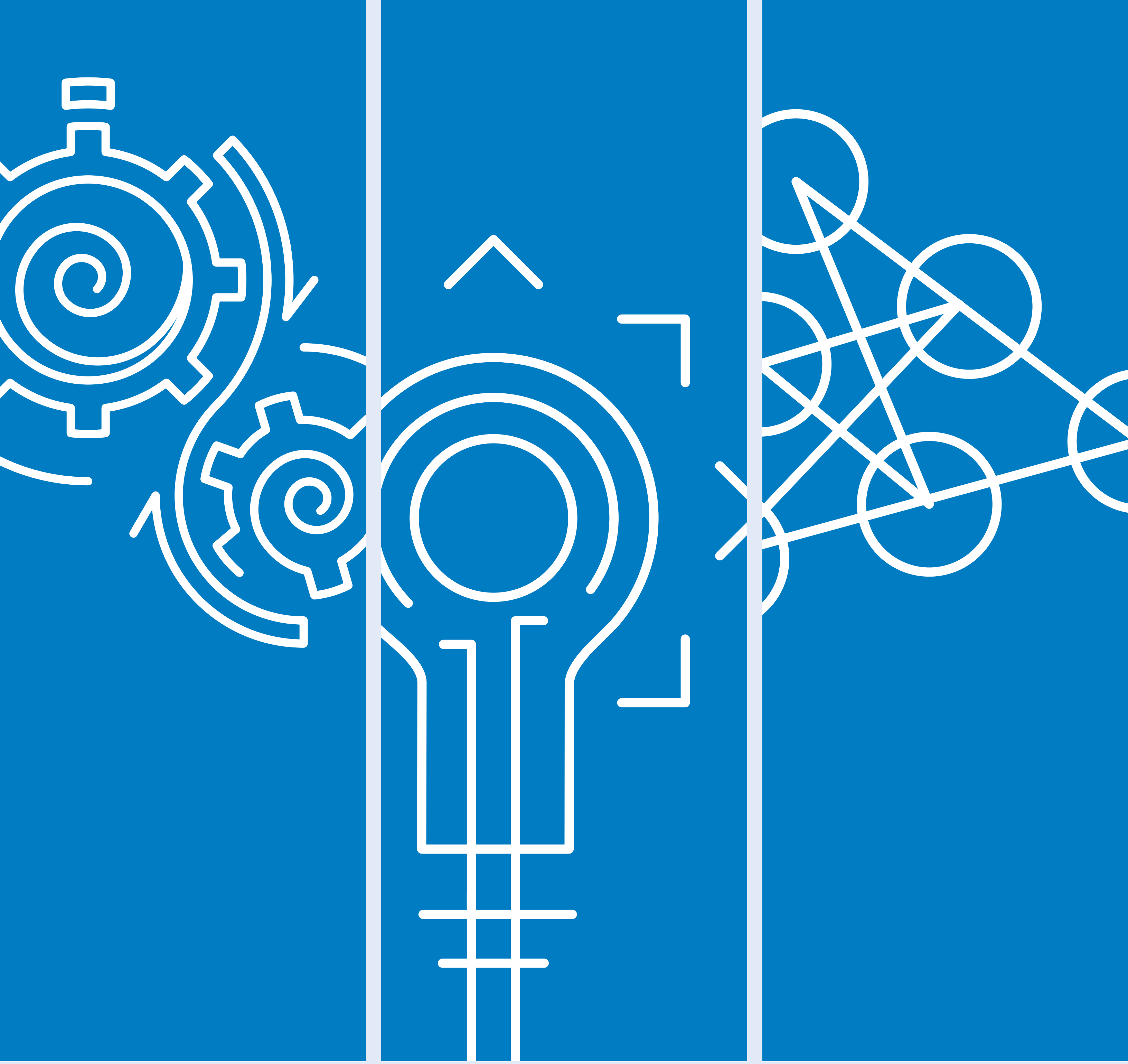


Infosys Poland Sp. z o.o.

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

Opinion and Report of the Independent Auditor

Financial year ended 31 March 2017

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Opinion of the independent auditor

To the Shareholders' Meeting of Infosys Poland Sp. z o.o.

Opinion on the Financial Statements

We have audited the accompanying financial statements of Infosys Poland Sp. z o.o. with its registered office in Łódź, ul. Pomorska 106A ('the Company'), which comprise the introduction to the financial statements, the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Statement of Changes in Equity, and the Cash Flow Statement for the year then ended and the supplementary information and explanations.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act dated 29 September, 1994 (Official Journal from 2016, item 1047 with amendments) ('the Accounting Act') and related bylaws, and other applicable regulations. The Management of the Company is also responsible for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act, the Management of the Company is required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Section 7 of the Accounting Act and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management of the Company, 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 opinion.

Opinion

In our opinion, the accompanying financial statements of Infosys Poland Sp. z o.o.

- give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flows for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws;
- comply, in all material respects, with applicable regulations and the provisions of the Company's articles of association that apply to the Company's financial statements; and
- have been prepared from accounting records that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

The Management of the Company is responsible for the report on the Company's activities. Our opinion on the financial statements does not cover the report on the Company's activities.

As required by the Accounting Act, we report that the accompanying report on the Company's activities includes the information required by Art. 49 of the Accounting Act and the information is consistent, in all material respects, with the financial statements. Furthermore, based on our knowledge about the Company and its environment obtained in the audit, we have not identified material misstatements in the report on the Company's activities.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warsaw
Registration number: 3546
Signed on the Polish original

Zofia Popławska
Key Certified Auditor
Registration number: 90027
Limited Liability Partner with power of attorney
16 May 2017

1 General

1.1 General information about the Company

1.1.1 Company name

Infosys Poland Sp. z o.o.

