
Infosys BPO s.r.o

# Independent Auditors' Report

To the Members of Infosys BPO s.r.o

## Report on the standalone Financial Statements

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

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

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

## Report on other Legal and Regulatory Requirements

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

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

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

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

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

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

Place: Bengaluru
Date: April 17, 2015

M. Rathnakar Kamath
*Partner*
Membership no. 202841

# Balance Sheet

*in ₹*

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number: 202841

Anup Uppadhayay
*Chairman of the Supervisory Board*

Deepak Bhalla
*Executive Director*

Anantha Radhakrishnan
*Director*

Bengaluru,
April 17, 2015

# Statement of Profit and Loss

*in ₹*

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

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*Chairman of the Supervisory Board*

Deepak Bhalla
*Executive Director*

Anantha Radhakrishnan
*Director*

Bengaluru,
April 17, 2015

# Cash Flow Statement

*in ₹*

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
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*Director*

Bengaluru,
April 17, 2015

# Significant accounting policies and notes on accounts

## Company overview

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

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

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

### 1.2 Use of estimates

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

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

### 1.3 Revenue recognition

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

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

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

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

### 1.4 Expenditure

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

### 1.5 Tangible assets and capital work-in-progress

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

#### Intangible assets including goodwill

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

### 1.6 Depreciation

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

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

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

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

## 1.7 Benefits to employees

### Compensated absences

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

## 1.8 Foreign currency transactions

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

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

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

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

## 1.9 Forward contracts and option contracts in foreign currencies

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

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

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

## 1.10 Income tax

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

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

## 1.11 Provisions and contingent liability

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

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

## 1.12 Impairment of fixed assets

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

## 1.13 Investments

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

## 1.14 Cash and Cash Equivalents

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

## 1.15 Cash Flow Statement

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

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

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

## 2.1 Share capital

*in ₹*

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

## 2.2 Reserves and surplus

*in ₹*

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

## 2.3 Trade payables

*in ₹*

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

## 2.4 Other current liabilities

*in ₹*

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

## 2.5 Short-term provisions

*in ₹*

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

### Provision for SLA compliance

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

*in ₹*

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

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

## 2.6 Fixed assets

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

*(in ₹)*

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

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

*in ₹*

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

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

The existing and revised useful lives are as below:

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

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

*Amount in ₹*

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

## 2.7 Deferred tax assets

*in ₹*

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

## 2.8 Long-term loans and advances

*in ₹*

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

## 2.9 Trade receivables

*in ₹*

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

## 2.10 Cash and cash equivalents

*in ₹*

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

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

*in ₹*

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

## 2.11 Short term loans and advances:

*in ₹*

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

## 2.12 Other income

*in ₹*

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

## 2.13 Expenses

*in ₹*

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

*in ₹*

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

## 2.14 Tax expenses

*in ₹*

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

## 2.15 Leases

Obligations on long-term non-cancellable operating leases

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

*in ₹*

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

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

## 2.16 Commitments and contingent liabilities

*in ₹*

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

### Derivative instrument

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

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

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

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

*in ₹*

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

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

## 2.17 Quantitative details

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

## 2.18 Related party transactions

List of related parties:

*in ₹*

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

| Name of Ultimate Holding Company | Country |
|---|---|
| Infosys Limited | India |

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

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

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

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

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

*in ₹*

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

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

*in ₹*

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

## 2.19 Segment reporting

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

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

Industry segments at the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in Energy and utilities, Communication and Services (ECS), and enterprises in Retail, Consumer packaged goods and Logistics, and Life Sciences and Healthcare (RCL). Income in relation to segments is categorized based on items that are individually identified to those segments while expenditure is categorized in relation to the associated turnover of the segment. Expenses which form a significant component of total expenses are not specifically allocable to specific segments as the underlying services are used interchangeably. These expenses are separately disclosed as unallocated and adjusted only against the total income of the Company. The Company believes that it is not practical to provide segment disclosures relating to these costs and expenses, and accordingly these expenses are separately disclosed as unallocated and directly charged against total income.

Fixed assets or liabilities contracted have not been identified to any reportable segments, as these are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities are made.

