

Supreet Sachdev
Partner
Membership number : 205385
Bengaluru
April 10, 2017

U. B. Pravin Rao
Chairman and Director

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

Ravikumar Singisetti
Director

D. N. Prahlad
Director

Sangita Singh
Director

Nishit Ajitkumar Shah
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Consolidated Cash Flow Statement

in ₹ crore

Particulars	Year ended March 31, 2017	2016
Cash flow from operating activities		
Profit for the year	729	703
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	160	203
Depreciation and amortization	103	97
Interest and dividend income	(196)	(171)
Income on financial assets	(4)	(3)
Allowance for credit losses on financial assets	(1)	(8)
Other adjustments	–	–
Exchange difference on translation of assets and liabilities	27	3
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(64)	6
Loans and other financial assets and other assets	(59)	(1)
Trade payables	3	(55)
Other financial liabilities, other liabilities and provisions	59	38
Cash generated from operations	757	812
Income taxes paid	(220)	(237)
Net cash generated by operating activities	537	575
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	(102)	(106)
Interest and dividend received	204	120
Loan given to fellow subsidiary	(5)	–
Payments to acquire financial assets		
Preference securities	(40)	(21)
Promissory notes	(10)	–
Liquid mutual fund units	(2,872)	(889)
Liquid mutual fund FMP	(50)	–
Certificate of deposit	(270)	–
Non–convertible debentures	(276)	–
Pre-acquisition interest on non-convertible debentures	(22)	–
Government bonds	(5)	(1)
Proceeds on sale of financial assets		
Liquid mutual fund units	2,892	1,000
Net cash (used in) / generated from investing activities	(556)	103
Cash flow from financing activities:	–	–
Net cash used in financing activities	–	–
Effect of exchange rate on translation of foreign currency cash and cash equivalents	(52)	25
Net decrease in cash and cash equivalents	(19)	678
Cash and cash equivalents at the beginning	2,605	1,902
Cash and cash equivalents at the end	2,534	2,605
Supplementary information		
Restricted cash balance	–	–

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

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

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

Supreet Sachdev
Partner
Membership number : 205385
Bengaluru
April 10, 2017

U. B. Pravin Rao
Chairman and Director

Ravikumar Singisetti
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

D. N. Prahlad
Director

A. G. S. Manikantha
Company Secretary

Prof. Jayanth R. Varma
Director

Sangita Singh
Director

Notes to the consolidated financial statements

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Limited ('Infosys BPO' or 'the Company') along with its wholly-owned subsidiaries, Infosys (Czech Republic) Limited s.r.o (formerly Infosys BPO s.r.o), Infosys Poland Sp. z o.o. (formerly Infosys BPO Poland, Sp. z o.o.), Infosys McCamish Systems LLC, Portland Group Pty. Ltd and Infosys BPO Americas LLC, collectively called as 'Group' is a leading provider of business process management services to organizations that outsource their business processes. The Group leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improve their competitive position by managing their business processes in addition to providing increased value.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The Company is a subsidiary of Infosys Limited.

The Groups' Consolidated Financial Statements are approved for issue by the Company's Board of Directors on April 10, 2017.

1.2 Basis of preparation of financial statements

These consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 ('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.

These financial statements are the Group's first Ind AS financial statements. The Group has adopted all the Ind AS standards and the adoptions 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. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2

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

1.3 Basis of consolidation

Infosys BPO consolidates entities which it owns or controls. 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. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

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

1.5 Critical accounting estimates

a. Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Income taxes

The Group's major tax jurisdictions is India, although the Group 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.

c. 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.

d. Impairment of goodwill

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

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

1.6 Revenue recognition

The Group derives revenues primarily from business process management services and related services and from the licensing of software product. Arrangements with customers for business process management related services are either on a fixed-price, fixed-timeframe or on a time and material basis.

Revenue on time and material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of earnings are classified as unearned revenue.

License fee revenue is recognized when the general revenue recognition criteria given in Ind AS are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for the revenue from the multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of the fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered service and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as these services are performed. ATS revenue is recognized ratably over the period in which services are recognized.

In arrangements for transition related services and maintenance services, the Group has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering transition related services as separately identifiable components. For allocating the consideration, the Group has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Group is unable to establish objective and reliable evidence of fair value for the transition related services, the Group has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

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

The Group accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives amount to each of the underlying revenue transaction that results in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Group 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 Group recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Group present revenues net of value-added taxes in its Statement of Profit and Loss.

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 Group 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	22-25 years
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to Note 2.3)*

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 Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

1.8 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 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, 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

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 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.

b. Derivative financial instruments

The Group 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 Group believe 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 recognized initially at fair value and attributable transaction costs are recognized 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.

(ii) Cash flow hedge

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

c. Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are recognized as a deduction from equity, net of any tax effects.

For all other financial instruments, the carrying amount is approximately equal to fair value, due to short maturity of those instrument.

1.9.3 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.

1.10 Fair value of financial instruments

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

b. Non-financial assets

Intangible assets and property, plant, and equipment

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

If such assets are considered to be impaired, the impairment to be recognized in net profit 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 net profit 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 Provisions

A provision is recognized if, as a result of a past event, the group has a present legal or constructive obligation that is reasonably estimable, and it is probable that 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 group provides its clients with a fixed period post sales support for corrections of errors and support on all its fixed-price, fixed-timeframe and time and material contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in cost of sales. The 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.

1.13 Foreign currency

Functional currency

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

Transactions and translations

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

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

1.14 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. Diluted 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 considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e., the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

1.15 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 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. 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 Group 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. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

1.16 Employee benefits

1.16.1 Gratuity

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of Infosys BPO. 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 Group.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPO Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Group recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of comprehensive income.

1.16.2 Superannuation

Certain employees of the Group are participants in a defined contribution plan. The group has no further obligations to the Plan beyond its monthly contributions.

1.16.3 Provident fund

Eligible employees of the Company are participants in defined contribution plan. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

1.16.4 Compensated absences

The Group 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.

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax 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 expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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. Dividend income is recognized when the right to receive payment is established.

1.19 Dividends

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

1.20 Leases

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

2 First-time adoption of Ind AS

These consolidated financial statements of Group for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 – First-time adoption of Indian Accounting Standard with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2017, and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Balance Sheet, Statement of Profit and Loss, is set out in Note 2.2.1 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Note 2.1.

2.1 Exemptions availed on first time adoption of Ind AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemption.

(a) Business combination

The group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the group has applied the standard for all acquisitions completed after April 1, 2007.

For all such acquisitions :

- intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103.
- deferred taxes have been recorded on intangible assets, wherever applicable.
- goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity
- retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

2.2 Reconciliations

The following reconciliation provides a quantification of the effect of the transition to IND AS from previous GAAP in accordance with IND AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

2.2.1 Reconciliation of equity as previously reported under IGAAP to IND AS

in ₹ crore

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant, and equipment		259	–	259	281	–	281
Capital work-in-progress		7	–	7	17	–	17
Goodwill	A	495	(129)	366	495	(106)	389
Other intangible assets	A	–	54	54	–	39	39
Financial assets							
Investments		4	–	4	21	–	21
Loans		–	–	–	–	–	–
Other financial assets		47	–	47	63	–	63
Deferred tax assets, net	B	64	(25)	39	70	(25)	45
Income tax assets, net		65	–	65	60	–	60
Other non-current assets		2	–	2	1	–	1
Total non-current assets		943	(100)	843	1,008	(92)	916
Current assets							
Financial assets							
Investments	C	123	2	125	21	–	21
Trade receivables		667	–	667	669	–	669
Cash and cash equivalents		1,902	–	1,902	2,605	–	2,605
Loans		16	–	16	19	–	19
Other financial assets		171	–	171	198	–	198
Other current assets		46	–	46	54	–	54
Total current assets		2,925	2	2,927	3,566	–	3,566
Total assets		3,868	(98)	3,770	4,574	(92)	4,482
EQUITY AND LIABILITIES							
Equity							
Equity share capital		34	–	34	34	–	34
Other equity	D	3,094	(98)	2,996	3,846	(92)	3,754
Total equity attributable to equity holders of the Company		3,128	(98)	3,030	3,880	(92)	3,788
Liabilities							
Non-current liabilities							
Financial liabilities							
Others financial liabilities		21	–	21	21	–	21
Total non-current liabilities		21	–	21	21	–	21
Current liabilities							
Financial liabilities							
Trade payables		62	–	62	7	–	7
Other financial liabilities		497	–	497	512	–	512
Other current liabilities		55	–	55	103	–	103
Provisions		67	–	67	46	–	46
Income tax liabilities, net		38	–	38	5	–	5
Total current liabilities		719	–	719	673	–	673
Total equity and liabilities		3,868	(98)	3,770	4,574	(92)	4,482

A. Goodwill and other intangible assets

Intangible assets and deferred tax asset / liabilities in relation to business combinations which were included within Goodwill under IGAAP, have been recognized separately under Ind AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortization expenses and exchange gains and losses.

B. Deferred tax asset (net)

Deferred taxes in relation to business combinations have been recognized under Ind AS.

C. Investments

Government bonds are carried at amortized cost both under IGAAP and Ind AS. Investment in units of mutual fund are carried at fair value through profit and loss both under IGAAP and Ind AS.

D. Other equity

1. Adjustments to retained earnings and Other Comprehensive Income has been made in accordance with Ind AS, for the above mentioned line items.
2. In addition, as per Ind AS 19, actuarial gain and losses are recognized in Other Comprehensive Income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

2.2.2 Reconciliation of Statement Profit and loss as previously reported under IGAAP to IND AS

in ₹ crore

Particulars	Note	Year ended March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations		3,791	–	3,791
Other income, net	A	199	(2)	197
Total income		3,990	(2)	3,988
EXPENSES				
Employee benefit expenses	B	2,190	1	2,191
Cost of technical sub-contractors and professional charges		225	–	225
Travel expenses		150	–	150
Rent		114	–	114
Cost of software for own use		47	–	47
Depreciation and amortization expenses	C	78	19	97
Other expenses		258	–	258
Total expenses		3,062	20	3,082
Profit before tax		928	(22)	906
Tax expense				
Current tax		207	–	207
Deferred tax		(4)	–	(4)
		203	–	203
Profit for the year		725	(22)	703
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		–	1	1
		–	1	1
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		–	54	54
Fair value changes on investments		–	–	–
		–	54	54
Total other comprehensive income, net of tax		–	55	55
Total comprehensive income for the year		725	33	758
Profit attributable to				
Owners of the Company		725	(22)	703
Non-controlling interest		–	–	–
		725	(22)	703
Total comprehensive income attributable to:				
Owners of the Company		725	33	758
Non-controlling interest		–	–	–
		725	33	758

Explanations for Reconciliation of Profit and Loss as previously reported under IGAAP to Ind AS

A. Other income (net)

Loss on sale of fixed maturity plan has been recognized to profit and loss, which was taken to other comprehensive income before realization.

B Employee benefit expenses

As per Ind AS 19, Remeasurement of the net defined benefit liability / asset are recognized in other comprehensive income and not reclassified to profit and Loss in a subsequent period. Accordingly an Ind AS adjustment of ₹1 crore, net of taxes has been made to the previous GAAP numbers for year ended March 31, 2016.

C Depreciation and amortization expenses

Adjustment reflects impact of amortization of intangible assets included within goodwill under IGAAP, separately recognized under Ind AS.

2.3 Property, plant, and equipment

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

in ₹ crore

Particulars	Land-leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	12	152	93	43	128	318	82	828
Additions	–	1	26	3	7	56	6	99
Deletions	–	–	(4)	–	(16)	(25)	(8)	(53)
Translation difference	–	–	(1)	–	–	(4)	(1)	(6)
Gross carrying value as of March 31, 2017	12	153	114	46	119	345	79	868
Accumulated depreciation as of April 1, 2016	1	50	67	22	114	227	66	547
Depreciation	–	6	16	8	6	47	8	91
Accumulated depreciation on deletions	–	–	(4)	–	(16)	(25)	(7)	(52)
Translation difference	–	–	(1)	–	–	(3)	(1)	(5)
Accumulated depreciation as of March 31, 2017	1	56	78	30	104	246	66	581
Carrying value as of March 31, 2017	11	97	36	16	15	99	13	287

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

in ₹ crore

Particulars	Land–leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2015	12	147	86	31	126	261	78	741
Additions	–	5	6	12	6	63	4	96
Deletions	–	–	–	–	(4)	(11)	(1)	(16)
Translation difference	–	–	1	–	–	5	1	7

Particulars	Land–leasehold	Buildings	Leasehold improvement	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of March 31, 2016	12	152	93	43	128	318	82	828
Accumulated depreciation as of April 1, 2015	1	44	52	15	111	197	62	482
Depreciation	–	6	14	7	7	38	5	77
Accumulated depreciation on deletions	–	–	–	–	(4)	(10)	(1)	(15)
Translation difference	–	–	1	–	–	2	–	3
Accumulated depreciation as of March 31, 2016	1	50	67	22	114	227	66	547
Carrying value as of March 31, 2016	11	102	26	21	14	91	16	281
Carrying value as of April 01, 2015	11	103	34	16	15	64	16	259

Gross carrying value of leasehold land represents amounts paid under certain lease–cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

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

The rental income from the leasing of certain assets to holding company for the year ended March 31, 2017 is ₹8 crore (₹9 crore for year ended March 31, 2016).