1.1.2 Registered office

ul. Pomorska 106A

91-402 Łódź

1.1.3. Registration in the register of entrepreneurs of the National Court Register

Registration court: District Court for Łódź-Śródmieście in Łódź, XX Commercial Department of the National Court Register

Date: 3 August 2007

Registration number: KRS 0000285868

Share capital as at the Balance Sheet date: PLN 2,500,000,00

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 March 2017, the Management Board of the Company was comprised the following members:

Anantha Radhakrishnan
President of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Kapil Jain
Member of the Management Board

Anup Kapoor
Member of the Management Board

According to the resolution of the Ordinary Shareholders' Meeting dated 26 September 2016, Mr. Anup Uppadhayay was recalled from the position of President of the Management Board and Mr. Rajesh Krishnamurthy and Mr. Deepak Bhalla were recalled from the position of the Member of the Management Board. In the same resolution, Mr. Anantha Radhakrishnan was appointed to the position of the President of the Management Board and Mr. Anup Kapoor, Mr. Kapil Jain and Mr. Nishit Ajitkumar Shah were appointed to the position of the Member of the Management Board.

1.2. Key certified auditor and audit firm information

1.2.1. Key certified auditor information

Name and surname: Zofia Popławska

Registration number: 90027

1.2.2. Audit firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Address of registered office: ul. Inflancka 4A, 00-189 Warsaw

Registration number: KRS 0000339379

Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register

NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The financial statements as at and for the financial year ended 31 March 2016 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The financial statements were approved at the Shareholders' Meeting on 26 September 2016 where it was resolved to allocate the net profit for the prior financial year of PLN 57,913,201.61 to reserve capital.

The financial statements were submitted to the Registration Court on 28 September 2016.

1.4. Audit scope and responsibilities

The financial statements were audited in accordance with the contract dated 20 March 2017, concluded on the basis of the resolution of Extraordinary Shareholders' Meeting dated 14 March 2017 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ('the Accounting Act') and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the financial statements at the Company during the period from 13 to 17 March 2017 and from 3 to 11 April 2017.

The Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act and related bylaws, and other applicable regulations. The Management of the Company is also responsible for the report on the Company's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements based on our audit.

The Management of the Company submitted a statement, dated as at the same date as this report, as to the preparation of the financial statements that give a true and fair view, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information were provided to us by the Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ('IESBA Code') and the impartiality and independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2016, item 1000) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Balance Sheet

in PLN thousand

ASSETS	As at March 31,			
	2017		2016	
	Amount	% of total	Amount	% of total
Non-current assets				
Tangible fixed assets	9,748.4	3.2	13,621.3	5.5
Long-term investments	33,361.0	10.9	12,023.9	4.9
Long-term prepayments and deferred expenses	16,695.2	5.4	12,509.4	5.1
	59,804.6	19.5	38,154.6	15.5
Current assets				
Short-term receivables	79,340.2	25.9	70,146.0	28.4
Short-term investments	166,480.5	54.4	137,995.1	55.9
Short-term prepayments and deferred expenses	442.1	0.2	474.7	0.2
	246,262.8	80.5	208,615.8	84.5
TOTAL ASSETS	306,067.4	100.0	246,770.4	100.0
EQUITY AND LIABILITIES				
Equity				
Share capital	2,500.0	0.8	2,500.0	1.0
Reserve capital	187,640.2	61.3	129,727.0	52.6
Net profit / (loss)	53,696.2	17.6	57,913.2	23.5
	243,836.4	79.7	190,140.2	77.1
Liabilities and provisions for liabilities				
Provisions for liabilities	17,374.3	5.7	13,500.0	5.5
Short-term liabilities	22,575.8	7.3	19,770.2	8.0
Accruals and deferred income	22,280.9	7.3	23,360.0	9.4
	62,231.0	20.3	56,630.2	22.9
TOTAL EQUITY AND LIABILITIES	306,067.4	100.0	246,770.4	100.0

2.1.2. Profit and Loss Account

in PLN thousand

Particulars	April 1, 2016 - March 31, 2017		April 1, 2015 - March 31, 2016	
	Amount	% of total sales	Amount	% of total sales
Net revenue and net revenue equivalents				
Net revenue from sales of finished products	295,047.6	100.0	266,932.6	100.0
	295,047.6	100.0	266,932.6	100.0
Operating expenses				
Depreciation	(6,052.9)	2.1	(5,759.2)	2.2
Materials and energy	(971.9)	0.3	(390.1)	0.1
External services	(38,449.9)	13.0	(32,973.0)	12.4
Taxes and charges	(2,915.7)	1.0	(2,688.0)	1.0
Payroll	(146,728.1)	49.7	(121,587.8)	45.6
Social security and other benefits	(33,523.9)	11.4	(29,985.9)	11.2
Other expenses by kind	(12,796.0)	4.3	(12,673.1)	4.7
Cost of merchandise and raw materials sold	(140.2)	0.1	(538.8)	0.2
	(241,578.6)	81.9	(206,595.9)	77.4
PROFIT / (LOSS) ON SALES	53,469.1	18.1	60,336.7	22.6
Other operating income				
Gain on disposal of non-financial fixed assets	–	–	3.2	–
Revaluation of non-financial assets	470.5	0.1	–	–
Others	195.0	0.1	175.1	0.1
	665.6	0.2	178.3	0.1
Other operating costs				
Loss on disposal of non-financial fixed assets	(0.6)	0.0	–	–
Revaluation of non-financial assets	–	–	(473.8)	0.2
Other	(88.5)	0.0	(78.0)	0.0
	(89.1)	0.0	(551.8)	0.2
OPERATING PROFIT / (LOSS)	54,045.5	18.3	59,963.2	22.5
Finance income				
Interest	1,975.3	0.7	1,436.3	0.5
Other	698.7	0.2	–	–
	2,674.0	0.9	1,436.3	0.5
Finance costs				
Interest	(17.8)	0.0	(88.6)	0.0
Other	(2,455.5)	0.8	(1,815.2)	0.7
	(2,473.2)	0.8	(1,903.8)	0.7
PROFIT / (LOSS) BEFORE TAXATION	54,246.2	18.4	59,495.7	22.3
Corporate income tax	(550.1)	0.2	(1,582.5)	0.6
Net profit / (loss)	53,696.2	18.2	57,913.2	21.7

2.2. Selected financial ratios

Particulars	2016 / 2017	2015 / 2016	2014 / 2015
Return on sales			
Net profit x 100%	18.2%	21.7%	16.0%
Net revenue			
Return on equity			
Net profit x 100%	28.2%	43.8%	42.8%
Equity - net profit			
Debtors' days			
Average trade receivables (gross) x 365 days	83 days	95 days	94 days
Net revenue			
Debt ratio			
Liabilities and provisions for liabilities x 100%	20.3%	22.9%	32.3%
Total equity and liabilities			
Current ratio			
Current assets	3.5	4.6	3.5
Current liabilities			

- Current assets exclude trade receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding trade liabilities due in more than 12 months) and other short-term accruals.
- Net revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables from related parties and third parties at the beginning and at the end of the period, with no deduction made for allowances.