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

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

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

### Industry segments

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

*in ₹*

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

### Geographical segments

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

*in ₹*

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

## 2.20 Function-wise classification of Statement of Profit and Loss

*in ₹*

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

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

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

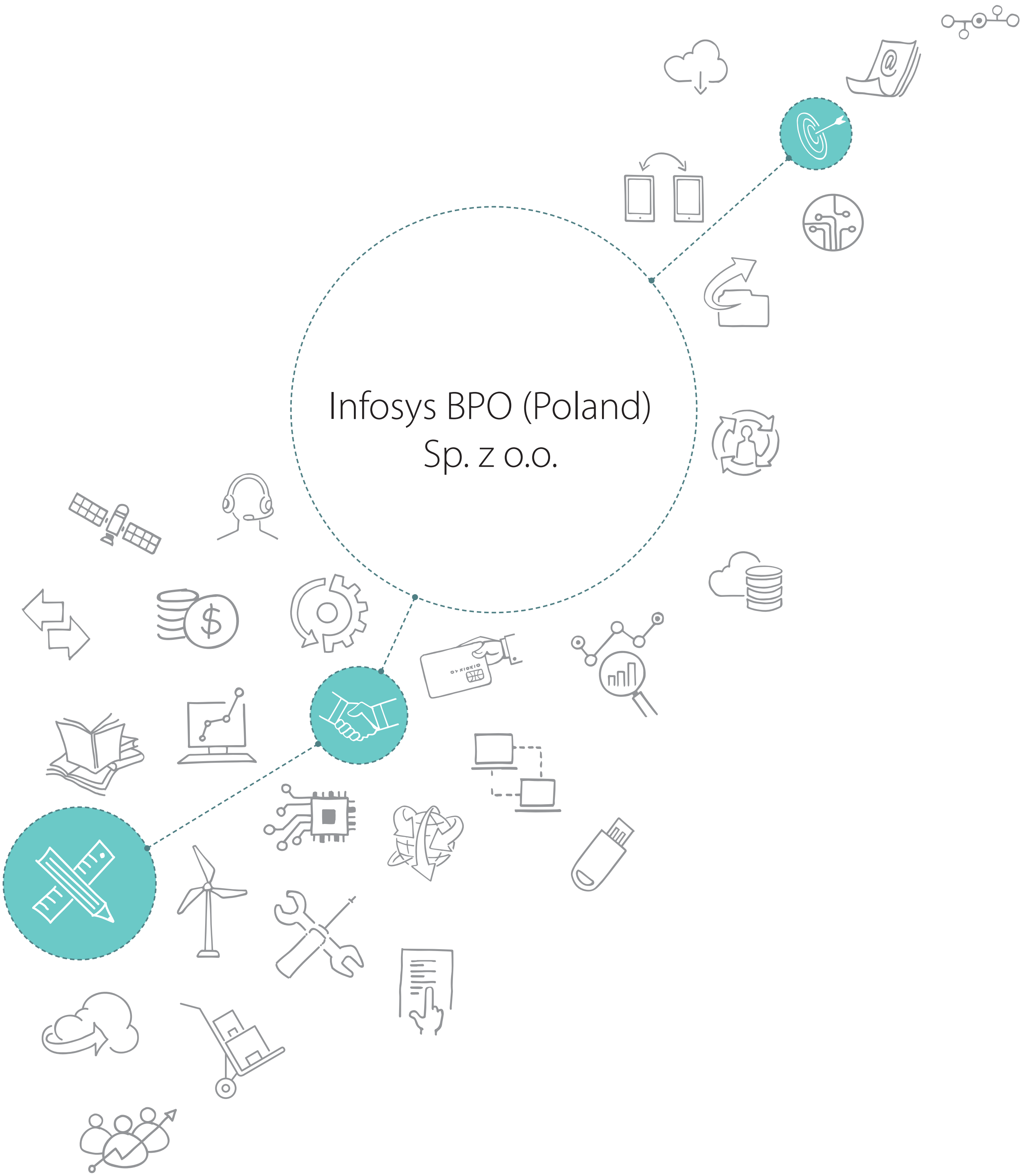
M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman of the Supervisory Board*

Deepak Bhalla
*Executive Director*

Anantha Radhakrishnan
*Director*

Bengaluru,
April 17, 2015


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

# Independent Auditors' Report

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

## Report on the standalone Financial Statements

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

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

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

## Report on other Legal and Regulatory Requirements

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

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

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

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number: 202841

Place: Bengaluru
Date: April 17, 2015

# Balance Sheet

*in ₹*

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number: 202841

Anup Uppadhayay
*Chairman & Director*

Deepak Bhalla
*Director*

Anantha Radhakrishnan
*Director*

Bengaluru
April 17, 2015

# Statement of Profit and Loss

*in ₹*

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

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

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

M. Rathnakar Kamath
*Partner*
Membership Number: 202841

Anup Uppadhayay
*Chairman & Director*

Deepak Bhalla
*Director*

Anantha Radhakrishnan
*Director*

Bengaluru
April 17, 2015

# Cash Flow Statement

*in ₹*

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

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

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

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

Bengaluru
April 17, 2015

# Significant accounting policies and notes on accounts

## Company overview

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

## 1 Significant accounting policies

### 1.1 Basis of preparation of financial statements

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

### 1.2 Use of estimates

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

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

### 1.3 Revenue recognition

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

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

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

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

### 1.4 Expenditure

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

### 1.5 Tangible assets and capital work-in-progress

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

#### Intangible assets including goodwill

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

### 1.6 Depreciation

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

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

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

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

## 1.7 Foreign currency transactions

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

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

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

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

## 1.8 Forward contracts and option contracts in foreign currencies

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

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

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

## 1.9 Income tax

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

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

## 1.10 Provisions and contingent liability

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

## 1.11 Onerous contracts

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

## 1.12 Impairment of fixed assets

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

### 1.13 Earnings per share

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

### 1.14 Employee benefits

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

### 1.15 Cash and cash equivalents

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

### 1.16 Cash Flow Statement

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

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

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

### 2.1 Share capital

*in ₹*

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

Reconciliation of the number of shares outstanding:

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

Details of shareholders holding more than 5% shares:

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

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

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

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

### 2.2 Reserves and surplus

*in ₹*

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

### 2.3 Trade payables

*in ₹*

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

## 2.4 Other current liabilities

*in ₹*

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

## 2.5 Short-term provisions

*in ₹*

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

### Provision for SLA compliance

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

*in ₹*

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

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

## 2.6 Fixed assets

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

*in ₹*

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

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

*(in ₹)*

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

Capital work in progress

(1) *Includes foreign exchange conversion variance of ₹ 9,23,65,439*

(2) *Includes foreign exchange conversion variance of ₹ 5,73,73,998*

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

The existing and revised useful lives are as below:

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

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

*in ₹*

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

## 2.7 Deferred tax assets

*in ₹*

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

## 2.8 Long-term loans and advances

*in ₹*

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

## 2.9 Trade receivables

*in ₹*

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

## 2.10 Cash and cash equivalents

*in ₹*

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

### Deposit accounts with more than 12 months' maturity

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

*in ₹*

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

## 2.11 Short-term loans and advances

*in ₹*

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

## 2.12 Other income

*in ₹*

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

## 2.13 Expenses

*in ₹*

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

## 2.14 Tax expenses

*in ₹*

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

## 2.15 Leases

### Obligations on long-term non-cancellable operating leases

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

*in ₹*

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

*(in ₹)*

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

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

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

*in ₹*

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

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

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

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

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

## 2.17 Quantitative details

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

## 2.18 Related party transactions

List of related parties:

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

| Name of ultimate holding company | Country |
|---|---|
| Infosys Limited | India |