2.4 Goodwill and other intangible assets

Following is a summary of changes in the carrying amount of goodwill :

in ₹ crore

	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Carrying value at the beginning	389	366	387
Translation differences	(11)	23	(21)
Carrying value at the end	378	389	366

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGUs.

The following table gives the break up of allocation of goodwill to operating segments as at March 31, 2017, March 31, 2016 and April 1, 2015 :

in ₹ crore

Segment	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
FSI	240	246	232
MFG	91	94	89
RCL	12	12	15
LSH	4	5	–
ECS	31	32	30
Total	378	389	366

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2016 and April 1, 2015 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

The key assumptions used for the calculations are as follows:

(in %)

	As of	
	March 31, 2017	March 31, 2016
Long-term growth rate	6–12	8-10
Operating margins	7-10	7-17
Discount rate	14-18	14-17

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

in ₹ crore

Particulars	Customer related	Total
Gross carrying value as of April 1, 2016	114	114
Additions during the period	–	–
Deletions during the period	–	–
Translation difference	(3)	(3)
Gross carrying value as of March 31, 2017	111	111
Accumulated amortization as of April 1, 2016	(75)	(75)
Amortization expense	(12)	(12)
Deletion during the period	–	–
Translation differences	3	3
Accumulated amortization as of March 31, 2017	(84)	(84)
Carrying value as of March 31, 2017	27	27
Carrying value as of April 1, 2016	39	39
Estimated useful life (in years)	3–10	
Estimated remaining useful life (in years)	1–7	

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2016:

in ₹ crore

Particulars	Customer related	Total
Gross carrying value as of April 1, 2015	107	107
Additions during the period	–	–
Deletions during the period	–	–
Translation difference	7	7
Gross carrying value as of March 31, 2016	114	114
Accumulated amortization as of April 1, 2015	(53)	(53)
Amortization expense	(12)	(12)
Deletion during the period	–	–
Translation differences	(10)	(10)
Accumulated amortization as of March 31, 2016	(75)	(75)
Carrying value as of March 31, 2016	39	39
Carrying value as of April 1, 2015	54	54
Estimated useful life (in years)	3–10	
Estimated remaining useful life (in years)	1–7	

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

2.5 Investments

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current investments			
Equity instrument	59	21	–
Government bonds	–	–	4
Non–convertible debentures	297	–	–
Fixed Maturity Plans	50	–	–
Promissory note	10	–	–
Current investments			
Liquid mutual fund units	–	16	95
Fixed maturity plans	–	–	30
Government bonds	9	5	–
Certificate of deposits	270	–	–
Total carrying value	695	42	129

in ₹ crore

Particulars	As at	
	March 31, 2017	March 31, 2016
Non-current		
Quoted investments - carried at amortized cost		
Investments in government bonds	–	–
Quoted investments - carried at fair value through other comprehensive income		
Investment in non-convertible debentures*	297	–
Quoted investments - carried at fair value through profit and loss		
Investment in fixed maturity plan	50	–
Unquoted investments - carried at fair value through other comprehensive income		
Investment in Vertex Ventures US Fund	32	21
Investment in UNSILO A / S, a Danish Corporation	14	–
Investment in Cloudyn Software Limited	13	–

Particulars	As at	
	March 31, 2017	March 31, 2016
Unquoted investments - carried at fair value through profit and loss		
Investment in promissory notes of Tidal Scale Inc.	10	–
Total non-current investments	416	21
Current		
Quoted investments - carried at amortized cost		
Investments in government bonds	9	5
Unquoted investments - carried at fair value through other comprehensive income		
Investments in certificates of deposits	270	–
Unquoted investments - carried at fair value through profit and loss		
Investment in liquid mutual fund units	–	16
Investment in fixed maturity plan	–	–
Total current investments	279	21
Total investments	695	42
Aggregate amount of quoted investments	356	5
Market value of quoted investments (including interest thereon)	356	5
Aggregate amount of unquoted investments	339	37
Investments carried at fair value through other comprehensive income	626	21
Investment carried at amortized cost	9	5
Investment carried at fair value through statement of profit or loss	60	16

* Includes pre-acquisition interest paid amounting to ₹9 crore.

2.5.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund as at March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
ICICI Liquid	–	–	16,07,064	16
	–	–	16,07,064	16

2.5.2 Details of investments in government bonds

The balances held in government bonds as at March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	Face Value PHP	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
Treasury Notes 1.625 PCT MAT DATE 25 Apr 2016	100	–	–	2,60,000	4
Treasury Notes PHY6972FWG18 MAT DATE 22 Feb 2017	100	–	–	10,000	–
Treasury Notes PIBL1215I091 MAT DATE 07 Sept 2016	100	–	–	50,000	1
Treasury Notes PHY6972FWQ99 MAT DATE 07 June 2017	100	3,40,000	4	–	–
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5	–	–
		7,40,000	9	3,20,000	5

2.5.3 Details of investments in non-convertible debentures

The balances held in non-convertible debentures as at March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	Face value ₹	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
8.6 Life Insurance Corporation Housing Finance Limited July 22, 2020	100	1,00,00,000	108	–	–

Particulars	Face value ₹	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
8.6 Life Insurance Corporation Housing Finance Limited July 29, 2020	100	35,00,000	38	–	–
8.5 Housing Development Finance Corporation Limited August 31, 2020	100	50,00,000	53	–	–
8.49 Housing Development Finance Corporation Limited April 27, 2020	100	45,00,000	49	–	–
8.658 IDFC Bank Limited December 27, 2018	100	40,00,000	49	–	–
		2,70,00,000	297	–	–

2.5.4 Details of investments in mutual fund–Fixed Maturity Plan (FMPs)

The balances held in mutual fund FMPs as at March 31, 2017 and March 31, 2016 are as follows:

in ₹ crore

Particulars	NAV ₹	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
ICICI FMP Series 80-1194 D Plan F Div	10	1,50,00,000	15	–	–
Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan	10	1,50,00,000	15	–	–
HDFC FMP 1155D Feb 2017-Direct Growth Series 37	10	1,00,00,000	10	–	–
Birla Sunlife Fixed Term Plan-Series OD (1145 days)	10	1,00,00,000	10	–	–
		5,00,00,000	50	–	–

2.5.5 Details of investments in Certificate of Deposits

The balances held in certificate of deposit as at March 31, 2017 and March 31, 2016 is as follows:

in ₹ crore

Particulars	Face value ₹	As at March 31, 2017		As at March 31, 2016	
		Units	Amount	Units	Amount
Kotak Mahindra Bank Limited CD February 23, 2018	1,00,000	11,500	109	–	–
Axis Bank Limited CD January 19, 2018	1,00,000	12,000	114	–	–
IDFC Bank Limited CD March 7, 2018	1,00,000	5,000	47	–	–
		28,500	270	–	–

2.6 Loans

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Unsecured, considered good			
Loans and advances to employees	7	6	2
Less: Allowance for doubtful loans to employees	7	6	2
	–	–	–
Loans and advances to fellow subsidiary[(1)]	5	–	–
	5	–	–
Current			
Unsecured, considered good			
Loans and advances to employees	19	19	16
	19	19	16
[(1)] Includes dues from other group companies *(Refer to Note 2.22)*	5	–	–

2.7 Other financial assets

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Security deposits(1)	2	2	1
Rental deposits (3)(1)	33	61	46
	35	63	47
Current			
Security deposits (1)	3	1	1
Rental deposits (1)	2	2	7
Restricted deposits*(1)	75	67	60
Unbilled revenues (4)(2)	108	58	75
Interest accrued but not due(1)	53	61	9
Foreign currency forward contracts(2)	16	7	7
Others(5)(1)	3	2	12
	260	198	171
Total	295	261	218
(1) Financial assets carried at amortized cost.	279	254	211
(2) Financial assets carried at fair value through profit or loss.	16	7	7
(3) Includes dues from Holding company (*Refer to Note* 2.22)	–	27	27
(4) Includes dues from other group companies (*Refer to Note* 2.22)	–	3	1
(5) Includes dues from holding company and other group companies (*Refer to Note* 2.22)	5	2	11

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

2.8 Trade receivables

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Unsecured			
Considered good(1)	686	669	667
Considered doubtful	10	8	9
	696	677	676
Less: Allowances for credit losses	10	8	9
	686	669	667
	686	669	667
(1) Includes dues from holding company and group companies (*Refer to Note* 2.22)	41	40	7

2.9 Cash and cash equivalents

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks			
In current and deposit accounts	1,784	2,275	1,775
Cash on hand	–	–	–
Others			
Deposits with financial institution	750	330	127
	2,534	2,605	1,902
Deposit with more than 12 months maturity	–	–	–
Balances with banks held as margin money deposits against guarantees	2	3	–

Cash and cash equivalents as of March 31, 2017 and March 31, 2016 include restricted cash and bank balances of less than ₹ 1 crore and ₹ 1 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Group, bank balances held as margin money deposits against guarantees.

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

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

in ₹ crore

Particulars	As at	
	March 31, 2017	March 31, 2016
In current accounts		
Bank of America, Atlanta, USA	54	32
Bank of America, California, USA	21	14
Bank of America, California - Trust account, USA	1	–
Bank of America, Delaware	–	–
Bank of Philippine Islands	–	–
Citi Bank, Costa Rica	5	2
Citi Bank, Manila	1	1
Citi Bank, South Africa	1	1
Citibank, India	–	–
Citibank N.A., Czech Republic (Subsidy account)	–	–
Citibank, IBPO, Australia	–	2
Citibank, Portland, Australia	6	11
Citibank, Singapore	1	1
Deustche Bank - EEFC (Euro account)	4	–
Deustche Bank - EEFC (U.S. Dollar account)	2	1
Deustche Bank - EEFC (UK Pound Sterling account)	1	–
Deustche Bank, India	3	3

Particulars	As at	
	March 31, 2017	March 31, 2016
Deutsche Bank, Czech Republic	8	15
Deutsche Bank, Czech Republic (Euro account)	7	1
Deutsche Bank, Czech Republic (U.S. Dollar account)	30	28
Deutsche Bank, Netherland	–	2
Deutsche Bank, Philippines (PHP account)	1	1
Deutsche Bank, Philippines (U.S. Dollar account)	4	1
Deutsche Bank, Poland	11	5
Deutsche Bank, Poland (Euro account)	4	–
Deutsche Bank, Poland (ES Fund)	1	1
Deutsche Bank, UK	1	–
ICICI Bank- EEFC (Euro account)	1	–
ICICI Bank- EEFC (U.S. Dollar account)	1	1
ICICI Bank- EEFC (UK Pound Sterling account)	1	–
ICICI Bank, India	5	3
Royal Bank of Canada, Ontario, Canada	–	–
State Bank of India, India	1	1
Wells Fargo	–	1
	176	128
In deposit accounts		
Andhra Bank	–	100
Axis Bank	230	170
BNP, Poland	183	–
Bank of India	–	77
Canara Bank	–	169
Central Bank of India	–	20
Citi Bank, Australia	92	87
Corporation Bank	–	100
Deutsche Bank, Poland	71	237
HDFC Bank Limited	120	150
ICICI Bank	282	271
IDBI Bank	–	150
IDFC Bank	200	–
Indian Overseas Bank	–	250
Kotak Mahindra Bank	35	45
National Australia Bank, Australia	–	–
Punjab National Bank	–	18
South Indian Bank	250	23
Syndicate Bank	–	16
Union Bank of India	–	133
Vijaya Bank	–	104
Yes Bank	143	24
	1,606	2,144
In margin money deposits against guarantees		
Citi bank, Australia	2	3
	2	3
Deposits with financial institution		
Bajaj Finance Limited	–	–
HDFC Limited	750	330
	750	330
Total cash and cash equivalent as per Balance Sheet	2,534	2,605

2.9.1 Demonetization

During the year, the Company did not hold any specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016. Hence the denomination-wise SBNs and other notes as per the notification is not mentioned. The cash balance shown in Balance Sheet (less than ₹1 crore) represents the cash in other foreign currency denominations.