3. Detailed report

3.1. Accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Article 10 of the Accounting Act.

On the basis of the work performed, we have not identified any material irregularities in the accounting system which have not been corrected and that could have a material effect on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Registration No. 3546

ul. Inflancka 4A

00-189 Warsaw

Signed on the Polish original

Zofia Popławska

Key Certified Auditor

Registration No. 90027

Limited Liability Partner with power of attorney

16 May 2017

Introduction to the financial statements

(All amounts are presented in PLN)

1 Details identifying the Company

1.1 Business name of the Company

Infosys Poland Sp. z o.o., hereinafter 'the Company'

1.2 Registered office of the Company

Pomorska Street 106A

91-402 Łódź

1.3 Registration in the National Court Register

Seat of the court: District Court of Łódź-Śródmieście in Łódź, 20th Division of the National Court Register

Date: 03.08.2007

Registration number: KRS 0000285868

1.4 Basic objects and term of the Company

The objects of the Company, as defined in the Articles of Association, are mainly:

- Software-related activities (PKD 62.01.Z);
- Accounting and bookkeeping activities (PKD 74.12 Z)
- Accounting and bookkeeping activities with tax advisory (PKD 69.20 Z)
- Data processing; management of websites (hosting) and similar activity (PKD 63.11.Z).

The Company was incorporated for an indefinite term.

1.5 Period reported in the financial statements

The financial statements have been drafted for the period from 1 April 2016 to 31 March 2017, and the comparative data pertain to the period from 1 April 2015 to 31 March 2016.

1.6 Going concern assumption

The financial statements have been drawn up with the assumption that the Company will be a going concern in the foreseeable future.

There are no circumstances posing a risk to the Company continuing as a going concern.

2 Significant accounting principles

The financial statements were prepared with regard to the following accounting principles:

2.1 Basis of financial statement preparation

The financial statements were prepared in accordance with the accounting principles applicable on the territory of the Republic of Poland as indicated in the Accounting Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended) and in the implementing provisions enacted on its basis.

The accounting principles adopted by the Company were applied in a continuous manner and are compliant with the accounting principles applied in the previous financial year.

2.2 Revenue and expenses

Revenue and expenses are recognized on an accrual basis, which means that they are recognized in the financial year to which they refer, regardless of the date when the payment was received or made.

The Company maintains the register of expenses by nature and prepares profit and loss account with the use of single-step variant.

Sales revenue

The Company derives revenue 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 at the time of execution and the proceeds realized revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenues on the basis of a fixed price agreed with the customer or fixed-time frame is recognized as a reliable measure when they are probable. Revenues on the basis of the unit price for a given activity are recognized as transactions based on measurable work results. Provisions for estimated losses, if any, arising from unfulfilled contracts are recorded in the period in which such loss is probable, based on the current estimation.

2.3 Interest

Interest received are recognized based on accrual basis, using the effective interest rate method.

2.4 Statement of Cash Flows

Cash Flow Statement was prepared with the use of indirect method.

2.5 Intangible fixed assets

Intangible assets are recognized in the books at acquisition price or cost of manufacture less depreciation write-offs and impairment write-offs.

Intangible fixed assets are depreciated using the straight-line method applying the following depreciation rates:

Intangible fixed assets with the value higher than PLN 3,500	50%
Goodwill	20%

The correctness of intangible assets depreciation periods and rates is verified by the Company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.6 Tangible fixed assets

Fixed assets are valuated at acquisition price or cost of manufacture (initial value) allowing for the results of re-evaluation (adjustment), less depreciation write-offs and impairment write-offs.

The acquisition price and cost of manufacture of fixed assets and fixed assets under construction comprise overall costs incurred by the Company for the period of construction, installation, adaptation and improvement up to the date when the assets were made available for use, including the servicing cost of commitments assumed for financing them and related foreign exchange gains or losses, less related income.

The initial value of a fixed asset is increased by improvement costs, which means conversion, extension, modernization and reconstruction resulting in the utility value after the improvement exceeds its utility value when the asset was made available for use.

Fixed assets are depreciated according to the straight-line method beginning with the month when an asset was made available for use.

The example of depreciation rates are as follows:

Computers	33.3%
Furniture	20%
Office equipment	20%

Lease-hold assets till the end of agreement not longer than 5 years.

The correctness of tangible fixed assets depreciation periods and rates applies is verified by the Company. This results in the relevant adjustments of the depreciation write-offs to be made in the following years.

2.7 Investments

Investments comprise assets held in order to derive economic benefits resulting from the increase in their value, to earn revenue in the form of interest, dividends (profit-sharing) or other benefits, including benefits from commercial transactions, in particular financial assets as well as property and intangible fixed assets that are not used by the entity, but held for the purpose of deriving such benefits.

2.8 Receivables, claims and liabilities other than those classified as financial assets and liabilities

Receivables are reported based on their amounts due allowing for the prudence principle. Amounts receivable are revaluated based on the degree of probability of their repayment, by making revaluation write-offs classified as other operating expenses or financial expenses, respectively, based on the type of receivables, to which a write-off refers. As a matter of principle, in the case of receivables that were not received within 180 days as of the date of issuing an invoice, the Company shall make a revaluation write-off recognized as other operating expenses.

Liabilities are recognized in the books based on their amounts due.