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

| Fellow associate | |
|---|---|
| DWA Nova LLC (1) | U.S. |

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

### Related party transactions

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

*in ₹*

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

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

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

*in ₹*

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

## 2.19 Segment reporting

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

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

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

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

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

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

## Industry segments

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

*in ₹*

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

## Geographical segments

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

*in ₹*

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

## 2.20 Function-wise classification of Statement of Profit and Loss

*in ₹*

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

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

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

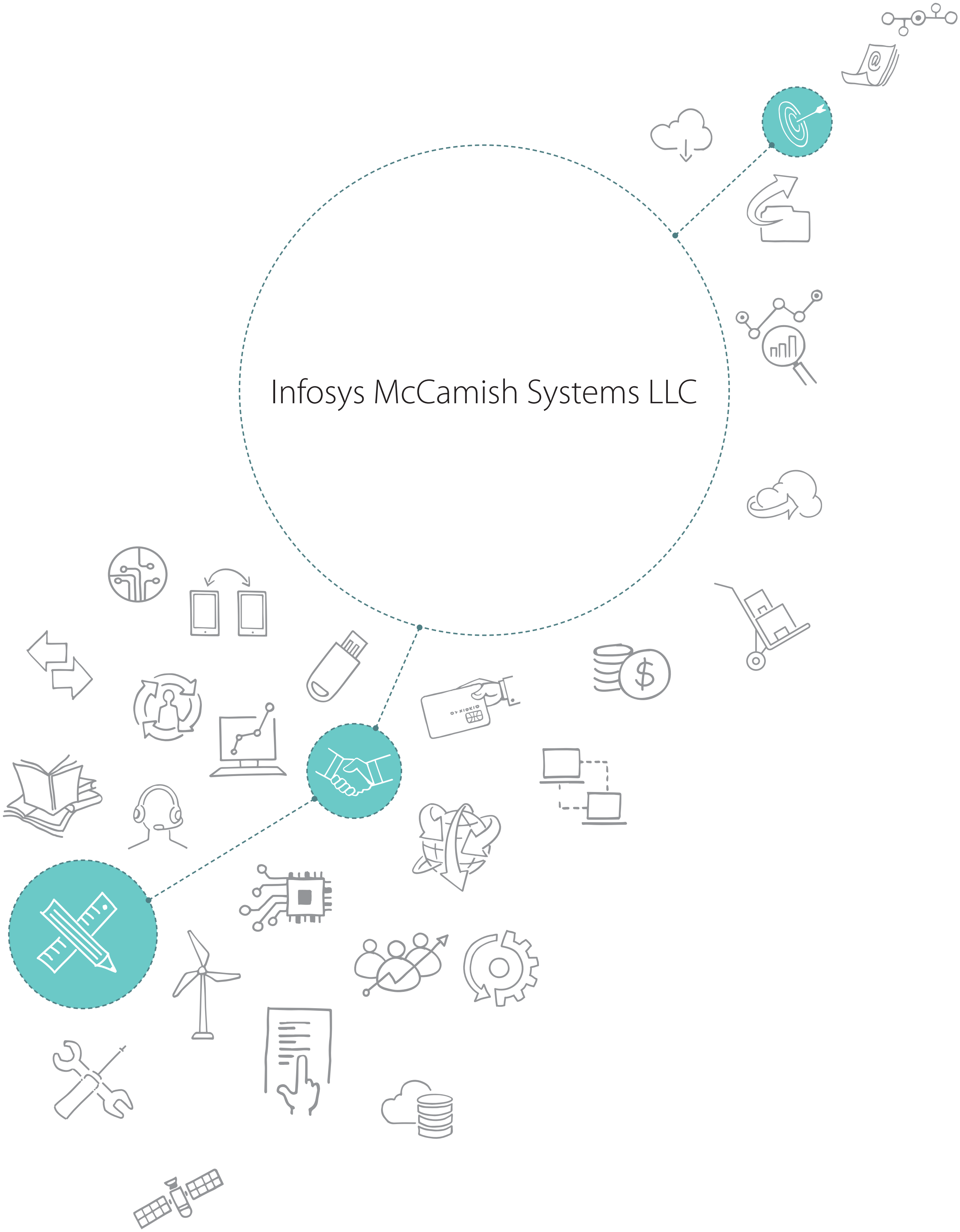
M. Rathnakar Kamath
*Partner*
Membership Number: 202841

Anup Uppadhayay
*Chairman & Director*

Deepak Bhalla
*Director*

Anantha Radhakrishnan
*Director*

Bengaluru
April 17, 2015


Infosys McCamish Systems LLC

# Independent Auditors' Report

To the Members of Infosys McCamish Systems LLC

## Report on the standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

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

## Report on other Legal and Regulatory Requirements

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

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

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

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

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

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

M. Rathnakar Kamath
*Partner*
Membership No. 202841

Place: Bengaluru,
Date: April 17, 2015

# Balance Sheet

*in ₹*

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

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

*As per our report attached*

*for* Shenoy & Kamath
*Chartered Accountants*

Firm's Registration Number : 006673S

| M. Rathnakar Kamath | Anup Uppadhayay | Gordon Beckam |
|---|---|---|
| *Partner* | *Chairman & Director* | *Chief Executive Officer* |
| Membership Number : 202841 | | |

Bengaluru,
April 17, 2015

# Statement of Profit and Loss

*in ₹*

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

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

*As per our report attached*

*for* Shenoy & Kamath

*Chartered Accountants*

Firm's Registration Number : 006673S

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman & Director*

Gordon Beckam
*Chief Executive Officer*

Bengaluru,
April 17, 2015

## Statement of Cash Flow

*in ₹*

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

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

*As per our report attached*
*for* Shenoy & Kamath
*Chartered Accountants*

Firm's Registration Number : 006673S

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman & Director*

Gordon Beckam
*Chief Executive Officer*

Bengaluru,
April 17, 2015

# Significant accounting policies and notes on accounts

## Company overview

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

## 1 Significant accounting policies

### 1.1 Basis of preparation of financial statements

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

### 1.2 Use of estimates

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

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

### 1.3 Revenue recognition

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

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

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

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

### 1.4 Expenditure

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

### 1.5 Tangible assets and capital work-in-progress

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

Intangible assets including goodwill.