2.10 Other assets

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Capital advances	1	–	–
Advances other than capital advance			
Prepaid gratuity	9	1	2
	10	1	2
Current			
Unsecured, considered good			
Advance payment to vendors for supply of goods	16	15	13
Others			
Withholding taxes and other taxes receivable	28	36	28
Prepaid expenses	57	2	4
Deferred customer contracts	4	–	–
Others	5	1	1
	110	54	46
Total other assets	120	55	48

2.11 Financial instruments

Financial instruments by category

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

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.9*)	2,534	–	–	–	–	2,534	2,534
Investments (*Refer to note 2.5*)							
Equity, preference and other securities	–	–	–	59	–	59	59
Promissory notes	–	–	10	–	–	10	10
Non-convertible debentures	–	–	–	–	297	297	297
Certificate of deposit	–	–	–	–	270	270	270
Government bonds	9		–	–	–	9	9
Fixed maturity plan	–	–	50	–	–	50	50
Trade receivables (*Refer to Note 2.8*)	686	–	–	–	–	686	686
Loans (*Refer to Note 2.6*)	24	–	–	–	–	24	24
Other financial assets (*Refer to Note 2.7*)	279	–	16	–	–	295	295
Total	3,532	–	76	59	567	4,234	
Liabilities							
Trade payables	10	–	–	–	–	10	10
Other financial liabilities (*Refer to Note 2.13*)	522	–	–	–	–	522	522
Total	532	–	–	–	–	532	

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.9*)	2,605	–	–	–	–	2,605	2,605
Investments (*Refer to Note 2.5*)							
Equity, preference and other securities	–	–	–	21	–	21	21
Government bonds	5	–	–	–	–	5	5
Liquid mutual fund units	–	–	16	–	–	16	16
Trade receivables (*Refer to Note 2.8*)	669	–	–	–	–	669	669
Loans (*Refer to Note 2.6*)	19	–	–	–	–	19	19
Other financial assets (*Refer to Note 2.7*)	254	–	7	–	–	261	261

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Total	3,552	–	23	21	–	3,596	
Liabilities							
Trade payables	7	–	–	–	–	7	7
Other financial liabilities (*Refer to Note 2.13*)	530	–	3	–	–	533	533
Total	537	–	3		–	540	

The carrying value and fair value of financial instruments by categories as of April 01, 2015 were as follows:

in ₹ crore

Particulars	Amortized cost	Financial assets / liabilities at fair value through profit and 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 2.9*)	1,902	–	–	–	–	1,902	1,902
Investments (*Refer to Note 2.5*)							
Government bonds	4	–	–	–	–	4	4
Liquid mutual fund units / FMPs	–	–	125	–	–	125	125
Trade receivables (*Refer to Note 2.8*)	667	–	–	–	–	667	667
Loans (*Refer to Note 2.6*)	16	–	–	–	–	16	16
Other financial assets (*Refer to Note 2.7*)	211	–	7	–	–	218	218
Total	2,800	–	132	–	–	2,932	
Liabilities:							
Trade payables	62	–	–	–	–	62	62
Other financial liabilities (*Refer to Note 2.13*)	515	–	3	–	–	518	518
Total	577	–	3	–	–	580	

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 on a recurring basis:

in ₹ crore

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Assets				
Investments in fixed maturity plan (*Refer to Note 2.5*)	50	50	–	–
Investments in quoted government bond (*Refer to Note 2.5*)	9	9	–	–

Particulars	As of March 31, 2017	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Investments in equity and preference securities (*Refer to Note 2.5*)	59	–	–	59
Investments in non-convertible debentures (*Refer to Note 2.5*)	297	297	–	–
Investments in certificate of deposits (*Refer to Note 2.5*)	270	–	270	–
Investments in promissory notes (*Refer to Note 2.5*)	10	–	–	10
Derivative financial instruments - gain on foreign currency forward contract (*Refer to Note 2.7*)	16	–	16	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (*Refer to Note 2.13*)	–	–	–	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of :

in ₹ crore

Particulars	As of March 31, 2016	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 2.5*)	16	16	–	–
Investments in quoted government bond (*Refer to Note 2.5*)	5	5	–	–
Investments in equity and preference securities (*Refer to Note 2.5*)	21	–	–	21
Derivative financial instruments - gain on foreign currency forward contract (*Refer to Note 2.7*)	7	–	7	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (*Refer to Note 2.13*)	3	–	3	–

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

in ₹ crore

Particulars	As of April 1, 2015	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 2.5*)	95	95	–	–
Investments in quoted government bond (*Refer to Note 2.5*)	4	4	–	–
Investments in fixed maturity plan (*Refer to Note 2.5*)	30	30	–	–
Derivative financial instruments - gain on foreign currency forward contract (*Refer to Note 2.7*)	7	–	7	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward contracts (*Refer to Note 2.13*)	3	–	3	–

The fair value of liquid mutual funds, government bonds and non-convertible debentures is based on quoted price. Derivative financial instruments, fixed maturity plans and certificate of deposits 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.

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 group 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 group's operations are adversely affected as the rupee appreciates / depreciates against these currencies.

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

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	115	16	3	101	281	516
Trade receivables	403	102	61	40	27	633
Other financial assets (including loans)	166	7	5	11	36	225
Trade payables	(2)	–	–	–	(1)	(3)
Other financial liabilities	(159)	(45)	(11)	(29)	(90)	(334)
Net assets / (liabilities)	523	80	58	123	253	1,037

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

in ₹ crore

Particulars	U.S. $	Eur €	U.K. £	AU $	Other currencies	Total
Cash and cash equivalents	78	5	1	103	261	448
Trade receivables	374	98	62	64	24	622
Other financial assets (including loans)	60	7	9	15	19	110
Trade payables	(1)	(1)	(2)	–	–	(4)
Other financial liabilities	(110)	(24)	(13)	(40)	(126)	(313)
Net assets / (liabilities)	401	85	57	142	178	863

For the year ended March 31 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the group's incremental operating margins by approximately 0.33% and 0.33%, respectively.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting year and the current reporting year.

Derivative financial instruments

The group 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 quoted prices for similar assets and liabilities in active markets or 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 of March 31, 2017		As of March 31, 2016	
	In million	in ₹ crore	In million	in ₹ crore
Forward contracts				
In U.S. Dollars	46	298	43	285
In Euro	8	52	16	117
In United Kingdom Pound Sterling	5	42	5	25
In Australian Dollars	5	25	5	50
Total forwards		417		477

The group recognized a gain on derivate financial instruments of ₹40 crore and less than ₹1 crore during the year ended March 31, 2017 and March 31, 2016 respectively, which is included in other income.

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

in ₹ crore

Particulars	As of March 31, 2017	As of March 31, 2016
Not later than one month	88	110
Later than one month and not later than three months	213	159
Later than three months and not later than one year	116	208
	417	477

The Group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group 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 liabilities:

in ₹ crore

Particulars	As of March 31, 2017		As of March 31, 2016	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset / liability	16	–	7	3
Amount set off	–	–	–	–
Net amount presented in Balance Sheet	16	–	7	3

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 ₹686 crore and ₹669 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹108 crore and ₹58 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk 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. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

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

(In %)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from top customer	9%	10%
Revenue from top five customers	24%	26%

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹3 crore.

The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹8 crore.

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Balance at the beginning	8	9
Provisions recognized / (reversed)	(3)	(8)
Write-offs	–	–
Translation differences	5	7
Balance at the end	10	8

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

Liquidity risk

The group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The group has no outstanding bank borrowings. The group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2017, the group had a working capital of ₹3,132 crore including cash and cash equivalents of ₹2,534 crore and current investments of ₹279 crore. As of March 31, 2016, the group had a working capital of ₹2,893 crore including cash and cash equivalents of ₹2,605 crore and current investments of ₹21 crore

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹164 crore and ₹200 crore, respectively, which have been substantially funded. Further, as of March 31, 2017 and March 31, 2016, the group had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

in ₹ crore

Particulars	Less than 1 year	1–2 years	2–4 years	4–7 years	Total
Trade payables	10	–	–	–	10
Client deposits	1	–	–	–	1
Other liabilities (excluding liability towards acquisition) (*Refer to Note 2.13*)	522	–	–	–	522

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

in ₹ crore

Particulars	Less than 1 year	1–2 years	2–4 years	4–7 years	Total
Trade payables	7	–	–	–	7
Client deposits	–	–	–	–	–
Other liabilities (excluding liability towards acquisition) (*Refer to Note 2.13*)	512	21	–	–	533

2.12 Equity

Equity share capital

in ₹ crore, except as otherwise stated

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Authorized			
Equity shares, ₹10 / - (₹10 / -) par value			
12,33,75,000 (12,33,75,000) equity shares	123	123	123
Issued, subscribed and paid-up			
Equity shares, ₹10 / - (₹10 / -) par value	34	34	34
3,38,27,751 (3,38,27,751) equity shares fully paid up			
(of the above 3,38,22,319 equity shares are held by the holding company, Infosys Limited)			
	34	34	34

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

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

The details of shareholder holding more than 5% shares:

Name of the shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding company	3,38,22,319	99.98	3,38,22,319	99.98

The reconciliation of the number of shares outstanding and the amount of share capital:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period / year	3,38,27,751	34	3,38,27,751	34
Add: Shares issued during the period / year	–	–	–	–
Number of shares at the end of the period / year	3,38,27,751	34	3,38,27,751	34

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

2.13 Other financial liabilities

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Rental deposits (1)	–	21	21
	–	21	21
Current			
Others			
Accrued compensation to employees	164	200	212
Provision for expenses (2)	265	206	204
Retention monies	–	–	1
Client deposits	1	1	3
Other payables (3)	8	23	6
Compensated absences	84	79	68
Foreign currency forward contracts	–	3	3
	522	512	497
Financial liability carried at amortized cost	522	530	515
Financial liability carried at fair value through Profit and loss	–	3	3
(1) Includes dues to holding companies (*Refer to Note 2.22*)	–	21	21
(2) Includes dues to holding and other group companies (*Refer to Note 2.22*)	2	1	9
(3) Includes dues to holding company and other group companies (*Refer to Note 2.22*)	3	11	1

2.14 Other current liabilities

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Unearned revenue	126	52	17
Others			
Withholding and other payable	50	51	38
	176	103	55

2.15 Provisions

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Others			
Post-sales client support and warranties and others	39	46	67
	39	46	67

Provision for post-sales client support and warranties and others

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

in ₹ crore

Particulars	As at	
	March 31, 2017	March 31, 2016
Balance at the beginning	46	67
Provision recognized / (reversed)	(5)	24
Provision utilized	(3)	(47)
Exchange difference	1	2
Balance at the end	39	46

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

2.16 Other income

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Interest received on financial assets-carried at amortized cost:		
Deposit with banks and others	192	166
Dividend received on investment carried at fair value through profit or loss	3	5
Gain on sale of investment	4	3
Rental income from holding company	8	9
Exchange gains / (losses) on foreign currency forward contracts	41	–
Gains / (losses) on foreign currency, net	(27)	13
Income from government grant	19	–
Miscellaneous income, net	2	1
	242	197

2.17 Expenses

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	2,238	2,096
Staff welfare	28	23
Contribution to provident and other funds	72	72
	2,338	2,191
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors - group companies	126	162
Legal and professional	36	27
Recruitment and training	35	35
Auditors' remuneration		
Statutory audit fees	1	1
Out-of-pocket expenses	–	–
	198	225
Other expenses		
Computer maintenance	8	5
Printing and stationery	4	4
Office maintenance	83	68
Consumables	5	9
Brand building and advertisement	2	7
Marketing expenses	4	4
Power and fuel	31	27
Insurance charges	11	11
Communication	80	65
Rates and taxes	12	8
Contribution to Corporate Social Responsibility	15	14
Bank charges and commission	2	3
Postage and courier	25	27
Allowances for credit losses on financial assets	(3)	(8)
Provision for doubtful loans and advances	2	3
Professional membership and seminar participation fees	1	2
Other miscellaneous expenses	–	9
	282	258

2.18 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Lease rentals recognized during the period	128	114

in ₹ crore

Lease obligations payable	As at	
	March 31, 2017	March 31, 2016
Within one year of the Balance Sheet date	107	94
Due in a period between one year and five years	279	263
Due after five years	98	124

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

2.19 Income taxes

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

in ₹ crore

Particulars	Year ended March 31, 2017	2016
Current taxes	209	207
Deferred taxes	(49)	(4)
Income tax expense	160	203

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes provisions (net of reversal) of ₹7 crore and less than a crore, respectively, pertaining to earlier periods.

Entire deferred income tax for the year ended March 31, 2017 and March 31, 2017 relates to origination and reversal of temporary differences.

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

in ₹ crore

Particulars	Year ended March 31, 2017	2016
Profit before income taxes	889	906
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	308	314
Tax effect due to non-taxable income for tax purposes	(67)	(84)
Overseas taxes	3	4
Tax provision / reversals, overseas and domestic	(7)	-
Effect of deferred tax assets - reversal / origination	(49)	(5)
Effect of exempt non-operating income	–	(2)
Effect of unrecognized deferred tax assets	4	8
Effect of differential overseas tax rates	(20)	(20)
Effect of non-deductible expenses	4	1
Additional deduction on research and development expense	–	–
Others	(16)	(13)
Income tax expense	160	203

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

The provision for taxation includes tax liabilities in India on the group's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO Limited operations are mainly conducted through Software Technology Parks('STPs') and Special Economic Zones ('SEZs'). At present, income from STP units are taxable. Income from SEZs Unit is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions.

The following table provides the details of income tax assets and income tax liabilities:

in ₹ crore

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Income tax assets	1,048	859	668
Current Income tax liabilities	(973)	(799)	(603)
Net income tax assets / (liability) at the end	75	60	65

in ₹ crore

Particulars	As at March 31, 2017	March 31, 2016	April 1, 2015
Income tax assets	973	799	603
Current Income tax liabilities	(982)	(804)	(641)
Net income tax assets / (liability) at the end	(9)	(5)	(38)

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

in ₹ crore

Particulars	Year ended March 31, 2017	2016
Net income tax asset / (liability) at the beginning	60	65
Translation differences	(5)	(40)
Income tax paid	220	237
Income tax expense	(209)	(207)
MAT credit utilization	–	–
Income tax on other comprehensive income	–	–
Net income tax asset / (liability) at the end	66	55

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

in ₹ crore

Particulars	As at March 31, 2017	March 31, 2016
Deferred income tax assets		
Property, plant and equipment	17	17
Accrued compensation to employees	4	7
Trade receivables	8	5
Compensated absences	23	20
Post sales client support	3	1
Carry forward loss	70	1
Tax Subsidy	15	7
Others	21	13

Particulars	As at	
	March 31, 2017	March 31, 2016
Total deferred income tax assets	161	71
Deferred income tax liabilities		
Intangibles	28	26
Others	42	–
Total deferred income tax liabilities	70	26
Deferred income tax assets after set off	91	45

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.