Receivables and liabilities expressed in foreign currencies are recognized as at the date when they arose according to the National Bank of Poland average exchange rate announced for a given currency on the day preceding that date.

As at the Balance Sheet date, receivables and liabilities expressed in foreign currencies are valuated according to the average exchange rate announced for a given currency by National Bank of Poland on that day.

2.9 Asset impairment

On each Balance Sheet date, it is assessed whether there is objective evidence indicating impairment of an asset or group of assets. If such evidence exists, estimated and recoverable value of an asset is determined and impairment loss is represented due to loss of value in the amount equal to the difference between the recoverable value and the Balance Sheet value. Loss due to impairment is recognized in profit and loss account. If the consequences of a previous re-evaluation of assets were recognized as revaluation reserve, then the loss reduces the amount of reserve, and the other part of the loss is recognized in profit and loss account.

2.10 Prepayments and accruals

The Company recognizes prepaid costs if they relate to future accounting periods. Accruals are recognized in the amount of probable liabilities relating to the current accounting period.

2.11 Provision for liabilities

Provisions are raised for liabilities whose timing or amount are uncertain.

Retirement benefits

In accordance with the remuneration regulations, the employees of the Company are entitled to retirement benefits. Valuation of the liabilities arising from such benefits was made in accordance with actuarial methods and discount rate based on market rate of return as at the Balance Sheet date. The employment turnover is estimated on the basis of historical data and predicted level of employment in the future.

2.12 Conducting business in the Łódź Special Economic Zone

On the basis of a permit No. 225 issued on 04 July 2013 Company conducts its business in the Łódź Special Economic Zone (LSSE). On this basis, the Company is entitled to exemption from CIT in respect of expenditure incurred in the Zone. The Company meets all the conditions contained in the permit to be able to benefit from the tax exemption.

Income earned from business activities covered by the permit in the LSSE is exempt based on Art. 17, para. 1, paragraph 34 of the CIT Act.

The Company uses the tax exemption in respect of new job positions creation, referred to in § 3. 1 point 2 of the Council of Ministers on the criteria that allows the inclusion of certain land as special economic zone (Dz. U. No 244, item. 1477, as amended). The Company is availing the benefit of eligible amount of two-year labor costs assumed labor costs 390 new employees amounting to PLN 45,460,396.80.

Company is entitled to relief from tax in the amount of 50% of the actual eligible costs incurred.

The Company in the Łódź SEZ, according to the permit, performs the following activities production, trade and service in the field of goods and services produced within the zone specified in the following positions Polish Classification of Goods and Services of the Central Statistical Office:

1. Services in the field of financial audit (category 69.20.1)
2. Accounting services (category 69.20.2)
3. Services in the field of research and development in the field of social sciences and humanities (category 72.2)
4. Services related to software and consultancy and related services (group 62.0) excluding the original computer games 9podkategoria 62.01.21)

The calculation of the eligible costs of building the limit of tax exemption in the Lodz Special Economic Zone company started since May 2015.

On 30 December 2016, the Company received a new permit No. 302 to operate in the Łódź Special Economic Zone with an extended range of services.

2.13 Income tax

Income tax indicated in profit and loss account comprises current and deferred tax.

Current liabilities arising from income tax are assessed in accordance with tax regulations. The deferred tax recognized in profit and loss account equals the difference between the deferred tax reserves and deferred tax assets at the beginning and at the end of the accounting period.

Deferred income tax reserves and assets relating to the operations satisfied with equity are recognized under equity.

Deferred income tax assets are established in the amount to be deducted off income tax in the future due to negative temporary differences which will cause future reduction of the income tax base and deductible tax loss, based on the principle of prudence.

Deferred tax asset for taxation allowance in Special Economic Zone in Łódź are recognized on forecasted financial results of the Company for the period when tax benefit is expected to be utilized.

Provision for deferred income tax are created in the amount of income tax due in the future because of positive temporary differences, i.e. differences which will cause future increase of income tax base.

The amount of deferred income tax provision and assets is established with regard to income tax rates as applicable in the year when tax obligation arise.

Deferred income tax provision and assets are not compensated for the purpose of presentation in the financial statement.

2.14 Foreign exchange differences

Foreign exchange gains (losses) arising from the valuation, as at the Balance Sheet date, of assets and liabilities expressed in foreign currencies, and from the payment of receivables and liabilities in foreign currencies, as well as connected with the sale of currencies, are classified as income or expenses, respectively. In duly justified cases, they are recognized as cost of manufacture or acquisition price of goods, as well as acquisition price or cost of manufacture of fixed assets, fixed assets under construction or intangible assets.

The following exchange rates were taken into account with regard to the valuation of Balance Sheet items expressed in foreign currencies (PLN):

Particulars	March 31, 2017	March 31, 2016
AED	1.069	1.0201
AUD	3.0171	2.8838
CHF	3.9461	3.904
CZK	0.1559	0.1578
EUR	4.2198	4.2684
DKK	0.5674	0.5729
GBP	4.913	5.4078
INR	0.0608	0.0568
NOK	0.4601	0.4532
HRK	0.5673	0.5670
MXN	0.2113	0.2182
SEK	0.4419	0.4624
USD	3.9455	3.759
ZAR	0.2955	0.2542
RON	0.9277	0.9538
HUF	0.0137	0.0136
RUB	0.0704	0.0555
TRY	1.0853	1.3284

2.15 Financial instruments

2.15.1 Classification of financial instruments

Financial instruments are recognized and valuated according to the Regulation of the Minister of Finance dated 12 December 2001 on specific rules concerning recognition, valuation, disclosure and presentation of financial instruments. The rules concerning valuation and disclosure of financial assets described in this note do not apply to the financial instruments excluded from the Regulation, including shares particularly in subsidiaries, rights and obligations arising from insurance and leasing agreements, receivables and liabilities arising from deliveries and services, as well as financial instruments issued by the Company, which constitute its equity instruments.

Financial assets are divided into the following categories:

- Financial assets held for trading,
- Loans and receivables originated by the enterprise,
- Financial assets held to maturity,
- Financial assets available for sale.