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

### 1.6 Depreciation

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

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

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

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

## 1.7 Retirement benefits to employees

### Compensated absences

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

### Foreign currency transactions

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

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

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

### Income tax

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

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

### Provisions and contingent liability

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

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

### Impairment of fixed assets

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

### Earnings per share

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

### Investments

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

### Cash and Cash Equivalents

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

### Cash Flow Statement

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

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

### 2.1 Share capital

*in ₹*

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

### 2.2 Reserves and surplus

*in ₹*

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

### 2.3 Trade payables

*in ₹*

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

### 2.4 Other current liabilities

*in ₹*

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

### 2.5 Short term provisions

*in ₹*

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

### Provision for SLA compliance

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

*in ₹*

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

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

## 2.6 Fixed assets

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

*in ₹*

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

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

*in ₹*

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

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

The existing and revised useful lives are as below:

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

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

*in ₹*

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

## 2.7 Trade receivables

*in ₹*

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

## 2.8 Cash and cash equivalents

*in ₹*

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

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

*in ₹*

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

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

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

## 2.9 Short-term loans and advances:

*in ₹*

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

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

## 2.10 Other income

*in ₹*

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

## 2.11 Expenses

*in ₹*

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

*in ₹*

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

## 2.12 Tax expenses

*in ₹*

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

## 2.13 Leases

Obligations on long-term non-cancellable operating leases

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

*in ₹*

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

*in ₹*

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

## 2.14 Commitments and contingent liabilities

*in ₹*

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

## 2.15 Quantitative details

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

## 2.16 Related party transactions

List of related parties:

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

| Name of ultimate holding company | Country |
|---|---|
| Infosys Limited | India |

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

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

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

List of other related party:

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

List of key management personnel:

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

[(1)] *Resigned as a Chairman and Director effective October 6, 2014*

[(2)] *Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014*

[(3)] *Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014*

[(4)] *Appointed as a Director effective July 8, 2014*

[(5)] *Appointed as a Chairman and Director effective October 7, 2014*

[(6)] *Resigned as a Director effective from April 18, 2014*

[(7)] *Resigned as a Director effective June 12, 2014*

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

*in ₹*

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

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

*in ₹*

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

## 2.17 Segment reporting

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

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

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

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

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

## Industry segments

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

*in ₹*

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

## Geographical segments

Year ended March 31, 2015 and March 31, 2014

*in ₹*

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

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

*in ₹*

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

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

*As per our report attached*

*for* Shenoy & Kamath

*Chartered Accountants*

Firm's Registration Number : 006673S

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman & Director*

Gordon Beckam
*Chief Executive Officer*

Bengaluru,
April 17, 2015

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# Portland Group Pty. Limited

# Independent Auditors' Report

To the Members of Portland Group Pty. Limited.

## Report on the standalone Financial Statements

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

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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

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

## Opinion

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

## Report on other Legal and Regulatory Requirements

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

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

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

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

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

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

M. Rathnakar Kamath
*Partner*
Membership No. 202841

Place: Bengaluru
Date: April 17, 2015

# Balance Sheet

*in ₹*

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

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

*as per our report of even date attached*

*for* Shenoy & Kamath

*Chartered Accountants*

Firm's Registration Number : 006673S

| | | | |
|---|---|---|---|
| M. Rathnakar Kamath<br>*Partner*<br>Membership Number : 202841 | Anup Uppadhayay<br>*Chairman and Director* | Bruce Stevenson<br>*Managing Director and Chief Executive Officer* | Gavin Solsky<br>*Director* |
| Bengaluru<br>April 17, 2015 | Deepak Bhalla<br>*Director* | Anantha Radhakrishnan<br>*Director* | Binny Mathews<br>*Director* |

# Statement of Profit and Loss

*in ₹*

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

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

*as per our report of even date attached*

*for* Shenoy & Kamath

*Chartered Accountants*

Firm's Registration Number : 006673S

| | | | |
|---|---|---|---|
| M. Rathnakar Kamath<br>*Partner*<br>Membership Number : 202841 | Anup Uppadhayay<br>*Chairman and Director* | Bruce Stevenson<br>*Managing Director and Chief Executive Officer* | Gavin Solsky<br>*Director* |
| Bengaluru<br>April 17, 2015 | Deepak Bhalla<br>*Director* | Anantha Radhakrishnan<br>*Director* | Binny Mathews<br>*Director* |

# Statement of Cash Flow

*in ₹*

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

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

*as per our report of even date attached*

*for* Shenoy & Kamath

*Chartered Accountants*

Firm's Registration Number : 006673S

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman and Director*

Bruce Stevenson
*Managing Director and Chief Executive Officer*

Gavin Solsky
*Director*

Bengaluru
April 17, 2015

Deepak Bhalla
*Director*

Anantha Radhakrishnan
*Director*

Binny Mathews
*Director*

# Significant accounting policies and notes on accounts

## Company overview

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

## 1 Significant accounting policies

### 1.1 Basis of preparation of financial statements

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

### 1.2 Use of estimates

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

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

### 1.3 Revenue recognition

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

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

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

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

### 1.4 Expenditure

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

### 1.5 Tangible assets and capital work-in-progress

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

#### Intangible assets including goodwill

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

### 1.6 Depreciation

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

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

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

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

## 1.7 Foreign currency transactions

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

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

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

## 1.8 Income tax

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

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

## 1.9 Provisions and contingent liability

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

### Onerous Contracts

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

## 1.10 Impairment of fixed assets

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

## 1.11 Earnings per share

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

## 1.12 Employee Benefits

### Compensated absences

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

## 1.13 Cash and cash equivalents

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

## 1.14 Cash Flow Statement

Cash flows are reported using the Indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated. Cash flows in foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the date of the transaction.

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

### 2.1 Share capital

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| AUTHORIZED | | |
| Share Capital | 17,86,70,669 | 17,86,70,669 |
| Issued, subscribed and paid-up | | |
| Share capital | | |
| Equity shares | | |
| 17,45,00,000 equity shares fully paid-up | 17,86,70,669 | 17,86,70,669 |
| [Of the above, 17,45,00,000 equity shares are held by the holding company, Infosys BPO Limited] | | |
| | 17,86,70,669 | 17,86,70,669 |

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

Reconciliation of the number of shares outstanding

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Number of share outstanding at the beginning of the period | 17,45,00,000 | 17,45,00,000 |
| *Add*: Shares issued during the period | – | – |
| Number of shares outstanding at the end of the period | 17,45,00,000 | 17,45,00,000 |

Shares held by shareholders holding more than 5% shares :

| Name of the shareholder | Number of shares as at March 31, | | Percentage of total shares as at March 31, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Infosys BPO Limited, the holding Company | 17,45,00,000 | 17,45,00,000 | 100% | 100% |