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

in ₹ crore

	As at	
	March 31, 2017	March 31, 2016
Deferred income tax assets to be recovered after 12 months	135	45
Deferred income tax assets to be recovered within 12 months	26	26
Total deferred income tax assets	161	71
Deferred income tax liabilities to be settled after 12 months	52	26
Deferred income tax liabilities to be settled within 12 months	18	–
Total deferred income tax liabilities	70	26

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.

The gross movement in the deferred income tax account for the year ended March 31, 2017 and March 31, 2016, is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Net deferred income tax asset at the beginning	45	39
Translation differences	(3)	2
Credits / (charge) relating to temporary differences	49	4
Net deferred income tax asset at the end	91	45

The credits relating to temporary differences during the year ended March 31, 2017 are primarily on account of compensated absences, carry forward of losses and tax subsidy partially offset by reversal of credits pertaining to property, plant and equipment, trade receivable and intangibles . The charge relating to temporary differences during the year ended March 31, 2016 are primarily on account of property, plant and equipment, trade receivable partially offset by compensated absences and others.

2.20 Employee benefits

(a) Gratuity

The following tables set out the funded status of the gratuity plan and the amounts recognized in the group's financial statements as of March 31, 2017 and March 31, 2016:

in ₹ crore

Particulars	As of	
	March 31, 2017	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	57	52
Service cost	9	8
Interest expense	4	4
Acquisitions (credit) / cost	(2)	–
Remeasurements - Actuarial (gains) / losses	6	–
Benefits paid	(8)	(7)
Benefit obligations at the end	66	57
Change in plan assets		
Fair value of plan assets at the beginning	58	53
Interest income	5	–
Acquisitions adjustment	(2)	–
Actuarial gain / (loss)	–	1
Expected return on plan assets	–	5
Return on plan assets greater / (lesser) than discount rate	1	–
Contributions	22	6
Benefits paid	(9)	(7)
Fair value of plan assets at the end	75	58
Funded status	9	1
Prepaid gratuity benefit	9	1

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Service cost	9	8
Net interest on the net defined benefit liability / asset	(1)	2
Net gratuity cost	8	10

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Other Comprehensive Income:

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	5	–
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(1)	(2)
	4	(2)

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	1	–
	1	–

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016 and April 1, 2015 are as follows:

Particulars	As of		
	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%	7.5%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are as follows:

Particulars	Year ended March 31,	
	2017	2016
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	7.5%	7.5%
Weighted average duration of defined benefit obligation	6.1 years	6.4 years

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

The group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹2 crore and ₹2 crore respectively.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹1 crore and ₹1 crore respectively.

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 group contributes all ascertained liabilities towards gratuity to the Infosys BPO Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹5 crore and ₹6 crore, respectively.

Maturity profile of defined benefit obligation:

in ₹ crore

Within 1 year	20
1–2 year	18
2–3 year	16
3–4 year	15
4–5 year	14
5–10 years	38

(b) Superannuation

The Company contributed ₹9 crore to the Superannuation Trust for the year ended March 31, 2017 (₹3 crore for year ended March 31, 2016).

(c) Provident fund

The Company contributed ₹63 crore towards Provident Fund for year ended March 31, 2017 (₹55 crore for the year ended March 31, 2016).

(d) Pension Fund

The Company contributed ₹5 crore to pension funds for year ended March 31, 2017 (₹9 crore for the year ended March 31, 2016).

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

in ₹ crore

Particulars	As at	
	March 31, 2017	March 31, 2016
Contingent liabilities		
Claims against the group, not acknowledged as debts[1]	95	96
[net of amount paid to statutory authorities ₹9 crore] (₹23 crore)		
Bank guarantee	23	23
Commitments		
Estimated amount of unexecuted capital contracts	33	43
(net of advances and deposits)		
Other commitments[2]	78	79

[1] Claims against the Company not acknowledged as debts includes demand from the Indian Income tax authorities for payment of additional tax of ₹19 crores (₹19 crores), including interest of ₹5 crore (₹5 crore) upon completion of their tax review for fiscal 2007, fiscal

2008, fiscal 2009, and fiscal 2011. These demands to the extent of ₹19 crores were paid to statutory authorities.

These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and / or 10AA of the income Tax Act as determined by the ratio of export turnover to total turnover. This disallowance arose mainly from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2007 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bengaluru. The matter for fiscal 2008, fiscal 2009 and fiscal 2011 are pending before the Commissioner of Income tax (Appeals) Bengaluru.

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) Other commitments relate to investment committed by Infosys Poland Sp. z o.o. in Vertex Ventures US Fund and Cloudyn Software Limited.

2.22 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding as at		
		March 31, 2017	March 31, 2016	April 1, 2015
Holding				
Infosys Limited	India	100%	100%	100%
Subsidiaries				
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [1]	Czech Republic	100%	100%	100%
Infosys Poland Sp z o.o. (formerly Infosys BPO (Poland) Sp Z.o.o)[1]	Poland	100%	100%	100%
Infosys BPO S.DE R.L. DE.C.V [1][17]	Mexico	–	–	–
Infosys BPO Americas LLC.[1][16]	U.S.	100%	100%	100%
Infosys McCamish Systems LLC [1]	U.S.	100%	100%	100%
Portland Group Pty. Ltd[1]	Australia	100%	100%	100%
Fellow subsidiaries				
Infosys Technologies (China) Co. Limited (Infosys China)	China			
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico			
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden			
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China			
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil			
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.			
Infosys Americas Inc., (Infosys Americas)	U.S.			
Portland Procurement Services Pty Ltd[5]	Australia			
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [2]	Australia			
EdgeVerve Systems Limited (EdgeVerve) [7]	India			
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland			
Lodestone Management Consultants Inc. [3]	U.S.			
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited)[3]	Australia			
Infosys Consulting AG (formerly Lodestone Management Consultants AG) [3]	Switzerland			
Lodestone Augmentis AG [6][18]	Switzerland			
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [3][20]	Switzerland			
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [4]	Belgium			
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [3]	Germany			

Name of subsidiaries	Country	Holding as at		
		March 31, 2017	March 31, 2016	April 1, 2015
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [3]	Singapore			
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [3]	France			
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [3]	Czech Republic			
Lodestone Management Consultants GmbH [3]	Austria			
Lodestone Management Consultants Co., Ltd. [3]	China			
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) [3]	U.K.			
Infy Consulting B.V. (Lodestone Management Consultants B.V.) [3]	The Netherlands			
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [4]	Brazil			
Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) [3]	Poland			
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal			
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [3]	Romania			
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [3]	Argentina			
Infosys Canada Public Services Ltd.[8]	Canada			
Infosys Nova Holdings LLC. (Infosys Nova)[9]	U.S.			
Panaya Inc. (Panaya) [10]	U.S.			
Panaya Ltd.[11]	Israel			
Panaya GmbH[11]	Germany			
Panaya Pty Ltd[11][19]	Australia			
Panaya Japan Co. Ltd.[11]	Japan			
Skava Systems Pvt. Ltd. (Skava Systems)[12]	India			
Kallidus Inc. (Kallidus)[13]	U.S.			
Noah Consulting LLC (Noah) [14]	U.S.			
Noah Information Management Consulting Inc. (Noah Canada) [15]	Canada			

(1) Wholly-owned subsidiary of Infosys BPO.
(2) Under liquidation.
(3) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(4) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(5) Wholly-owned subsidiary of Portland Group Pty. Ltd. Liquidated effective May 14, 2014.
(6) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(7) Incorporated effective February 14, 2014
(8) Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014
(9) Incorporated effective January 23, 2015
(10) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(11) Wholly-owned subsidiary of Panaya Inc.
(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems
(13) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.
(14) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah
(15) Wholly-owned subsidiary of Noah
(16) Incorporated effective November 20, 2015
(17) Liquidated effective March 15, 2016
(18) Liquidated effective October 5, 2016
(19) Liquidated effective November 16, 2016
(20) Liquidated effective December 21, 2016

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

List of other related parties :

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

Refer to Notes 2.20 for information on transactions with post-employment benefit plans mentioned above.

Name of the related party	Designation
Anup Uppadhayay[(1)]	Chief Executive Officer and Managing Director
Anantharaman Radhakrishnan [(2)]	Chief Executive Officer and Managing Director
Rajiv Bansal[(3)]	Director
Prof. Jayanth R. Varma	Independent Director
Dr. Omkar Goswami	Independent Director
U. B. Pravin Rao	Chairman and Director
Roopa Kudva [(7)]	Independent Director
Deepak Bhalla [(4)]	Chief Financial Officer
Ravikumar Singisetti [(5)]	Director
A. G. S. Manikantha	Company Secretary
Mr. D. N. Prahlad[(8)]	Director
Ms. Sangita Singh[(8)]	Director
Nishit Ajitkumar Shah [(6)]	Chief Financial Officer

(1) Resigned as a Managing Director and Chief Executive Officer effective May 17, 2016

(2) Appointed as a Managing Director and Chief Executive Officer effective May 17, 2016

(3) Resigned as a Director effective April 16, 2015

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

(5) Appointed as a Director effective June 2, 2016

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

(7) Resigned as a Director effective November 11, 2016

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

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

in ₹ crore

Particulars	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Trade receivables			
Infosys Limited	37	34	6
Infosys Technologies S. de R. L. de C. V.	–*	– *	–
Infosys Public Services, Inc. USA	1	5	1
Infosys Technologies (China) Co. Limited	– *	–	–
Infy Consulting B.V. (Netherlands)	1	–	–
Infosys Consulting Pte Ltd. (Singapore)	2	–	–
EdgeVerve Systems Limited	– *	1	–
	41	40	7
Other financial assets			
Infosys Limited	3	2	11
EdgeVerve Systems Limited	2	– *	–
	5	2	11
Loans			
Infosys Technologies (China) Co. Limited	5	–	–
	5	–	–
Unbilled revenue			
Infy Consulting B.V. (Netherlands)	–	1	–
Infosys Consulting Pte Ltd (Singapore)	–	2	1
	–	3	1
Trade payables			
Infosys Limited	6	– *	– *
EdgeVerve Systems Limited	–	2	4
Lodestone Management Consultants Pty Limited (Australia)	–	–	1
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	–	–	1
Infy Consulting Company Limited (UK)	– *	1	1
	6	3	7
Other financials liabilities			
Infosys Limited	3	9	1
EdgeVerve Systems Limited	– *	2	–
Infosys Australia	–	–	–
Infosys Technologies S. de R. L. de C. V.	– *	–	–
	3	11	1

Particulars	As at		
	March 31, 2017	March 31, 2016	April 01, 2015
Provision for expenses			
Infosys Limited	2	1	6
EdgeVerve Systems Limited	–	–	3
	2	1	9
Rental deposit given for shared services			
Infosys Limited	–	27	27
Rental deposit taken for shared services			
Infosys Limited	–	21	21

* The value of the transaction is less than ₹ 1 crore.

Details of related party transactions entered into by the group

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Capital transactions		
Loan disbursed		
Infosys Technologies (China) Co. Limited	5	–
	5	–
Revenue transactions		
Purchase of services		
Infosys Limited	59	72
EdgeVerve Systems Limited	3	2
Infy Consulting Company Limited	–	6
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	–	1
Lodestone Management Consultants Pty Limited (Australia)	–	2
Infy Consulting Company Limited	10	–
	72	83
Purchase of shared services including facilities and personnel		
Infosys Limited	50	43
	50	43
Sale of services		
Infosys Limited	426	360
EdgeVerve Systems Limited	4	(2)
Infosys Consulting Pte Ltd (Singapore)	–	1
Infy Consulting B.V. (Netherlands)	–	1
Infosys Public Services, Inc. USA	20	16
Infosys Consulting AG (Switzerland)	–	–*
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	1	–
Infy Consulting Company Limited	–*	–
	451	376
Sale of shared services including facilities and personnel		
Infosys Limited	19	17
	19	17

* The value of the transaction is less than ₹ 1 crore.

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

in ₹ crore

Particulars	Year ended March 31,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers	5	4
Commission and other benefits to non-executive / independent directors	–	–
Total	5	4

2.23 Litigation

The group is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Group's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the group's results of operations or financial condition.

2.24 Segment-reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations primarily relate to providing business process management services to organizations that outsource their business processes. Based on the 'management approach', as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on the analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Business segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in the Energy and Utilities, Communication and Services (ECS), enterprises in

Retail, Consumer packaged goods and Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except those mentioned above.