Financial liabilities are divided into the following categories:

- Financial liabilities held for trading,
- Other financial liabilities.

2.15.2 Rules concerning recognition and valuation of financial instruments

Financial assets are entered into the books as at the date of concluding a contract at the acquisition price, i.e. at fair value of incurred expenses or other property items transferred in return. Financial liabilities are entered at fair value of the amount obtained or value of other items received. The fair value at a given day is established with regard to transaction costs incurred by the Company.

2.15.3 Financial assets held for trading

Financial assets held for trading comprise financial derivatives.

Financial assets held for trading are valuated at fair value. The consequences of periodic valuation are recognized, respectively, as income or financial costs of the accounting period when the re-evaluation took place.

2.15.4 Loans granted and receivables

Loans granted and receivables include, regardless of their maturity, financial assets arising from the direct issuance of cash to the other contracting party.

Loans granted and receivables are valuated at the adjusted acquisition price calculated with the use of the effective interest rate method.

2.15.5 Financial assets available for sale.

Available-for-sale financial assets are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial assets available for sale, whose fair value cannot be determined reliably, are valued at cost.

2.15.6 Financial liabilities

Financial liabilities intended for sale, including derivatives, which have not been classified as hedging instruments, are reported at their fair value, and the profits and losses resulting from their valuation are recognized directly in the profit and loss account.

Other financial liabilities are valued at amortized cost using the effective interest method.

2.16 Description of methods and material assumptions made to determine the fair value of assets and financial liabilities valuated at that value

The fair value shall be the amount for which an asset could be exchanged and a liability settled under an arms-length transaction between willing and well informed parties.

The fair value shall be determined through the estimation of a financial instrument using estimation methods generally recognized as correct.

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Balance Sheet

in PLN

ASSETS	Note	As at March 31,	
		2017	2016
NON-CURRENT ASSETS		59,804,636.64	38,154,573.07
Intangible fixed assets	1		
Other intangible fixed assets		–	–
		–	–
Tangible fixed assets	2		
Fixed assets		9,748,413.87	13,621,210.77
Buildings, premises and civil and water engineering structures		2,359,507.95	4,471,805.58
Technical equipment and machinery		6,269,988.04	7,394,693.67
Other tangible fixed assets		1,118,917.88	1,754,711.52
Fixed assets under construction		–	118.05
		9,748,413.87	13,621,328.82
Long-term investments	6		
Long-term financial assets		–	–
Financial assets available for sale		33,360,975.00	12,023,880.00
		33,360,975.00	12,023,880.00
Long-term prepayments and accruals			
Deferred income tax assets	13.3	16,695,247.77	12,509,364.25
		16,695,247.77	12,509,364.25
CURRENT ASSETS		246,262,804.08	208,615,868.38
Short-term receivables			
Amounts due from related parties		1,198,731.84	818,776.46
Trade receivables	3.1	1,198,731.84	818,776.46
Amounts due from third parties		78,141,494.04	69,327,234.63
Trade receivables	3.2	68,296,463.47	62,057,289.37
Receivables relative to taxes, subsidies, customs duties social and Health insurance - Short-term		8,645,172.42	5,781,238.70
Other		1,199,858.15	1,488,706.56
		79,340,225.88	70,146,011.09
Short-term investments			
Short-term financial assets		166,480,517.59	137,995,118.97
In related parties	4.1	2,803,618.25	–
In third parties	4.2	45,121,561.74	123,173,293.15
Cash and other cash equivalents	4.3	118,555,337.60	14,821,825.82
		166,480,517.59	137,995,118.97
Short-term prepayments and deferred expenses	5	442,060.61	474,738.32
TOTAL ASSETS		306,067,440.72	246,770,441.45

Balance Sheet

in PLN

EQUITY AND LIABILITIES	Note	As at March 31,	
		2017	2016
EQUITY			
Share capital	7.1	2,500,000.00	2,500,000.00
Capital reserve		187,640,238.78	129,727,037.17
Losses brought forward			–
Net profit / (loss)		53,696,165.85	57,913,201.61
Write-offs from net profit during the financial year		–	–
		243,836,404.63	190,140,238.78
LIABILITIES AND PROVISIONS FOR LIABILITIES		62,231,038.10	56,630,202.67
Provisions for liabilities			
Deferred tax liability	13.3	75,013.70	243,067.25
Provision for retirement and similar benefits	8.1	15,449,327.11	12,015,582.94
Long-term		552,547.00	410,545.00
Short-term		14,896,780.11	11,605,037.94
Other provisions		1,850,000.00	1,241,359.00
Short-term	8.2	1,850,000.00	1,241,359.00
		17,374,340.81	13,500,009.19
Short-term liabilities			
Related party liabilities		288,310.92	164,836.32
Trade liabilities	9.1	288,310.92	164,836.32
Liabilities due to third parties		21,706,975.73	19,442,627.75
Other financial liabilities	9.4	56,000.00	1,574,155.12
Trade liabilities	9.2	2,165,233.16	1,494,734.83
Taxes, customs duties, insurance, and other benefits to be paid	9.3	10,902,142.53	8,404,379.52
Wages and salaries		8,583,600.04	7,427,219.36
Other		–	542,138.92
Special funds		580,556.48	162,750.12
		22,575,843.13	19,770,214.19
Accruals			
Other accruals		22,280,854.16	23,359,979.29
Long-term	10.1	9,311,835.88	10,833,265.21
Short-term	10.2	12,969,018.28	12,526,714.08
		22,280,854.16	23,359,979.29
TOTAL EQUITY AND LIABILITIES		306,067,442.73	246,770,441.45