### 2.2 Reserves and surplus

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Foreign currency translation reserve | (9,08,98,737) | 15,45,227 |
| Balance in profit and loss account - opening | 34,31,06,564 | 12,20,64,055 |
| Reserve on liquidation of subsidiary | 4,47,92,786 | – |
| *Add:* Profit during the year | 17,72,42,509 | 22,10,42,509 |
| Balance in profit and loss account - closing | 56,51,41,859 | 34,31,06,564 |
| | 47,42,43,122 | 34,46,51,791 |

### 2.3 Other long-term liabilities

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Accrued salaries and benefits | | |
| Bonus and incentives | – | 19,14,23,162 |
| | – | 19,14,23,162 |

### 2.4 Trade payables

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Trade payables (1) | 32,49,906 | 4,17,06,762 |
| | 32,49,906 | 4,17,06,762 |

(1) *Includes dues to subsidiaries and other group companies (Refer to Note 2.18)*

### 2.5 Other current liabilities

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Accrued salaries and benefits | | |
| Bonus and incentives | 36,07,04,425 | 14,82,02,230 |
| For other liabilities | | |
| Provision for expenses | 1,89,49,609 | 3,90,81,948 |
| Withholding and other taxes | 2,33,98,998 | 7,47,90,762 |
| Other payables (1) | 17,69,203 | – |
| Advances received from group companies | – | 37,02,79,067 |
| | 40,48,22,235 | 63,23,54,007 |
| (1) *Includes dues to subsidiaries and other group companies* | | |

### 2.6 Short-term provisions

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Provision for employee benefits | | |
| Unavailed leave | 7,01,10,423 | 5,79,84,428 |
| Others | | |
| Provision for | | |
| Income taxes | 9,91,55,699 | 2,29,37,334 |
| SLA compliance | 1,86,61,304 | 2,16,51,277 |
| | 18,79,27,426 | 10,25,73,039 |

#### Provision for SLA compliance

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

*in ₹*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Balance at the beginning of the year | 2,16,51,277 | 94,57,210 |
| Provision recognized / (reversed) made during the year | (29,89,973) | 1,21,94,067 |
| Provisions utilized during the year | – | – |
| Balance at the end of the year | 1,86,61,304 | 2,16,51,277 |

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

## 2.7 Fixed assets

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

*in ₹*

| Particulars | Tangible assets | | | | | | | | | Intangible assets | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land-Freehold | Land-Leasehold | Buildings | Plant and equipment | Office equipment | Computer equipment | Furniture and fixtures | Vehicles | Total | Intellectual property rights | Total | |
| **Original cost** | | | | | | | | | | | | |
| As at April 1, 2014 | – | – | – | – | 25,22,399 | 1,52,13,417 | 1,71,81,765 | – | 3,49,17,581 | – | – | 3,49,17,581 |
| Additions / adjustments during the period | – | – | – | – | – | 38,41,955 | – | – | 38,41,955 | – | – | 38,41,955 |
| Deductions / retirement during the period | – | – | – | – | – | – | – | – | – | – | – | – |
| Foreign exchange difference | | | | | (3,53,957) | (26,14,328) | (24,11,039) | | (53,79,324) | | | (53,79,324) |
| As at March 31, 2015 | – | – | – | – | 21,68,442 | 1,64,41,044 | 1,47,70,726 | – | 3,33,80,212 | – | – | 3,33,80,212 |
| **Depreciation and amortization** | | | | | | | | | | | | |
| As at April 1, 2014 | – | – | – | – | 14,19,440 | 1,26,11,220 | 94,74,770 | – | 2,35,05,430 | – | – | 2,35,05,430 |
| For the period | – | – | – | – | 4,56,088 | 19,99,908 | 32,18,608 | – | 56,74,604 | – | – | 56,74,604 |
| Deductions / adjustments during the period | – | – | – | – | – | – | – | – | – | – | – | – |
| Foreign exchange difference | – | – | – | – | (2,47,140) | (19,58,547) | (16,67,997) | – | (38,73,684) | – | – | (38,73,684) |
| As at March 31, 2015 | - | – | – | – | 16,28,388 | 1,26,52,581 | 1,10,25,381 | – | 2,53,06,350 | – | – | 2,53,06,350 |
| **Net book value** | | | | | | | | | | | | |
| As at March 31, 2015 | – | - | – | – | 5,40,054 | 37,88,463 | 37,45,345 | – | 80,73,862 | – | – | 80,73,862 |

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

*in ₹*

| Particulars | Tangible assets | | | | | | | | | Intangible assets | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land-Freehold | Land-Leasehold | Buildings | Plant and equipment | Office equipment | Computer equipment | Furniture and fixtures | Vehicles | Total | Intellectual property rights | Total | |
| **Original cost** | | | | | | | | | | | | |
| As at April 1, 2013 | – | – | – | – | 27,73,001 | 1,23,57,063 | 1,75,94,998 | – | 3,27,25,062 | – | – | 3,27,25,062 |
| Additions / adjustments during the period | – | – | – | – | – | 31,46,570 | – | – | 31,46,570 | – | – | 31,46,570 |
| Deductions / retirement during the period | – | – | – | – | (1,85,476) | – | – | – | (1,85,476) | – | – | (1,85,476) |
| Foreign exchange difference | | | | | (65,126) | (2,90,216) | (4,13,233) | | (7,68,575) | | | (7,68,575) |

| Particulars | Tangible assets | | | | | | | | | Intangible assets | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land-Freehold | Land-Leasehold | Buildings | Plant and equipment | Office equipment | Computer equipment | Furniture and fixtures | Vehicles | Total | Intellectual property rights | Total | |
| As at March 31, 2014 | – | – | – | – | 25,22,399 | 1,52,13,417 | 1,71,81,765 | – | 3,49,17,581 | – | – | 3,49,17,581 |
| Depreciation and amortization | | | | | | | | | | | | |
| As at April 1, 2013 | – | – | – | – | 10,70,704 | 91,86,349 | 62,08,177 | – | 1,64,65,230 | – | – | 1,64,65,230 |
| For the period | – | – | – | – | 5,69,422 | 37,02,524 | 34,72,746 | – | 77,44,692 | – | – | 77,44,692 |
| Deductions / adjustments during the period | – | – | – | – | (1,85,476) | – | – | – | (1,85,476) | – | – | (1,85,476) |
| Foreign exchange difference | | | | | (35,210) | (2,77,653) | (2,06,153) | | (5,19,016) | | | (5,19,016) |
| As at March 31, 2014 | – | – | – | – | 14,19,440 | 1,26,11,220 | 94,74,770 | – | 2,35,05,430 | – | – | 2,35,05,430 |
| Net book value | | | | | | | | | | | | |
| As at March 31, 2014 | – | – | – | – | 11,02,959 | 26,02,197 | 77,06,995 | – | 1,14,12,151 | – | – | 1,14,12,151 |