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

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

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

Business segments

Year ended March 31, 2017 and *March 31, 2016*:

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues	1,243	1,385	349	102	940	4,019
	1,150	*1,352*	*322*	*124*	*843*	*3,791*
Identifiable operating expenses	560	681	167	46	343	1,797
	479	*651*	*137*	*51*	*274*	*1,592*
Allocated expenses	452	494	125	40	361	1,472
	433	*474*	*115*	*47*	*324*	*1,393*
Segment profit	231	210	57	16	236	750
	238	*227*	*70*	*26*	*245*	*806*
Unallocable expenses						103
						97
Operating profit						647
						709
Other income, net						242
						197
Profit before income tax						889
						906
Income tax expense						160
						203
Net profit						729
						703
Depreciation and amortization						103
						97
Non-cash expenses other than depreciation and amortization						–
						–

Geographical segments

Year ended March 31, 2017 and *March 31, 2016*

in ₹ crore

Particulars	North America	Europe	Rest of the World	Total
Revenues	2,230	1,105	684	4,019
	1,985	*1,132*	*674*	*3,791*
Identifiable operating expenses	961	579	257	1,797
	814	*555*	*223*	*1,592*

Particulars	North America	Europe	Rest of the World	Total
Allocated expenses	814	386	272	1,472
	737	*390*	*266*	*1,393*
Segment profit	455	140	155	750
	434	*187*	*185*	*806*
Unallocable expenses				103
				97
Operating profit				647
				709
Other income, net				242
				197
Profit before income tax				889
				906
Income tax expense				160
				203
Net profit				729
				703
Depreciation and amortization				103
				97
Non-cash expenses other than depreciation and amortization				–
				–

Significant clients

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2017 and March 31, 2016.

2.25 Function-wise classification of consolidated Statement of Profit and Loss account

in ₹ crore

Profit and Loss account for the	Year ended March 31,	
	2017	2016
Income from business process management service	4,019	3,791
Cost of sales	2,819	2,571
Gross profit	1,200	1,220
Operating expenses:		
Selling and marketing expenses	165	140
Administrative expenses	388	371
Total operating expenses	553	511
Operating profit	647	709
Other income, net	242	197
Profit before income tax	889	906
Income tax expense	160	203
Profit for the period	729	703

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants

Firm's registration number : 101248W / W-100022

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

Supreet Sachdev
Partner
Membership number : 205385

Bengaluru
April 10, 2017

U. B. Pravin Rao
Chairman and Director

Ravikumar Singisetti
Director

Nishit Ajitkumar Shah
Chief Financial Officer

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

D. N. Prahlad
Director

A. G. S. Manikantha
Company Secretary

Prof. Jayanth R. Varma
Director

Sangita Singh
Director

Ratio analysis

	2016-17	2015-16
Ratios - financial performance		
Gross profit / total revenue (%)	32.4	34.7
COR / total revenue (%)	67.6	65.3
Selling and marketing expenses / total revenue (%)	4.1	3.7
General and administrative expenses / total revenue (%)	9.7	9.8
SG&A expenses / total revenue (%)	13.8	13.5
Aggregate employee costs / total revenue (%)	58.2	57.8
Operating profit (PBIDAT) / total revenue (%)	18.7	21.3
Depreciation and amortization / total revenue (%)	2.6	2.6
Operating profit after depreciation and interest / total revenue (%)	16.1	18.7
Other Income / total revenue (%)	6.0	5.2
Profit before tax / total revenue (%)	22.1	23.9
Tax / total revenue (%)	4.0	5.4
Effective tax rate - Tax / PBT (%)	18.0	22.4
Net profit after tax / total revenue (%)	18.1	18.5
Ratios - Balance Sheet		
Debt-equity ratio	-	-
Current ratio	5.1	5.3
Days sales outstanding (DSO)	62	61
Cash and equivalents / total assets (%)	48.5	58.1
Cash and equivalents / total revenue (%)	63.1	68.7
Depreciation / average gross block (%)*	10.7	9.8
Capital expenditure / total revenue (%)	2.6	3.0
Operating cash flows / total revenue (%)	13.4	15.2
Ratios - return		
ROCE (PBIT / average capital employed) (%)*	21.5	26.6
Ratios - growth		
Total revenue (%)	6.0	8.1
Operating profit after depreciation and interest (%)	(8.7)	12.0
Net profit (%)	3.7	13.8
Earning per share- basic**(%)	3.7	13.8
Earning per share- diluted (%)	3.7	13.8

Note: The ratio calculations are based on consolidated IND AS financial statements.

* Capital employed and gross block considered based on average of opening and closing balance of the financial year

** Weighted average number of shares are used in computing earning per share

Corporate governance report

Our corporate governance philosophy

Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

Corporate governance framework

We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At Infosys BPO ('the Company'), the Board of Directors ('the Board') is at the core of our corporate governance practice. The Board thus oversees the Infosys' BPO Management's ('the Management') functions and protects the long-term interests of our stakeholders. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The driving principles of our corporate governance framework is as follows :

- Corporate governance standards should satisfy both the spirit of the law and the letter of the law;
- Ensure transparency and maintain a high level of disclosure;
- Clearly distinguish between personal conveniences and corporate resources;
- Communicate externally, and truthfully, about how the Company is run internally;
- Comply with the laws of all countries in which we operate;
- Have a simple and transparent corporate structure driven solely by business needs;
- The Management is the trustee of the shareholders capital and not the owner.

With the increasing globalization, corporate governance has assumed great significance in India in the recent past. The increasing diversity of the investing community and the integration of global capital markets make corporate governance a key issue in the investment decision of the investor. In our pursuit towards achieving our aspirations of becoming a global corporation, our corporate governance standards must be globally benchmarked. Therefore our good governance philosophy seeks to ensure truth, transparency, accountability and responsibility and is committed to meet the aspirations of all our stake holders.

The Corporate conduct is integral part of our business. The actions are governed by the values and principles which are reinforced at all levels in the organization. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land.

Corporate governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company, is an important part of corporate governance. Consequently, the organization is able to attract and enhance the trust and confidence of the stakeholders.

In line with the Company's commitment to good corporate governance practices and compliance with the provisions of Companies Act, 2013, our Company has constituted Audit Committee, Nomination and Remuneration committee and Corporate Social Responsibility Committee consisting of majority of independent directors. Our Company has complied with all norms of corporate governance applicable to unlisted Public Company as envisaged under the Companies Act, 2013. The Company has also complied with the Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India.

A. Board of Directors

Size and Composition of the Board

The Board is headed by U. B. Pravin Rao, as Chairman. The Board consists of seven directors including chief executive officer and managing director (CEO and MD). The Board also consists of three independent directors.

The composition of the Board and directorships held as on March 31, 2017, are as follows:

Name of the Director	Age	Position	Relationship with other Directors	Indian listed companies	All companies around world [(1)]
U. B. Pravin Rao	55	Chairman	None	1	3
Anantharaman Radhakrishnan	49	Chief Executive Officer and Managing Director	None	-	6
Ravikumar Singisetti	46	Director	None	-	6
Prof. Jayanth R. Varma	57	Director	None	1	2
Dr. Omkar Goswami	60	Director	None	7	12
D. N. Prahlad	61	Director	None	1	7
Sangita Singh	48	Director	None	-	1

[(1)]Directorships in companies around the world including Infosys BPO Limited, its holding and subsidiaries.

Responsibilities of the chairman, the chief executive officer and managing director

The Company has a non-executive chairman of the Board and a chief executive officer and managing director (CEO and MD). The responsibility and authority of these officials are as follows:

The non-executive chairman of the Board (the Chairman) is the leader of the Board. As chairman, he will be responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance for the Company. In doing so, the Chairman will preside at meetings of the Board and at meetings of the shareholders of the Company.

The Chairman takes a lead role in managing the Board and facilitates effective communication among directors. The Chairman is responsible for matters pertaining to governance, including the organization and composition of the Board, the organization and conduct of Board meetings, effectiveness of the Board, Board committees and individual directors in fulfilling their responsibilities.

The Chairman provides leadership to the Board, identify guidelines for the conduct and performance of directors, oversee the management of the Board's administrative activities such as meetings, schedules, agendas, communication and documentation.

The Chairman actively work with the nomination and remuneration committee to plan the Board and Board committees' composition, induction of directors to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

The CEO and MD is responsible for corporate strategy, brand equity, planning, external contacts and all management matters. He is also responsible for achieving the annual business targets including mergers and acquisitions as required from time to time.

Role of the Board of Directors

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. As trustees, the Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations.

Definition of independent directors

The Companies Act, 2013 defines an 'independent director' as a person who is not a promoter or employee or one of the key managerial personnel of the Company or its subsidiaries. The law also state that the person should not have any material pecuniary relationship or transactions with the Company or its subsidiaries, apart from receiving the remuneration as an independent director. We abide by the definition of independent director.

Board membership criteria

The nomination and remuneration committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. The Board members are expected to possess the required qualifications, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth.

The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of 60 years and shall not appoint an Independent Director who has attained the age of 70 years. The term of the person holding this position may be extended at the discretion of the committee beyond the age of 60 years / 70 years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 60 years / 70 years as the case may be.

Selection of the new directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the nomination and remuneration committee, which consists majority of independent directors. The committee, based on defined criteria, in turn makes recommendations to the Board on the induction of new directors.

Membership term

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointments consistent with applicable statutes. The current law in India mandates the retirement of two-third of the executive board members (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholders for the tenure of a maximum period of five years, but are eligible for re-appointment upon completion of their term. An independent director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.

Board member evaluation

One of the key functions of the Board is to monitor and review the board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated through a Board effectiveness survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship with stakeholders, Company performance and strategy, and the effectiveness of the whole Board and its various committees. Feedback on each director is encouraged to be provided as part of the survey. The evaluation for fiscal 2017 has been completed.

Independent directors have three key roles – governance, control and guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- Ability to contribute to and monitor our corporate governance practices
- Ability to contribute by introducing international best practices to address top-management issues
- Active participation in long-term strategic planning
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings

Retirement policy for directors

The age of retirement for all executive directors is 60 years. The nomination and remuneration committee may, at its discretion, determine their continuation as members of the Board upon superannuation / retirement. The age of retirement for non-executive directors and independent directors is 70 years.

Succession planning

The nomination and remuneration committee works with the Board on the leadership succession plan, and also prepares contingency plans for succession in case of any exigencies.

Board compensation review

The remuneration, compensation, commission, etc. to Directors will be determined by the nomination and remuneration committee and recommended to the Board for approval. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board, which should be within the limits approved by the Shareholders in the case of Managing Director. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary, and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be recovered as part of the remuneration. The nomination and remuneration committee determines and recommends to the Board, the compensation payable to the Executive director. The remuneration for executive director consists of a fixed component and a performance incentive. The shareholders determine the compensation of the executive director for the entire period of the term. The compensation payable to the independent directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which does not exceed 1% of net profits for the year, calculated as per the provisions of the Companies Act, 2013. The Board reviews the performance of independent directors on an annual basis

Memberships in other Boards

The Executive director is excluded from serving on the Board of any other entity except for group companies, unless the said entity is an industrial entity whose interests are germane to the business of the Company or a government body that is of relevance to the business of the Company or an entity whose objectives is the upliftment of the society. Independent directors are generally not expected to serve on the Boards of competing companies. There are no limitations except those imposed by law and good corporate governance.

B. Board meetings

Scheduling and selection of agenda items for Board meetings

The dates of Board meetings for the next fiscal are decided in advance. The meetings are held at the Company's registered office at Electronics City, Bengaluru, India. The Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes and distribute it in advance to the directors. Every Board member can suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Independent directors are expected to attend at least four Board meetings in a year. The Board Committees also meets four times in a year.

The number of board meetings and the attendance during fiscal 2017 :

Name of the director	Number of meetings held	Number of meetings attended
U. B. Pravin Rao	5	5
Anup Uppadhayay [(1)]	5	1
Anantharaman Radhakrishnan[(2)]	5	3
Prof. Jayanth R. Varma	5	5
Dr. Omkar Goswami	5	4
Ravikumar Singisetti [(3)]	5	2
D. N. Prahlad [(4)]	5	1
Sangita Singh [(4)]	5	-
Roopa Kudva [(5)]	5	1

(1) Anup Uppadhayay, CEO and MD resigned effective May 17, 2016

(2) Anantharaman Radhakrishnan was appointed as CEO and MD effective May 17, 2016

(3) Ravikumar Singisetti was appointed as a director effective June 2, 2016

(4) D. N. Prahlad and Sangita Singh were appointed as directors effective January 6, 2017

(5) Roopa Kudva resigned as a director effective November 11, 2016

During the year, the Board met five times. The meetings were held on April 12, 2016, May 17, 2016, July 12, 2016, October 11, 2016 and January 10, 2017.

Availability of information to board members

The Board has unrestricted access to all Company-related information including that of our employees. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Information is provided to the Board members on a continuous basis for their review, inputs and approval periodically. Strategic and operating plans are presented to the Board in addition to the quarterly and annual financial statements. Specific cases of acquisitions, important managerial decisions, material positive / negative developments and statutory matters are presented to the committees of the Board and later, with the recommendation of the committees, to the Board for its approval. As a process, information to directors is submitted along with the agenda well in advance of Board meetings. Inputs and feedback of Board members are taken and considered while preparing the agenda and documents for the Board meeting. At these meetings, directors can provide their inputs and suggestions on various strategic and operational matters.

Discussion with independent directors

Schedule IV of the Companies Act, 2013, and the Rules made thereunder, mandates the independent directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management.

In Infosys BPO Limited, we hold quarterly meetings attended exclusively by the independent directors. All the independent directors of the Company shall strive to be present at such meetings. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the executive members of the Board, including the Chairman.

Materially significant related-party transactions

There are no materially relevant related party transactions, pecuniary transactions or relationships between our Company and its directors for the year ended March 31, 2017 that may have a potential conflict with the interest of the Company at large except for those which are disclosed in the financial statements. Non-material related party transactions in the normal course of business are held at arm's length.