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Profit and Loss Account

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Net income from sales and equivalent income			
Net income from sale of products	11	295,047,621.77	266,932,593.51
		295,047,621.77	266,932,593.51
Operating expenses			
Depreciation		(6,052,866.93)	(5,759,180.83)
Consumption of materials and energy		(971,853.48)	(390,094.02)
External services		(38,449,873.04)	(32,973,056.12)
Taxes and charges including		(2,915,708.51)	(2,687,967.47)
Wages and salaries		(146,728,111.37)	(121,587,796.65)
Social security and other benefits		(33,523,928.33)	(29,985,895.86)
Other costs		(12,795,993.70)	(12,673,108.13)
Value of goods and materials sold		(140,228.03)	(538,806.49)
		(241,578,563.39)	(206,595,905.57)
Profit on sale		53,469,058.38	60,336,687.94
Other operating revenues			
Profit on the disposal of non-financial fixed assets		–	3,252.03
Revaluation of non-financial assets		470,546.52	
Other operating revenues		195,003.91	175,132.36
		665,550.43	178,384.39
Other operating expenses			
Loss on disposal of non-financial fixed assets		(645.52)	–
Revaluation of non-financial assets		–	(473,841.20)
Other operating expenses		(88,459.78)	(78,047.40)
		(89,105.30)	(551,888.60)
Operating profit / (loss)		54,045,503.51	59,963,183.73
Financial revenue			
Interest only	12	1,975,276.26	1,436,349.67
Other		698,699.29	–
		2,673,975.55	1,436,349.67
Financial expenses			
Interest, including		(17,771.07)	(88,632.04)
Other		(2,455,471.21)	(1,815,210.37)
		(2,473,242.28)	(1,903,842.41)
Gross profit / (loss) on business activities		54,246,236.78	59,495,690.99
Corporate income tax	13	(550,070.93)	(1,582,489.38)
Net profit / (loss)		53,696,165.85	57,913,201.61

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Statement of Changes in Equity

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
EQUITY AT THE BEGINNING OF THE PERIOD		190,140,238.78	132,227,037.17
SHARE CAPITAL AT THE BEGINNING OF THE PERIOD		2,500,000.00	2,500,000.00
SHARE CAPITAL AT THE END OF THE PERIOD		2,500,000.00	2,500,000.00
RESERVE CAPITAL AT THE BEGINNING OF THE PERIOD		129,727,037.17	106,589,179.77
Changes in reserve capital			
Additions relating to		57,913,201.61	23,137,857.40
Profit allocation (above the minimum statutory value)		57,913,201.61	23,137,857.40
RESERVE CAPITAL AT THE END OF THE PERIOD		187,640,238.78	129,727,037.17
Loss brought forward at beginning of period		–	(1,514,368.16)
Decrease		–	1,514,368.16
Covering the loss from previous years		–	1,514,368.16
Loss brought forward at the end of period		–	–
NET RESULT			
Net profit		53,696,165.85	57,913,201.61
Write-offs from profit		–	–
EQUITY AT THE END OF THE PERIOD		243,836,404.63	190,140,238.78
EQUITY AFTER ADJUSTMENTS FOR THE PROPOSED DISTRIBUTION OF PROFITS	5.2	243,836,404.63	190,140,238.78

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Statement of Cash Flows

in PLN

Particulars	Note	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
OPERATING CASH FLOW			
NET PROFIT		53,696,165.85	57,913,201.61
TOTAL ADJUSTMENTS			
Depreciation and amortization		6,052,866.93	5,759,180.83
Foreign exchange (profit) / loss		197,305.62	393,906.99
Interest		(2,110,733.24)	(111,970.38)
Investment profits	15.1	819,455.75	(214,854.86)
Movements in provisions		3,874,331.62	(3,707,191.57)
Movements in receivables		(9,194,214.79)	6,519,052.37
Movements in short-term liabilities excluding loans and credits	15.2	4,865,922.98	(3,434,297.91)
Movements in prepayments and accruals		(5,232,332.96)	(4,273,821.26)
Other adjustments	15.4	(1,518,155.12)	1,168,795.12
		(2,245,553.20)	2,098,799.33
NET OPERATING CASH FLOW		51,450,612.65	60,012,000.94
CASH FLOW FROM INVESTING ACTIVITIES			
INFLOWS		125,042,561.62	11,716,059.20
Sale of intangible assets and tangible fixed assets		645.62	–
From financial assets, including		124,764,729.54	11,501,204.34
From related parties (loan)		–	11,501,204.34
Repayment of long-term loans		–	11,116,500.00
Interest		–	384,704.34
From third parties		124,764,729.54	–
Income from deposits over 3 months		123,000,000.00	–
Interest		1,764,729.54	–
Other investment inflows		277,186.46	214,854.86
OUTFLOWS		(72,880,211.14)	(141,172,196.53)
Purchase of investment property and intangible assets	15.3	(2,722,736.52)	(5,975,023.38)
For financial assets, including		(69,338,018.87)	–
In affiliates		(3,000,923.87)	–
Loan granted		(3,000,923.87)	–
Of third parties		(66,337,095.00)	(135,197,173.15)
Acquisition of financial assets		(66,337,095.00)	(135,197,173.15)
Other investing disbursements		(819,455.75)	–
NET CASH FLOW FROM INVESTING ACTIVITIES		52,162,350.48	(129,456,137.33)
FINANCIAL CASH FLOWS			
PROCEEDS		120,548.74	–
Subsidy 452		120,548.74	–
OUTFLOWS		–	(1,500,000.00)
Dividend		–	(1,500,000.00)
NET CASH FLOW FROM FINANCIAL ACTIVITIES		120,548.74	(1,500,000.00)
TOTAL NET CASH FLOWS		103,733,511.87	(70,944,136.39)
Balance Sheet MOVEMENTS IN CASH AND CASH EQUIVALENTS		103,733,511.78	(70,944,136.39)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		14,821,825.82	85,765,962.21
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4.3	118,555,337.69	14,821,825.82

Anantha Radhakrishnan
President of the Management Board

Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

Supplementary information and explanations

1 Intangible fixed assets

Changes in intangible fixed assets

in PLN

Particulars	Goodwill	Other intangible fixed assets	Total
Gross book value			
April 1, 2016	21,445,874.68	462,667.52	21,908,542.20
Additions	–	–	–
Disposals	–	–	–
March 31, 2017	21,445,874.68	462,667.52	21,908,542.20
Depreciation			
April 1, 2016	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Additions	–	–	–
Disposals	–	–	–
March 31, 2017	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Net book value			
April 1, 2016	–	–	–
March 31, 2017	–	–	–