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

The existing and revised useful lives are as below:

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

Had the Company continued with the previously assessed useful live, charge for depreciation and cost of sales for the year ended March 31, 2015 would have been reduced by ₹ 7,48,304 for assets held at April 1,2014. The revision of the useful lives has resulted in the following changes in the depreciation expense based on original useful life of asset:

*(in ₹)*

| Particulars | FY 2015 | FY 2016 | After FY 2016 (till the end of estimated useful life both current and proposed) |
|---|---|---|---|
| Decrease in depreciation expense | 7,48,304 | – | – |
| Increase in depreciation expense | – | 2,29,507 | 4,71,246 |

## 2.8 Non-current investments

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Non-current investments | | |
| Long Term investments - at cost | | |
| Trade (unquoted) | | |
| Investments in equity of subsidiaries | | |
| Portland Procurement Services Pty. Limited [1] | – | 34,80,95,947 |
| Total Non Current investments | – | 34,80,95,947 |

[1] *Wholly-owned subsidiaries of Portland Group Pty. Ltd.*

On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd. approved the liquidation of the entity. The liquidation process was completed on May 14, 2014, subsequent to which all the assets and liabilities of Portland Procurement Services Pty. Ltd. was transferred to Portland Group Pty. Ltd.

## 2.9 Deferred tax assets

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Deferred tax assets | | |
| PSCS | 55,98,405 | – |
| Accrued compensation to employees | 7,13,10,000 | 5,74,26,949 |
| Leave encashment | 2,10,33,122 | 1,73,95,279 |
| Others | 29,62,550 | – |
| | 10,09,04,077 | 7,48,22,228 |
| Deferred tax liabilities | | |
| Others | – | 4,82,77,398 |
| | – | 4,82,77,398 |
| Deferred tax assets after set off | 10,09,04,077 | 2,65,44,830 |

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

## 2.10 Trade receivables [1]

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Debt outstanding for a period exceeding six months | | |
| Unsecured | | |
| Considered doubtful | 57,39,742 | – |
| *Less:* Provision for doubtful debts | 57,39,742 | – |
| Other debts | | |
| Unsecured | | |
| Considered good | 33,39,47,916 | 34,75,51,265 |
| Considered doubtful | 41,35,409 | – |
| | 33,80,83,325 | 34,75,51,265 |
| *Less:* Provision for doubtful debts | 41,35,409 | – |
| | 33,39,47,916 | 34,75,51,265 |

[1] *Includes dues to subsidiaries and other group companies*

## 2.11 Cash and cash equivalents

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Cash on hand | – | – |
| Balances with bank | | |
| In current and deposit accounts | 70,07,99,121 | 59,12,97,960 |
| | 70,07,99,121 | 59,12,97,960 |

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

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

*in ₹*

| Balances with scheduled banks | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| In current accounts | | |
| CITI Bank | 13,88,82,263 | 2,94,48,743 |
| Bank of New Zealand | – | 1,94,50,946 |
| | 13,88,82,263 | 4,88,99,689 |
| In deposit account | | |
| National Australia Bank (NAB) | 56,19,16,858 | 54,23,98,271 |
| | 56,19,16,858 | 54,23,98,271 |
| | 70,07,99,121 | 59,12,97,960 |

## 2.12 Short term loans and advances:

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Unsecured, considered good | | |
| Prepaid Expenses | 8,20,873 | 44,56,240 |
| For supply of goods and rendering of services | 3,80,510 | 6,62,218 |
| Withholding and other taxes receivables | 75,79,873 | – |
| | 87,81,256 | 51,18,458 |
| Unbilled Revenue [1] | 9,61,26,450 | 16,03,28,691 |
| Interest Accrued but not due | 2,80,676 | 4,67,893 |
| Loans and advances to employees | – | 5,62,235 |
| | 10,51,88,382 | 16,64,77,277 |

[1] *Includes dues to subsidiaries and the other group companies (Refer to Note 2.18)*

## 2.13 Other income

*in ₹*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Interest income | 1,70,56,221 | 1,08,02,468 |
| Miscellaneous income | 74,064 | 13,30,074 |
| Exchange differences | (2,32,331) | 3,50,428 |
| | 1,68,97,954 | 1,24,82,970 |