Remuneration to directors in fiscal 2017

Non-executive directors

in ₹

Name of the director	Director Identification Number (DIN)	Relationship with other directors	Salary	Perquisites	Commission	Sitting fees	Total
U. B. Pravin Rao	06782450	None	–	–	–	–	–
Prof. Jayanth R. Varma*	00402667	None	–	–	12,00,000	60,000	12,60,000
Dr. Omkar Goswami*	00004258	None	–	–	12,00,000	60,000	12,60,000
Ravikumar Singisetti	07534544	None	–	–	–	–	–
D. N. Prahlad [(1)] *	00504146	None	–	–	2,79,500	10,000	2,89,500
Roopa Kudva [(1)]*	00001766	None	–	–	7,39,800	20,000	7,59,800
Sangita Singh	07694463	None	–	–	–	–	–

* Independent Directors

(1) D. N. Prahlad was appointed as a director effective January 6, 2017 and Roopa Kudva had resigned as a director with effect from November 11, 2016. Therefore the remuneration paid to them is calculated on a proportionate basis.

Executive director

in ₹

Name of the Director	Director Identification Number (DIN)	Relationship with other Directors	Salary*	Perquisites	Commission	Sitting fees	Total
Anup Uppadhayay[(1)]	07031005	None	73,15,952	–	–	–	73,15,952
Ananthraman [(2)] Radhakrishnan	07516278	None	1,95,16,734	–	–	–	1,95,16,734

* Salary includes contribution to PF, Gratuity, Superannuation allowance and performance incentive.

Note: The details in the above table are on accrual basis.

(1) Resigned as CEO and MD effective May 17, 2016.

(2) Appointed as CEO and MD effective May 17, 2016.

C. Board committees

Currently, the Board has five committees – the audit committee, the nomination and remuneration committee, the corporate social responsibility committee, the share allotment / transfer committee and the Investment committee. The audit and nomination and remuneration committees comprise non-executive and independent director as Chairperson and constitutes majority of independent directors. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for committee members of various committees.

Frequency and duration of committee meetings and agenda

The Chairman of the Board, in consultation with the Company Secretary and the Committee Chairperson, determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. The recommendations of the committee are submitted to the Board for approval.

Quorum for the meetings

The quorum should be either two members or one-third of the members of the committees, whichever is higher.

Audit committee

Section 177 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, requires all public companies having a paid-up capital of ₹10 crore or more (or) turnover of ₹100 crore or more (or) outstanding loans or borrowings or debentures or deposits in aggregate exceeding ₹50 crore or more to constitute an Audit committee consisting of minimum of three directors with independent directors forming a majority. Since our Company meet both the criteria on paid-up capital and turn over as per the latest audited Balance Sheet, constitution of Audit Committee is mandatory for our Company. However, the audit committee was constituted long back in our Company even before it was mandated by law.

Terms of reference

The terms of reference of the Audit Committee are set out in the Audit committee charter.

Composition

As on March 31, 2017, the Committee consists of the following members:

- Prof. Jayanth R. Varma, Chairperson
- U. B. Pravin Rao, Member
- Dr. Omkar Goswami, Member

Audit committee attendance

Name of the director	Number of meetings held	Number of meetings attended
Prof. Jayanth R. Varma	4	4
U. B. Pravin Rao	4	4
Dr. Omkar Goswami	4	4
Roopa Kudva [(1)]	4	2

(1) Resigned effective November 11, 2016

During the year, the committee met four times. The meetings were held on April 12, 2016, July 12, 2016, October 11, 2016 and January 10, 2017.

Report for the year ended March 31, 2017

The Management is responsible for the Company's internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the generally accepted auditing standards, and for issuing a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the processes related to the financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the appointment of the Company's internal and independent auditors. In this context, the committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The Management shared with the committee the Company's financial statements, prepared in accordance with the Indian Accounting Standards (Ind AS).

The committee discussed with the auditors, in the absence of the Management (whenever necessary), the Company's audited financial statements including the auditors' judgments about the quality, not just the applicability, of the accounting principles, the rationality of significant judgments and the clarity of disclosures in the financial statements.

Relying on the review and discussions conducted with the Management and the independent auditors, the audit committee believes that the Company's financial statements are fairly presented in conformity with Ind AS in all material aspects. The committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the internal control systems of the Company.

The committee also reviewed the financial policies of the Company and expressed its satisfaction with the same.

As a consequence of mandatory auditor rotation requirement in India, the committee recommended the change of the existing Auditors. In view of which, the Committee recommended the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W / W 100018) (Deloitte) as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 15th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 20th Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company. Accordingly, the first year of audit is for the financial statements for the year ending March 31, 2018 including audit of the quarterly reporting for the year

Based on the committee's discussion with the Management and the auditors and the committee's review of the representations of the Management and the report of the auditors to the committee, the committee has recommended the following to the Board of Directors:

- The audited financial statements prepared as per Ind AS of Infosys BPO Limited for the year ended March 31, 2017, be accepted by the Board as a true and fair statement of the financial status of the Company.
- The audited consolidated financial statements prepared as per Ind AS of Infosys BPO Limited and its subsidiaries for the year ended March 31, 2017, be accepted by the Board as a true and fair statement of the financial status of the group.
- The appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W / W 100018), as the statutory auditors of the Company, to hold office for a period of five consecutive years from the conclusion of the 15th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 20th Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company.
- The appointment of Ernst & Young as the internal auditors of the Company for the fiscal year ending March 31, 2018, to review various operations of the Company, and determination and approval of the fee payable to them.
- The appointment of Parameshwar G. Hegde of Hegde & Hegde, Company Secretaries as secretarial auditor for the fiscal year ending March 31, 2018 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Companies Act, 2013.

The Company has established a mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. We further affirm that no director or employee has been denied access to the audit committee during fiscal 2017. The whistleblower policy is available on our website, at https://www.infosys.com/investors/corporate-governance/Documents/whistleblower-policy.pdf.

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the Audit committee charter.

Bengaluru	Prof. Jayanth R. Varma
April 10, 2017	*Chairperson-Audit Committee*

2. Nomination and remuneration committee

Composition

Our nomination and remuneration committee consists of three members as on March 31, 2017:

- Prof. Jayanth R. Varma, Chairperson
- U. B. Pravin Rao, Member
- Dr. Omkar Goswami, Member

The purpose of the committee is to screen and review individuals qualified to serve as executive directors, non-executive directors and independent directors, consistent with criteria approved by the Board, and to recommend, for approval by the Board, nominees for election at the AGM. The committee makes recommendations to the Board on candidates for: (i) nomination for election or re-election by the shareholders; and (ii) any Board vacancies that are to be filled. It may act on its own in identifying potential candidates, inside or outside the Company, or may act upon proposals submitted by the Chairman of the Board.

The nomination and remuneration committee coordinates and oversees the annual self-evaluation of the Board and of individual directors. It also reviews the performance of all the executive directors on a periodic basis or at such intervals as may be necessary on the basis of the detailed performance parameters set for each executive director at the beginning of the year. The nomination and remuneration committee may also regularly evaluate the usefulness of such performance parameters, and make necessary amendments.

Nomination and remuneration committee attendance

Name of the director	Number of meetings held	Number of meetings attended
Prof. Jayanth R. Varma	4	4
U. B. Pravin Rao	4	4
Dr. Omkar Goswami	4	4
Roopa Kudva (1)	4	2

(1) Resigned effective November 11, 2016

During the year, the committee met four times. The meetings were held on April 12, 2016, July 12, 2016, October 11, 2016 and January 10, 2017.

Report for the year ended March 31, 2017

The committee oversees key processes through which the Company recruits new members to its Board, and also the processes through which the Company recruits, motivates and retains outstanding senior management and oversees the Company's overall approach to human resources management.

During the year, the committee nominated D. N. Prahlad to the Board. D. N. Prahlad is the founder and former CEO of Surya Software Systems Private Limited, Bengaluru. Surya focusses on products for financial risk management of financial institutions in general and banks in particular. He is on the advisory board of the Computer Science and Automation Department of the Indian Institute of Science, Bengaluru. He served as an adjunct faculty member at the Indian Institute of Information Technology, Bengaluru, in its formative years. He serves as an advisory board member of PathShodh Healthcare, a company that uses nano-technology for diagnostic measurements related to diabetes. Prahlad is a B.Sc. with honours in Mathematics from Bengaluru University and B.E. (Electrical technology and Electronics) from the Indian Institute of Science, Bengaluru.

Prior to founding Surya, he played a key role in the rapid growth of Infosys Technologies, being associated with Infosys from its formative years. He brings with him a high level of experience of working with multiple Fortune 50 clients, creation of new services, products and strategies.

During the year, the committee nominated Sangita Singh to the Board. Sangita Singh is Executive Vice President, Healthcare and Life Sciences at Infosys, with charge of sales, operations, client relationships and delivery management. She plays a critical role in developing the roadmap, strategy and priorities for the practice, ensuring alignment with the overall organizational mandate.

The committee reviewed the performance of the executive director on a periodic basis and approved the payment of individual performance incentive to him. The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the Company. Apart from the said disclosures, none of the directors had a material beneficial interest in any contract of significance to which the Company or any of its subsidiary undertakings was a party, during the financial year.

Bengaluru
April 10, 2017

Prof. Jayanth R Varma
Chairperson – Nomination and remuneration committee

3. Corporate social responsibility committee

In accordance to Section 135 of the Companies Act, 2013, the Board in its meeting held on October 7, 2013, constituted corporate social responsibility committee. The CSR committee of the Board is responsible for overseeing the execution of the Company's CSR policy.

Composition

As on March 2017, the Corporate social responsibility committee consists of the following three members:

- U. B. Pravin Rao, Chairperson
- Anantharaman Radhakrishnan, Member
- Dr. Omkar Goswami, Member

The primary objective of the corporate social responsibility committee is to formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy, the activities to be undertaken by the Company as a part of implementing those policies, recommend the amount of expenditure to be incurred on those activities and

monitoring the corporate social responsibility policy of the Company from time-to-time.

Attendance of directors during fiscal 2017

Name of the director	Number of meetings held	Number of meetings attended
U. B. Pravin Rao	4	4
Anup Uppadhayay (1)	4	1
Anantharaman Radhakrishnan	4	3
Dr. Omkar Goswami	4	4

(1) Resigned effective May 17, 2016

During the year, the committee met four times. The meetings were held on April 12, 2016, July 12, 2016, October 11, 2016 and January 10, 2017.

4. Investment committee

Composition

As on March 31, 2017, the Investment committee consists of the following members:

- U. B. Pravin Rao, Chairperson
- Anantharaman Radhakrishnan, Member
- Nishit Ajitkumar Shah, Member

Terms of reference

To manage effectively and efficiently the surplus of Company funds by properly channelizing them in a manner so as to enhance the best possible returns with minimum of risk.

Attendance of directors during fiscal 2017

Name of the director	Number of meetings held	Number of meetings attended
U. B. Pravin Rao	4	4
Anup Uppadhayay [(1)]	4	1
Anantharaman Radhakrishnan	4	3
Deepak Bhalla [(2)]	4	1
Nishit Ajitkumar shah	4	3

[(1)] Resigned effective May 17, 2016
[(2)] Resigned effective July 18, 2016

Report for the year ended March 31, 2017

The committee has the mandate to approve investments in various corporate bodies within the statutory limits and powers delegated by the Board. The committee had ratified the investments made by the Company during the fiscal 2017.

5. Share allotment / transfer committee

Terms of reference

To approve and register transfer and / or transmission of all classes of shares and to sub-divide, consolidate and issue share certificates on behalf of the Company.

Composition

The share allotment / transfer committee consists of the following members as at March 31, 2017:

- U. B. Pravin Rao, Chairperson
- Anantharaman Radhakrishnan, Member

Report for the year ended March 31, 2017

During the year the committee has allotted nil equity shares.

Management review and responsibility

Evaluation process for Chief Executive officer

In our Company, performance is assessed based on clearly defined objective criteria. This is in line with our Company's policy of being data oriented in every transaction and decision. The evaluation starts with the principle, 'In God we trust, everyone else must bring data'. Performance is measured against commitments and best-in class benchmarks Our Company believes in leadership by example and hence, leaders are to show the way in terms of committing to specific, measurable, aggressive and stretch targets.

The performance appraisal system for CEO provides for the alignment of the Directors' targets with those of our Company through a 'Balanced Scorecard Framework', which is rigorous and structured. The executive director has three key roles viz. business leadership, strategy execution and governance. Each role is associated with a set of performance metrics.

For instance, for the CEO, the business leadership role involves set of performance metrics defined in terms of client relationships, service excellence, branding, market expansion, alliances, and acquisitions etc. The CEO's financial metrics include revenue, net profits, expenses, etc.

Performance metrics, for Board members in the strategy execution role are defined in terms of building end-to-end service capability, broadening geographical and vertical footprint, etc. For a Board member in the governance role, they are defined in terms of ethical issues, legal violations, social responsibility, etc. They are also defined for managing risks, developing business leaders and strengthening values and ethics.

The remuneration of the CEO and MD is commensurate and proportionate to the growth of our Company's profits.

Evaluation process for non-executive and independent directors

Independent Directors are evaluated through a peer-evaluation process on an annual basis. Each External Board member has to present before the entire Board on how they have performed / added value to the Company. Every Board member evaluates each external Board member on a scale of 1 to 5 based on the performance indicators.