2 Tangible fixed assets

2.1 Changes in tangible fixed assets

in PLN

Particulars	Buildings, premises and civil and water engineering structures	Technical equipment and machinery	Other tangible fixed assets	Total
Gross book value				
April 1, 2016	10,563,154.52	21,145,214.38	5,048,959.67	36,757,328.57
Additions	–	2,120,777.65	59,938.00	2,180,715.65
Disposals	–	(1,985,261.30)	(33,139.12)	(2,018,400.42)
March 31, 2017	10,563,154.52	21,280,730.73	5,075,758.55	36,919,643.80
Accumulated depreciation				
April 1, 2016	(6,091,348.94)	(13,750,520.71)	(3,294,248.15)	(23,136,117.80)
Additions	(2,112,297.63)	(3,244,837.76)	(695,731.64)	(6,052,867.03)
Disposals	–	1,984,615.78	33,139.12	2,017,754.90
March 31, 2017	(8,203,646.57)	(15,010,742.69)	(3,956,840.67)	(27,171,229.93)
Net book value				
April 1, 2016	4,471,805.58	7,394,693.67	1,754,711.52	13,621,210.77
March 31, 2017	2,359,507.95	6,269,988.04	1,118,917.88	9,748,413.87

2.2 Non-depreciated fixed assets

The value of fixed assets not recognized as assets of the Company used by the Company under a lease, tenancy, or other contract, including operating lease contract is PLN 2,215.4 thousand (previous reporting period: PLN 1,980.7 thousand). The initial value of those fixed assets results from the lease, tenancy and other contracts made.

3 Short-term receivables

3.1 Ageing of short-term trade receivables from related parties

in PLN

Particulars	As at March 31,	
	2017	2016
Remaining term		
Due within 12 months	1,198,731.84	818,776.46
Gross trade receivables	1,198,731.84	818,776.46
Net trade receivables	1,198,731.84	818,776.46

3.2 Ageing of short-term receivables from supplies and services from other entities

in PLN

Particulars	As at March 31,	
	2017	2016
Remaining term		
Due within 12 months	67,958,194.54	61,945,452.79
Over 12 months	338,268.93	111,836.58
	68,296,463.47	62,057,289.37
Gross trade receivables	69,200,356.49	63,328,257.33
Allowances for trade receivables	(903,893.02)	(1,270,967.96)
Net trade receivables	68,296,463.47	62,057,289.37

3.3 Revaluation write-off for short-term trade receivables

in PLN

Particulars	Third parties
April 1, 2016	1,270,967.96
Allowance raised during the year	903,893.02
Allowance released during the year	(1,270,967.96)
March 31, 2017	903,893.02

3.4 Receivables from other entities

in PLN

Particulars	As at March 31,	
	2017	2016
For taxes, subsidies, customs, social and health insurance and other benefits	8,645,172.42	5,781,238.70
VAT	1,668,335.71	2,433,604.24
CIT	6,976,836.71	3,347,634.46
Other	1,199,858.15	1,488,706.56
	9,845,030.57	7,269,945.26

4 Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2017	2016
Loans granted	2,803,618.25	–
	2,803,618.25	–

4.2 Short-term financial assets related to third parties

in PLN

Particulars	As at March 31,	
	2017	2016
Other short- term financial assets – financial derivatives	45,121,561.65	123,173,293.15
	45,121,561.65	123,173,293.15

4.3 Cash and cash equivalents

in PLN

Particulars	As at March 31,	
	2017	2016
Other cash	109,182,708.22	12,000,312.33
	118,555,337.69	14,821,825.82

5. Short-term prepayments and deferred expenses

in PLN

Particulars	As at March 31,	
	2017	2016
Other insurance	47,213.17	34,559.88
Subscription / databases access	265,457.31	215,082.72
Pre-paid others	113,606.23	115,515.50
Revaluation	(14,466.10)	84,460.22
	442,060.61	474,738.32

6 Long-term financial assets in other entities

in PLN

Particulars	As at March 31,	
	2017	2016
The investment in Vertex Venture	19,585,425.00	12,023,880.00
The investment in Cloudyn Software Ltd.	7,650,000.00	–
The investment in Tidal scale Inc.	6,125,550.00	–
	33,360,975.00	12,023,880.0

Based on the agreement dated 21.08.2015, the Company incurred capital expenditures of Vertex Ventures in the amount of PLN 19,585,425.00. Uncalled capital relating to investments in Vertex Ventures is US $ 9,975,000.00 (PLN 39,356,362.50 translated at the exchange rate as of March 31, 2017).

Based on the agreement dated 03.08.2016, the Company incurred capital expenditures of Cloudyn Software Limited in the amount of PLN 7,650,000.00. Uncalled capital relating to investments in Cloudyn Software Limited is US $ 2,000,000.00 (PLN 7,891,000.00 translated at the exchange rate as of March 31, 2017).

Based on the agreement dated 04.08.2016, the Company incurred capital expenditures of Tidal Scale Inc. in the amount of PLN 6,125,55.00.

7 Share capital

7.1 Share capital ownership

Shareholders	No. of shares held	Nominal value of shares	% held
Infosys BPO Limited	5,000	2,500,000	100%
	5,000	2,500,000	100%

7.2 Proposals for profit distribution or coverage of losses

The financial statements have been prepared before the resolution on distribution of profit for the current year. The Management Board proposes to allocate profit for the year to increase capital.

8 Provisions

8.1 Provision for pension and similar benefits

in PLN

Particulars	Retirement benefit	Other	Total
April 1, 2016	410,545.00	11,605,037.94	12,015,582.94
Increases	552,547.00	14,896,780.11	15,449,327.11
Utilized	–	(4,821,573.93)	(4,821,573.93)
Release	(410,545.00)	(6,783,464.01)	(7,194,009.01)
March 31, 2017	552,547.00	14,896,780.11	15,449,327.11
Including			
Long-term part	552,547.00	–	552,547.00
Short-term part	–	14,896,780.11	14,896,780.11

8.2 Other short-term provisions

in PLN

Particulars	Provision for other cost	Total
April 1, 2016	1,241,359.00	1,241,359.00
Increases	1,850,000.00	1,850,000.00
Utilized	–	–
Release	(1,241,359.00)	(1,241,359.00)
March 31, 2017	1,850,000.00	1,850,000.00

9 Short-term liabilities

9.1 Short-term trade liabilities due to related parties of PLN 288,310.92 are due within 12 months from Balance Sheet date.