## 2.14 Expenses

*in ₹*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Employee benefit expenses | | |
| Salaries and bonus excluding overseas staff expenses | 133,61,57,911 | 136,23,43,188 |
| Staff welfare | 94,74,737 | 90,99,771 |
| | 134,56,32,648 | 137,14,42,959 |
| Cost of technical sub-contractors | | |
| Technical sub-contractors-Others | 15,54,69,821 | 13,24,92,891 |
| Technical sub-contractors-subsidiaries | 2,81,74,079 | 4,47,76,933 |
| | 18,36,43,899 | 17,72,69,824 |
| Travel expenses | | |
| Overseas travel expenses | 3,53,10,088 | 2,65,91,628 |
| Traveling expenses | 9,33,99,958 | 6,60,75,233 |
| | 12,87,10,046 | 9,26,66,861 |
| Cost of software for own use | | |
| Cost of software for own use | 3,28,00,081 | 1,67,57,549 |
| | 3,28,00,081 | 1,67,57,549 |
| Communication expenses | | |
| Communication expenses | 30,01,219 | 26,48,327 |
| Telephone charges | 1,45,56,316 | 1,30,45,137 |
| | 1,75,57,535 | 1,56,93,464 |
| Professional Charges | | |
| Legal and professional charges | (7,08,982) | 35,05,354 |
| Auditor's remuneration | 1,03,95,159 | |
| audit fees | 20,33,884 | 15,53,653 |
| Recruitment and training expenses | 20,34,029 | 85,70,998 |
| | 1,17,20,207 | 1,36,30,005 |
| Office expenses | | |
| Printing and stationery | 16,48,323 | 20,68,415 |
| Office maintenance | 92,76,319 | 94,69,630 |
| | 1,09,24,642 | 1,15,38,045 |
| Power and fuel | | |
| Power and fuel | 13,32,783 | 19,13,506 |
| | 13,32,783 | 19,13,506 |
| Insurance | | |
| Insurance | 60,40,032 | 73,78,116 |
| | 60,40,032 | 73,78,116 |
| Rent | | |
| Rent | 3,37,14,759 | 3,30,22,945 |
| | 3,37,14,759 | 3,30,22,945 |
| Other expenses | | |
| Consumables | 1,59,88,695 | 3,09,75,863 |
| Brand building and advertisement | 11,40,154 | 3,84,060 |
| Marketing expenses | 37,22,635 | 40,65,511 |
| Rates and taxes | 1,62,413 | 9,74,965 |
| Bank charges and commission | 5,81,318 | 6,12,575 |
| Postage and courier | 2,37,667 | 2,38,046 |

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Professional membership and seminar participation fees | 4,43,035 | 14,07,269 |
| Provision for doubtful debts | 1,08,93,534 | (8,09,588) |
| Repairs to plant and machinery | 2,64,567 | – |
| Other miscellaneous expenses | 7,98,316 | 8,22,298 |
| | 3,42,32,334 | 3,86,70,999 |

## 2.15 Tax expenses

*in ₹*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Income taxes | | |
| Current tax | 13,34,10,673 | 11,61,73,918 |
| Deferred tax | (7,63,85,439) | (9,91,481) |
| | 5,70,25,234 | 11,51,82,437 |

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

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Contingent: | | |
| Estimated amount of unexecuted capital contracts (net of advance and deposits) | 33,22,808 | 8,70,975 |
| | 33,22,808 | 8,70,975 |

## 2.17 Quantitative details

The Company is primarily engaged in strategic sourcing and category management services. The sale of such services cannot be expressed in any generic unit.

## 2.18 Related party transactions

List of related parties:

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

| Name of ultimate holding company | Country |
|---|---|
| Infosys Limited | India |

| Name of subsidiaries | Country |
|---|---|
| Portland procurement services Pty. Ltd | Australia |

| Fellow subsidiaries | Country |
|---|---|
| Infosys BPO s.r.o | Czech Republic |
| Infosys BPO Poland Sp. z o.o | Poland |
| Infosys BPO, S. de R. L. de C.V. (13) | Mexico |
| Infosys McCamish Systems LLC (7) | United States |
| Australia | |
| Infosys Technologies S.de R. L. de C.V. (Infosys Mexico) | Mexico |
| Infosys Technologies (China) Co. Limited (Infosys China) | China |
| Infosys Technologia do Brasil Ltda. (Infosys Brasil) | Brazil |
| Infosys Public Services, Inc. (Infosys Public Services) | U.S. |
| Infosys Technologies (Sweden) AB (Infosys Sweden) | Sweden |

| Fellow subsidiaries | Country |
|---|---|
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (3) | Australia |
| Infosys Consulting India Limited (1) | India |
| Infosys Americas, Inc. (Infosys Americas) (2) | U.S. |
| EdgeVerve Systems Limited (EdgeVerve) (16) | India |
| Lodestone Holding AG (Infosys Lodestone) | Switzerland |
| Lodestone Management Consultants (Canada) Inc. (4)(15) | Canada |
| Lodestone Management Consultants Inc. (4) | U.S. |
| Lodestone Management Consultants Pty. Limited (4) | Australia |
| Lodestone Management Consultants AG(4) | Switzerland |
| Lodestone Augmentis AG (5) | Switzerland |
| Hafner Bauer & Ödman GmbH (4) | Switzerland |
| Lodestone Management Consultants (Belgium) S.A. (6) | Belgium |
| Lodestone Management Consultants GmbH (4) | Germany |
| Lodestone Management Consultants Pte Ltd. (4) | Singapore |
| Lodestone Management Consultants SAS (4) | France |
| Lodestone Management Consultants s.r.o. (4) | Czech |
| Lodestone Management Consultants GmbH (4) | Austria |
| Lodestone Management Consultants China Co., Ltd. (4) | China |
| Lodestone Management Consultants Ltd. (4) | U.K. |
| Lodestone Management Consultants B.V. (4) | Netherlands |
| Lodestone Management Consultants Ltda. (6) | Brazil |
| Lodestone Management Consultants Sp. z.o.o.(4) | Poland |
| Lodestone Management Consultants Portugal, Unipessoal, LDA (4) | Portugal |
| SC Lodestone Management Consultants S.R.L. (4) | Romania |
| Lodestone Management Consultants S.R.L. (4) | Argentina |
| Panaya Inc. (8) | U.S. |
| Panaya Limited (9) | Israel |
| Panaya GmbH (9) | Germany |
| Panaya Pty. Limited (9) | Australia |
| Panaya Japan Co. Ltd. (9) | Japan |
| Infosys Canada Public Services Ltd. (10)(11) | Canada |
| Infosys Nova Holdings LLC (12) | U.S. |

| Fellow associate | |
|---|---|
| DWA Nova LLC | U.S. |

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

## List of other related party

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

## List of key management personnel

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

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

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

*in ₹*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Revenue transactions: | | |
| Purchase of services | | |
| Infosys BPO Ltd | 2,60,09,995 | 4,44,97,254 |
| Infosys Lodestone | 21,64,084 | – |
| | 2,81,74,079 | 4,44,97,254 |
| Purchase of shared services including facilities and personnel | | |
| Infosys Limited | | |
| Infosys BPO Limited | 15,97,416 | – |
| | 15,97,416 | – |
| Sale of services | | |
| Infosys Limited | 2,98,02,751 | 6,74,70,987 |
| Infosys BPO Limited | 29,02,01,667 | 40,87,20,187 |
| Infosys Lodestone Singapore | 75,64,117 | – |
| Infosys Lodestone Australia | 23,74,297 | 34,92,233 |
| | 32,99,42,832 | 47,96,83,407 |