Independent Directors also have 3 key roles viz. governance, control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated are as follows :

- Ability to contribute to and monitor the corporate governance of our Company.
- Ability to contribute by introducing international best practices to address top-management issues.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a director's obligations and fiduciary responsibilities – this includes participation and attendance.

Contribution by way of customer lead generation and brand building.

Risk management

Your Company has an integrated approach to managing the risks inherent in various aspects of its business. As part of this approach, the Board of Directors is responsible for monitoring risk levels according to various parameters and the Management council is responsible for ensuring implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies. The *Risk Management report* forms part of this Annual Report.

Management discussion and analysis

A detailed report on our Management's discussion and analysis forms part of this Annual Report.

Shareholders

Distribution of shareholding as at March 31, 2017

Sl. No.	Number of shares held	Number of holders	% to holders	Number of shares	% to equity
1	1,001 and Above	1	4.76	3,38,22,319	99.98
2	501-1,000	4	19.05	3,125	0.01
3	1-500	16	76.19	2,307	0.01
Total		21	100.00	3,38,27,751	100.00

Secretarial audit

Pursuant to Section 204 of Companies Act, 2013, and Rules thereunder, the Board of Directors of the Company appointed Parameshwar G. Hegde, Practicing Company Secretary to conduct Secretarial Audit of records and documents of the Company. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 2013. Further, the Company complies with the mandatory and voluntary Secretarial Standards issued by the Institute of Company Secretaries of India.

Whistleblower policy

Our Company has Whistle Blower Policy in place to ensure and promote ethics, transparency and accountability. The Whistle blower is a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Company's Code of Conduct or Ethics policy. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairperson of the audit committee in exceptional cases.

Internal control

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Our internal control over financial reporting includes those policies and procedures that :

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our Management and directors; and;
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

General body meetings

Details of the last three annual general meetings are as follows :

Financial year	Date	Time	Venue	Special resolutions passed
March 31, 2016	August 31, 2016	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100	Re-appointment of Dr. Omkar Goswami, as an Independent Director of the Company
March 31, 2015	July 31, 2015	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100	None
March 31, 2014	June 13, 2014	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100	Revision in remuneration of Gautam Thakkar, CEO and MD, with effect from April 1, 2014.

Details of the last extraordinary general meeting :

Financial year	Date	Time	Venue	Special resolutions passed
March 31, 2017	November 30, 2016	11.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100	None

Global presence

Registered Office

Plot No. 26 / 3, 26 / 4 and 26 / 6
Electronics City, Hosur Road
Bengaluru 560100
Tel. : 91 80 -28522405
Fax : 91 80 -28522411
Web Site : www.infosysbpo.com

Asia Pacific

Australia

Melbourne
Level 5, 818, Bourke Street
Docklands VIC 3008
Tel. : 61 3 9860 2000
Fax : 61 3 9860 2999

Sydney
Level 6, 56 Station Street,
Parramatta NSW 2150
Tel : 61 2 8913 5900

India

Bengaluru
Electronics City, Hosur Road,
Bengaluru 560 100
Tel. : 91 80 2852 2411
Fax : 91 80 2852 2411

Salarpuria Infozone
Wing A, No. 39 (P)
41 (P) and 42 (P)
Electronic City, Hosur Road,
Bengaluru 560 100
Tel. : 91 80 4067 0035
Fax : 91 80 4067 0034

27 SJR Towers
Bannerghatta Road
J. P. Nagar, III Phase
Bengaluru 560078
Tel. : 91 80 5103 2000
Fax : 91 80 2658 8676

Gold Hill Supreme Software Park
Ground Floor, South Wing,
Plot No. 21, 22, 27 and 28
Konappana Agarhara Village,
Bengaluru 560 100
Tel. : 91 80 33229000

Chennai
3rd and 8th Floor, A Block,
South Wing, Tidel Park Ltd, No
4, Rajiv Gandhi Salai (OMR),
Taramani, Chennai 600113.
Tel. : 91 44 3090 7001
Fax : 91 44 3090 7005

Unit of Ramanujan IT city SEZ
Hardy towers, 3rd & 4th Floor,
TRIL infopark ltd, Taramani,
Rajiv Gandhi Salai (OMR)
Chennai 600113
Tel. : 044-66855111
Fax : 044-66855107

Gurugram
7th Floor, Tower A, B and C
Building No. 6
DLF Cyber City Developer
Limited, Special Economic Zone
Sector
24 and 25 DLF PH-3, Gurugram
Haryana Tel. : 91 124 458 3700
Fax : 91 124 458 3701

Jaipur
IT-A-001 Mahindra World City
Special Economic Zone
Village Kalwara Tahsil Sanganer
Jaipur 302037
Tel. : 91 141 3956 000
Fax : 91 141 3956 100

Mangaluru
Door No. 1-N-11-676 / 210
Plot No. 181-2A-2
Kuloor Ferry Road, Kottara
Mangaluru 575 006
Tel : 91 824 245 1485
Fax : 91 824 245 1504

Mysuru
Plot No. 347 / A, 347 / C, 348,
349,
373 to 375, Hebbal Electronics
City,
Hootagalli, Mysuru 570 027
Tel : 91 821 240 4101
Fax : 91 821 240 4200

Pune
Plot No. 24 / 3,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan, Taluka
Mulshi, Pune 411 057
Tel : 91 20 4023 2001
Fax : 91 20 3981 5352
Plot No. 24 / 2,

Rajiv Gandhi Infotech Park,
Phase II, Village Maan, Taluka
Mulshi, Pune 411 057
Tel : 91 20 2293 2800
Fax : 91 20 2293 4540

Plot No. 1, Building
No. 4 Pune Infotech Park,
Hinjawadi, Taluka Mulshi, Pune
411 057
Tel : 91 20 2293 2900
Fax : 91 20 2293 4540

Ascendas Services India Pvt Ltd
Ground floor, Juniper
International Tech Park
Plot No. 18, MIDC Phase III
Rajiv Gandhi Infotech Park,
Hinjewadi (one line)
Pune 411 057
Tel : 912042917000

Philippines

Metro Manila
23rd Floor,
BGC Corporate Center, 11th
Ave,Cor 30th St, Fort Bonifacio
Taguig City Metro Manila
Philippines 1634
Tel. : 6329463440
Fax : 6328230000

Muntinlupa City
5th, 6th, 7th and 12th Floor, Site
3, Vector 2 Building, Northgate
Cyberzone, Filinvest Corporate
City, Alabang, Muntinlupa City
Philippines 1781
Tel. : 632 823 0000
Fax : 632 823 0000

Europe

United Kingdom

London
14th Floor, 10 Upper Bank Street
Canary Wharf, E14 5NP
Tel.: 44 20 7715 3388
Fax: 44 20 7715 3301

The Netherlands

Eindhoven
Vredeoord 105, Verdieping 4
Vleugel B, 5621 CX Eindhoven
Netherlands
Tel : 31402321100

North America

United States

Atlanta
3200 Windy Hill Road,
Suite 100-W, Atlanta,
GA 30339 Tel : 1 770 799 1958
Fax : 1 770 799 1861

Basking Ridge
106 Allen Road, 1st Floor,
Liberty Corner, NJ 07920
Tel : 1 908 860 4900
Fax : 1 908 860 4899

Milwaukee
1515 N River Center Drive,
Suite 250, Milwaukee, WI 53212
Tel : 414 914 9400
Fax : 414 914 9401

Canada

Toronto
5140, Yonge Street Suite, 1400
Toronto ON M2N 6L7 Tel. : 416
224 7400
Fax : 416 224 7449

Puerto Rico

Aguadilla
Road No. 2, West of KM 126, BO
Camital Bajo, Aguadilla, 00603
Tel : 1 787 658 3400

Costa Rica

San Jose
Building N & M Piso 2
Forum 2, Lindora,
Santa Ana San Jose
10901 Costa Rica
Tel. : 506 2205 1201
Fax : 506 2205 1299

Africa

South Africa

Johannesburg
8, Hillside Rd, Parktown, Johannesburg, RSA, 2193
Tel :0027114869311

Subsidiaries of Infosys BPO Limited

Infosys BPO Americas LLC

United States

Atlanta
3200 Windy Hill Road
Suite 100-W, Atlanta, GA 30339
Tel : 1 770 799 1958
Fax : 1 770 799 1861

Portland Group Pty. Limited

Australia

Brisbane
L18, Brisbane Club Tower, 241
Adelaide Street
Brisbane, QLD 4000
Tel : 61 7 3009 8100
Fax : 61 7 3009 8123

Melbourne
Suite 602, 10 Yarra Street
South Yarra, VIC 3141
Tel : 61 3 8825 3899
Fax : 61 3 8825 3898

Perth
Level 9, 37 St Georges Terrace
Perth WA 6000 Australia
Tel : 61 8 9254 9313
Fax : 61 8 9254 9388

Sydney
Level 8, 68 Pitt Street
Sydney NSW 2000
Tel : 61 2 9210 4399
Fax : 61 2 9210 4398

Infosys Poland Sp. z o.o.

Poland

Łódz
Pomorska 106A, 91 402 Łódz
Tel : 48 42 278 15 00
Fax : 48 42 278 15 01

Infosys McCamish Systems LLC

United States

Atlanta
6425 Powers Ferry Road
3rd Floor, Atlanta, GA 30339
Tel : 1 770 690 1500
Fax : 1 770 690 1800

Des Moines
500 SW 7th St. Suite 200 / 201
Des Moines, IA 50309
Tel : 1 515 365 1236
Fax : 1 515 365 0236

Infosys (Czech Republic) Limited s.r.o

Czech Republic

Brno
Holandska 9, 63900, Brno
Tel : 420 515 914600
Fax : 420 543 236349

Date : April 10, 2017

Dear member,

You are cordially invited to attend the 15th Annual General Meeting ('AGM') of the members of Infosys BPO Limited ('the Company') on June 24, 2017, at 9.00 a.m. IST at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100.

The notice for the meeting containing the business to be transacted, is enclosed herewith.

Very truly yours,

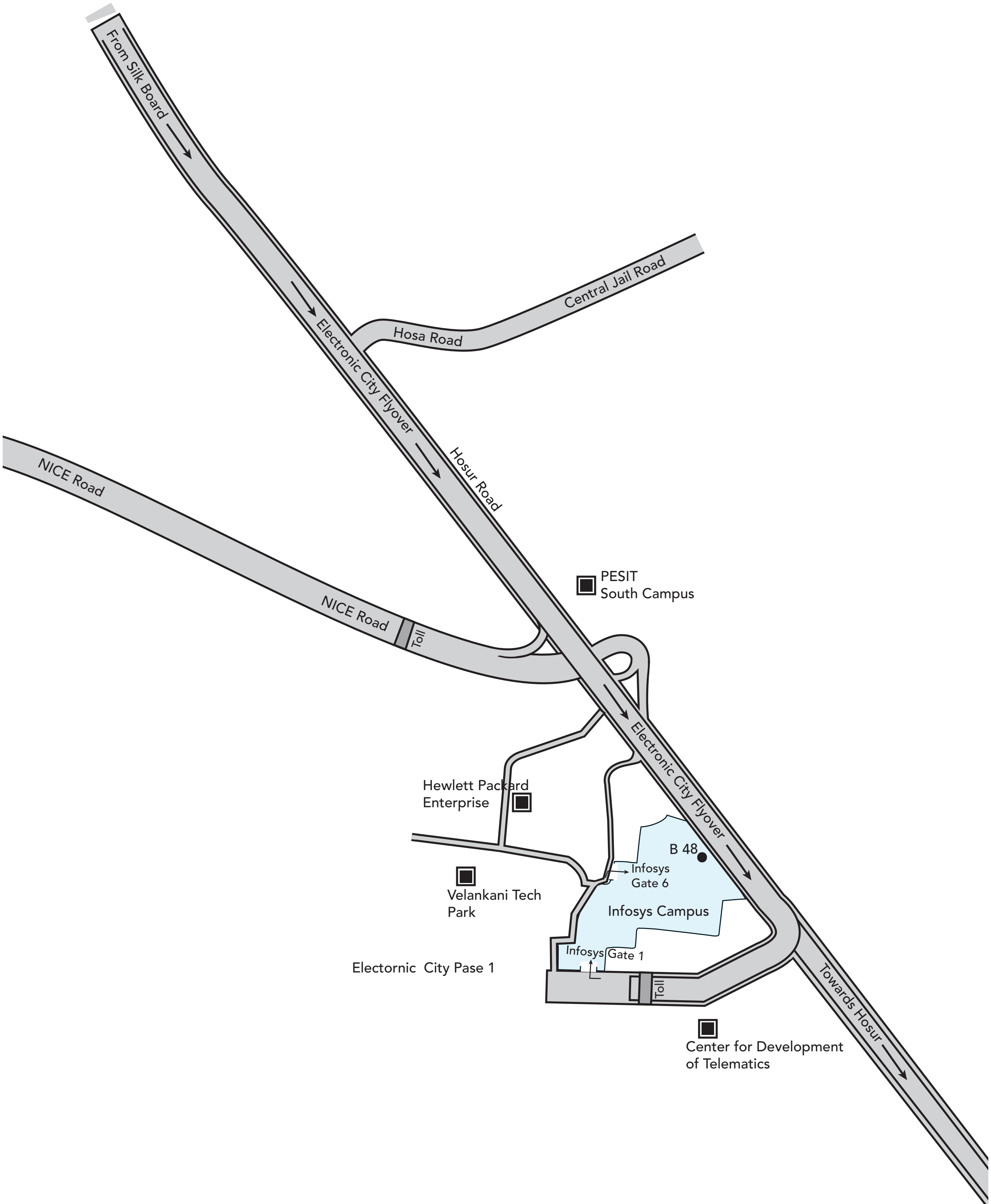
U. B. Pravin Rao
Chairman of the Board

Enclosures:

1. *Notice of the 15th Annual General Meeting (AGM)*
2. *Explanatory statement pursuant to Section 102 of the Companies Act, 2013*
3. *Proxy form*
4. *Attendance slip*

INFOSYS BPO LIMITED
CIN : U72200KA2002PLC030310
Electronic City, Hosur Road
Bengaluru 560100, India
T : 91 80 2858 2405
F : 91 80 2852 2411
cosecretarybpo@infosys.com
www.infosysbpo.com

Road map to the venue of the AGM



Notice to the 15th Annual General Meeting

NOTICE is hereby given that the 15th Annual General Meeting (AGM) of the Members of Infosys BPO Limited (the 'Company') will be held on Saturday, June 24, 2017, at 9.00 a.m. IST at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bengaluru 560100 to transact the following business:

Ordinary business

Item no. 1 - Adoption of financial statements

To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2017, and the reports of the Board of Directors ('the Board') and Auditors thereon.