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

*in ₹*

| Particulars | As at March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Investments | | |
| Portland Procurement Services Pty. Ltd | – | 37,02,79,068 |
| | – | 37,02,79,068 |
| Trade receivables | | |
| Infosys Limited | 48,57,950 | 2,73,33,782 |
| Infosys BPO Limited | 2,01,03,628 | 1,77,54,961 |
| | 2,49,61,578 | 4,50,88,743 |
| Unbilled revenues | | |
| Lodestone Management Consultants Pte Ltd. | 75,01,004 | – |
| | 75,01,004 | – |
| Creditors | | |
| Infosys BPO Limited | – | 39,34,484 |
| Infosys Lodestone Singapore | – | – |
| Portland Procurement Services Pty. Ltd | – | 3,76,49,070 |
| | – | 4,15,83,554 |
| Other payables | | |
| Infosys BPO Limited | 15,97,415 | – |
| | 15,97,415 | – |

## 2.19 Segment reporting

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

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

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

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant

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

### Industry segments

For the Year ended March 31, 2015 and *March 31,2014*:

*in ₹*

| Particulars | FSI | MFG | RCL | ECS | Total |
|---|---|---|---|---|---|
| Revenues | 39,40,90,920 | 45,13,61,191 | 2,45,17,728 | 1,15,93,83,520 | 2,02,93,53,359 |
| | *49,58,43,893* | *15,68,44,273* | *70,97,03,682* | *74,90,79,093* | *2,11,14,70,941* |
| Identifiable operating expenses | 13,69,49,174 | 15,77,78,162 | 1,32,85,269 | 41,64,36,862 | 72,44,49,467 |
| | *10,80,62,069* | *3,42,31,142* | *16,74,07,930* | *11,39,50,173* | *42,36,51,314* |
| Allocated expenses | 21,25,67,795 | 23,53,66,893 | 2,60,72,488 | 60,78,52,323 | 1,08,18,59,499 |
| | *32,20,58,191* | *9,57,99,017* | *47,07,85,248* | *46,76,90,503* | *1,35,63,32,959* |
| Segmental operating profit | 4,45,73,951 | 5,82,16,136 | (1,48,40,029) | 13,50,94,335 | 22,30,44,393 |
| | *6,57,23,633* | *2,68,14,114* | *7,15,10,504* | *16,74,38,417* | *33,14,86,668* |
| Unallocable expenses | | | | | 56,74,604 |
| | | | | | *77,44,692* |
| Profit before other income | | | | | 21,73,69,789 |
| | | | | | *32,37,41,976* |
| Other income, net | | | | | 1,68,97,954 |
| | | | | | *1,24,82,970* |
| Net profit before tax | | | | | 23,42,67,743 |
| | | | | | *33,62,24,946* |
| Tax expense | | | | | 5,70,25,234 |
| | | | | | *11,51,82,437* |
| Profit for the period | | | | | 17,72,42,509 |
| | | | | | *22,10,42,509* |

### Geographical segments

For the Year ended March 31, 2015 and *March 31, 2014*:

*in ₹*

| Particulars | North America | Europe | Others | Total |
|---|---|---|---|---|
| Revenues | – | – | 2,02,93,53,359 | 2,02,93,53,359 |
| | – | – | *2,11,14,70,941* | *2,11,14,70,941* |
| Identifiable operating expenses | – | – | 72,44,49,467 | 72,44,49,467 |
| | – | – | *42,36,51,314* | *42,36,51,314* |
| Allocated expenses | – | – | 1,08,18,59,499 | 108,18,59,499 |
| | – | – | *135,63,32,959* | *135,63,32,959* |
| Segmental operating profit | – | – | 22,30,44,393 | 22,30,44,393 |
| | – | – | *33,14,86,668* | *33,14,86,668* |
| Unallocable expenses | | | | 56,74,604 |
| | | | | *77,44,692* |
| Profit before other income | | | | 21,73,69,789 |
| | | | | *32,37,41,976* |
| Other income, net | | | | 1,68,97,954 |
| | | | | *1,24,82,970* |
| Net profit before tax | | | | 23,42,67,743 |
| | | | | *33,62,24,946* |
| Tax expense | | | | 5,70,25,234 |
| | | | | *11,51,82,437* |
| Profit for the period | | | | 17,72,42,509 |
| | | | | *22,10,42,509* |

## 2.20 Function-wise classification of Statement of Profit and Loss account

*in ₹*

| Profit and Loss account | Year ended March 31, | |
|---|---|---|
| | 2015 | 2014 |
| Income from software services and products | 2,02,93,53,359 | 2,11,14,70,941 |
| Cost of revenue | 1,61,93,12,420 | 1,59,95,38,583 |
| GROSS PROFIT | 41,00,40,939 | 51,19,32,358 |
| Selling and marketing expenses | 1,03,61,638 | 1,18,51,060 |
| General and administration expenses | 17,66,34,908 | 16,85,94,630 |
| | 18,69,96,546 | 18,04,45,690 |
| OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION | 22,30,44,393 | 33,14,86,668 |
| Depreciation | 56,74,604 | 77,44,692 |
| OPERATING PROFIT / (LOSS) | 21,73,69,789 | 32,37,41,976 |
| Other income, net | 1,68,97,954 | 1,24,82,970 |
| PROFIT / (LOSS) BEFORE TAX | 23,42,67,743 | 33,62,24,946 |
| Tax expense | | |
| Current tax | 5,70,25,234 | 11,51,82,437 |
| PROFIT / (LOSS) FOR THE PERIOD | 17,72,42,509 | 22,10,42,509 |

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

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

M. Rathnakar Kamath
*Partner*
Membership Number : 202841

Anup Uppadhayay
*Chairman and Director*

Bruce Stevenson
*Managing Director and Chief Executive Officer*

Gavin Solsky
*Director*

Bengaluru
April 17, 2015

Deepak Bhalla
*Director*

Anantha Radhakrishnan
*Director*

Binny Mathews
*Director*

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