Item no. 2 – Appointment of Anantharaman Radhakrishnan as a director liable to retire by rotation

To appoint a director in place of Anantharaman Radhakrishnan (DIN : 07516278), who retires by rotation and, being eligible, seeks re-appointment.

Item no. 3 - Appointment of auditors

Explanation :The Companies Act, 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. Pursuant to Section 139 of the Act and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The Rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, B S R & Co. LLP, Chartered Accountants have served the Company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 15th AGM.

The audit committee of the Company has proposed and on February 20, 2017, the Board has recommended the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration number 117366 W / W 100018) ('Deloitte') as the statutory auditors of the Company. Deloitte will hold office for a period of five consecutive years from the conclusion of the 15th Annual General Meeting of the Company till the conclusion of the 20th Annual General Meeting to be held in 2022. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements for the year.

Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as ordinary resolution :

RESOLVED THAT, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the proposals of the audit committee of the Board and recommendation of the Board, Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm registration Number: 117366 W / W 100018) be and is hereby appointed as the statutory auditors of the Company, to hold office for a period of five consecutive years commencing from the financial year 2017-18, on a remuneration that may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis.

Item no. 4 - Appointment of branch auditors

To appoint the branch auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution:

RESOLVED THAT, pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Board be and is hereby authorized to appoint branch auditors of any branch office of the Company, whether existing or which may be opened or acquired hereafter, outside India, in consultation with the Company's Auditors, any person(s) qualified to act as branch auditors and to fix their remuneration.

Special business

Item no. 5 – Appointment of D. N. Prahlad, as an Independent Director of the Company

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution :

RESOLVED THAT, D. N. Prahlad, (DIN:00504146), who was appointed as additional director of the Company pursuant to Section 161 of the Companies Act, 2013 with effect from January 6, 2017, be and is hereby appointed as an independent director of the Company up to January 5, 2022 and that his office shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings, etc., as may be necessary in this regard.

Item no. 6 – Appointment of Sangita Singh, as a Director of the Company

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution :

RESOLVED THAT. pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Sangita Singh (DIN: 07694463) who was appointed as an additional director with effect from January 6, 2017 and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies

Act, 2013 signifying intention to propose Sangita Singh as a candidate for the office of the director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings, etc., as may be necessary in this regard.

by order of the Board of Directors
for Infosys BPO Limited
Sd / -
A. G. S. Manikantha
Company Secretary

Bengaluru
April 10, 2017

Notes

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote at the meeting and the proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies, etc., must be accompanied by resolution of the Board / Power of Attorney / Attested specimen signature, as may be applicable.
4. Members / proxies should bring duly-filled attendance slips sent herewith to attend the meeting.
5. The Register of Director's and key managerial personnel and their shareholdings, maintained under Section 170 (1) of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the registered office of the Company.

Explanatory statement pursuant to Section 102 of the Companies Act, 2013

Item No. 5

The Board vide its resolution passed on January 6, 2017 had appointed D. N. Prahlad as an additional director of the Company with effect from January 6, 2017, pursuant to Section 161 of the Companies Act, 2013, read with Article 114 of the Articles of Association of the Company. His office is not subject to retire by rotation.

The Board has ascertained the criteria for establishing independence of D. N. Prahlad in terms of the Companies Act, 2013.

The Company has received notice, in writing, pursuant to Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000 / - proposing the candidature of D. N. Prahlad for the office of independent director, to be appointed as such under the provisions of Section 149, 152 and Schedule IV of the Companies Act, 2013.

The Company has received (i) consent in writing to act as director from D. N. Prahlad to act as Director in Form DIR 2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014, (Appointment Rules) (ii) intimation in Form DIR 8 in terms of Appointment Rules to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, D. N. Prahlad, the director proposed to be appointed as an independent director, fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of D. N. Prahlad as an independent director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to the date of AGM.

Further, brief profile of D. N. Prahlad, his expertise in specific functional areas, is furnished in the 'Additional Information on directors seeking election at the annual general meeting' forming part of this Notice.

The resolution seeks the approval of members for the appointment of D. N. Prahlad as an independent director of the Company up to January 5, 2022, pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and his office shall not be subject to retire by rotation.

None of the directors and key managerial personnel other than D. N. Prahlad to whom the resolution relates, are interested or concerned in the proposed resolution as set out in Item No. 5, above.

The Board recommends the resolution set forth in Item no. 5 for approval of the members.

Item No. 6

The Board vide its resolution passed on January 6, 2017 had appointed Sangita Singh as an additional director of the Company with effect from January 6, 2017 pursuant to Section 161 of the Companies Act, 2013 read with Article 114 of the Articles of Association of the Company. Sangita Singh holds office of the additional director up to the date of the ensuing annual general meeting and is eligible for re-appointment as a Director liable to retire by rotation. The Company has received a notice in writing from a member along with a deposit of ₹ 1,00,000 / - proposing the candidature of Sangita Singh for the office of the director under the provisions of Section 160 of the Companies Act, 2013.

The Company has received (i) consent in writing to act as director from Sangita Singh to act as Director in Form DIR 2 pursuant to Rule 8 of The Companies (Appointment and Qualification of Directors) Rules, 2014, (Appointment Rules) and (ii) intimation in Form DIR 8 in terms of Appointment Rules to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Further, brief profile of Sangita Singh, her expertise in specific functional areas, is furnished in the 'Additional Information on directors seeking election at the annual general meeting' forming part of this Notice.

None of the directors and key managerial personnel other than Sangita Singh to whom the resolution relates, are interested or concerned in the proposed resolution as set out in Item No. 6, above.

The Board recommends the resolution set forth in Item no. 6 for approval of the members.

by order of the Board of Directors
for Infosys BPO Limited
Sd / -
A. G. S. Manikantha
Company Secretary

Bengaluru
April 10, 2017

Additional information on directors seeking election at the annual general meeting

Anantharaman Radhakrishnan
Chief Executive Officer and Managing Director

Anantharaman Radhakrishnan, (Radha), aged 49 years is the Chief Executive Officer and Managing Director of Infosys BPO Limited effective May 17, 2016.

Prior to this role, Radha was the Chief Operating Officer (COO) managing the global operations for the organization. He has played multiple roles at Infosys BPO, spanning Technology, Transformation, Enterprise Capability and Global Centers Management, working with clients in their transformation journey, enhancing business value delivered. Further, Radha has spent many years with the Infosys Group, working across consulting and IT services, before his stint in business process management. Before Infosys, he has worked with a transnational corporation and brings with him rich leadership experience and intensive domain capability across multiple industries.

Radha is a postgraduate from Indian Institute of Management, Lucknow (IIM-L), and a honors graduate in mechanical engineering from National Institute of Technology, Tiruchirappalli (NIT, Trichy).

Disclosure of inter-se relationships between directors and key managerial personnel

None

Companies (other than Infosys Group) in which Anantharaman Radhakrishnan holds directorship and committee membership :

Directorship

None

Chairperson / Membership of Board committees

None

Shareholding in the Company

Nil

D. N. Prahlad
Independent Director

D. N. Prahlad, aged 61 years is the founder and former CEO of Surya Software Systems Private Limited, Bengaluru. Surya focuses on products for financial risk management of financial institutions in general and banks in particular. He is a non-executive chairman of Surya, non-executive director in Solcen Technologies Private Limited and an independent director in Infosys Limited and EdgeVerve Systems Limited. In addition, he is on the advisory board of Computer Science and Automation Department of Indian Institute of Science, Bengaluru. He served as an adjunct faculty at Indian Institute of Information Technology, Bengaluru in its formative years. He serves as an advisory board member of PathShodh Healthcare, a company with leading edge nano-technology in diagnostic measurements related to diabetes. Prahlad is a B.Sc. with honours in mathematics from Bengaluru University and B.E. (Electrical technology and Electronics) from Indian Institute of Science, Bengaluru. Prior to founding Surya, he played a key role in the rapid growth of Infosys Technologies, being associated with Infosys from its formative years. He brings with him a high level of experience of working with multiple Fortune 50 clients, creation of new services, products and strategies.

Disclosure of inter-se relationships between directors and key managerial personnel

None

Companies (other than Infosys Group) in which D. N. Prahlad holds directorship and committee membership :

Directorship

Surya Software Systems Private Limited

Solcen Technologies Private Limited

Chairperson / Membership of Board committees

None

Shareholding in the Company

Nil

Sangita Singh
Executive Vice President

Sangita Singh, aged 48 years is the Executive Vice President, Healthcare and Life Sciences at Infosys, with charge of sales, operations, client relationships and delivery management. She plays a critical role in developing the roadmap, strategy and priorities for the practice, ensuring alignment with the overall organizational mandate.

Sangita joined Infosys Limited in 2016, bringing deep experience and expertise built over a 23 year career at Wipro. During her time at Wipro, she played diverse leadership roles, including Chief Marketing Officer and later, SVP of Enterprise Applications Services, where she grew the business from $150M to $780M. In her last position at Wipro as Chief Executive, Healthcare and Life Sciences, she doubled the business to $950M in 5 years, partnering with the world's top pharmaceutical and healthcare organizations. Under her leadership, the Company was awarded the IDC CMO Global Best Practices Award and ITSMA (IT Services Marketing Association) Services Marketing Excellence Award. She is an graduate in electrical engineering from the Regional Engineering College, Durgapur.

Sangita has been recognized as a Young Global Leader 2010, by the World Economic Forum. She has received the Excellence in Information Technology Award from FICCI FLO, the Stevie Award for Best Asian Woman Executive and has been called the 'outsourcing wunderkind' by the Time magazine.

Disclosure of inter-se relationships between directors and key managerial personnel

None

Companies (other than Infosys Group) in which Sangita Singh holds directorship and committee membership:

Directorship

None

Chairperson / Membership of Board committees

None

Shareholding in the Company

Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn in respect of the above directors please refer to the Board's Report and the Corporate Governance Report.

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

INFOSYS BPO LIMITED
CIN : U72200KA2002PLC030310
Electronics City, Hosur Road, Bengaluru 560 100, India
cosecretarybpo@infosys.com | www.infosysbpo.com

I / We, being the member(s) of .... shares of the above named company, hereby appoint

Name : ....Email: ....

Address : ....

....Signature :

or failing him / her

Name : ....Email: ....

Address : ....

....Signature :

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Infosys BPO Limited Annual General Meeting of the Company, to be held on Saturday, June 24, 2017, at 9.00 a.m. IST at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100, Karnataka, India and at any adjournment thereof in respect of such resolutions as are indicated as follows :

Resolution number	Resolution	Vote *(Optional see Note 2)* (Please mention no. of shares)	
		For	Against
Ordinary business			
1	Adoption of financial statements		
2	Appointment of Anantharaman Radhakrishnan as a Director liable to retire by rotation		
3	Appointment of auditors		
4	Appointment of branch auditors		
Special business			
5	Appointment of D. N. Prahlad as an Independent Director of the Company		
6	Appointment of Sangita Singh, as a Director of the Company		

Signed this .... day of .... 2017.

Affix revenue stamp of not less than ₹ 1

....
Signature of the member

....
Signature of the proxy holder(s)

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

....Please tear here..

Attendance slip

INFOSYS BPO LIMITED

CIN : U72200KA2002PLC030310

Electronics City, Hosur Road, Bengaluru 560 100, India

cosecretarybpo@infosys.com | www.infosysbpo.com

Registered folio number :

Number of shares held :

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 15th Annual General Meeting of the Company at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bengaluru 560 100, Karnataka, India, on Saturday, June 24, 2017, at 9.00 a.m. IST.

....

Name of the member / proxy (in BLOCK letters) | Signature of the member / proxy

Notes : Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

Notes

Safe Harbor

This Annual Report contains 'forward-looking statements' that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the 'Outlook, risks and concerns' section in the Annual Report of Infosys Limited. In the light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.

INFOSYS BPO LIMITED ANNUAL REPORT 2016-17