9.2 Short-term trade liabilities due to third parties of PLN 2,165,233.16 are due within 12 months from Balance Sheet date.

9.3 Short-term liabilities from taxes, customs duties, insurance and other benefits.

in PLN

Particulars	As at March 31,	
	2017	2016
Settlements with the government under PIT-4	2,072,930.48	1,685,741.80
Settlements with ZUS	8,829,212.05	6,718,637.72
	10,902,142.53	8,404,379.52

9.4 Short-term liabilities - other financial liabilities to other entities

in PLN

Particulars	As at March 31,	
	2017	2016
Valuation of financial instruments	56,000.00	1,574,155.12
	56,000.00	1,574,155.12

10 Other prepayments and accruals

10.1 Long-term accruals

in PLN

Particulars	As at March 31,	
	2017	2016
Accrued discount on tenancy agreement – long-term	9,311,833.87	10,833,265.21
	9,311,833.87	10,833,265.21

10.2 Short-term accruals

in PLN

Particulars	As at March 31,	
	2017	2016
Provision for business trips	147,351.00	390,243.77
Accrued discount on tenancy agreement – short-term	1,527,278.64	1,386,180.87
EU subsidy - other deferred income	8,130,452.55	8,009,903.81
Others	3,163,936.09	2,740,385.63
	12,969,018.28	12,526,714.08

11 Structure of revenues from sales

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
By territory		
Revenues from the sale of finished products		
Domestic	31,967,331.52	32,046,849.14
Export	263,080,290.25	234,885,744.37
	295,047,621.77	266,932,593.51
Sale structure by activity		
Revenues from the sale of finished products		
Services	295,047,621.77	266,932,593.51
	295,047,621.77	266,932,593.51

12 Interest income

Including on debt financial instruments, loans granted and the receivables originated by the enterprise.

In the period from 1st of April 2016 to 31st of March 2017, interest unrealized, allocated by period of payment term:

in PLN

Particulars	Interest realized	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	1,802,878.04	9,102.74	163,295.48	–	1,975,276.26
	1,802,878.04	9,102.74	163,295.48	–	1,975,276.26

In the period from 1st of April 2015 to 31st of March 2016, interest unrealized, allocated by period of payment term:

in PLN

Particulars	Interest realized	< 3 months	3-12 months	>12 months	Total
Loans and receivables originated by the enterprise	1,380,379.29	–	55,970.38	–	1,436,349.67
	1,380,379.29	–	55,970.38	–	1,436,349.67

13 Corporate income tax

13.1 Structure of corporate income tax

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Current income tax	4,993,210.00	7,538,353.00
Additional tax liabilities brought forward	(89,202.00)	146,968.00
Movements in deferred income tax	(4,353,937.07)	(6,102,831.62)
	550,070.93	1,582,489.38

13.2 Calculation of corporate income tax

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Profit / (loss) before tax	54,246,236.78	59,495,690.99
Amounts increasing the tax base	35,165,791.73	23,958,569.60
Amounts decreasing the tax base	34,348,392.66	11,170,965.63
Taxable income	55,063,635.85	72,283,294.96
Tax base	55,063,635.85	72,283,294.96
Current tax	10,462,090.00	13,733,826.00
SEZ relief	(5,468,880.00)	(6,195,473.00)
Tax in profit and loss	4,993,210.00	7,538,353.00

13.3 Deferred tax assets and liabilities

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Negative temporary differences		
Holiday provision	7,864,799.94	5,601,903.89
Bonus and retirement provision and other salary provisions	5,822,581.07	6,473,336.47
Recognized foreign exchange losses	1,623,863.79	1,464,981.28
Provisions for other costs and accrued expenses	23,105,890.57	29,241,658.11
Deferred income	847,301.35	-
Valuation of derivatives	67,500.00	1,574,155.12
Provision for tax relief SEZ	48,537,788.40	21,482,724.32
	87,869,725.12	65,838,759.19
The gross value of deferred income tax	16,695,247.77	12,509,364.25
NET VALUE OF DEFERRED TAX ASSET	16,695,247.77	12,509,364.25
Positive temporary differences		
Recognized foreign exchange profit	48,805.25	152,691.32
Deposit interest accrued	346,003.71	173,605.48
Fixed assets	–	953,004.51
	394,808.96	1,279,301.31
DEFERRED INCOME TAX PROVISION	75,013.70	243,067.25
DEFERRED INCOME TAX ASSETS RECOGNIZED IN THE Balance Sheet	16,695,247.77	12,509,364.25
Balance Sheet MOVEMENTS IN NET DEFERRED TAX ASSETS / PROVISION	75,013.70	243,067.25
CHANGING THE Balance Sheet NET ASSETS / PROVISION FOR DEFERRED TAX	4,353,937.07	6,102,831.62
MOVEMENTS IN DEFERRED TAX RECOGNIZED IN THE PROFIT AND LOSS ACCOUNT	4,353,937.07	6,102,831.62

14 Outlays on non-financial fixed assets

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Outlays on non-financial fixed assets		
Made during the year	2,180,715.65	5,975,023.38
Planned for the next year	8,220,295.38	3,999,576.00

15 Notes to the Cash Flow Statement

15.1 Investment profits

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Profit / (loss) on sales of fixed assets	–	(3,252.03)
Other – profit from forward transactions completed	819,455.75	(211,602.83)
	819,455.75	(214,854.86)

15.2 Movements in short-term liabilities (excluding credits and loans)

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Movements in short-term liabilities	2,805,628.94	(3,812,099.10)
Withholding tax charged on dividends	–	1,500,000.00
Movements in liabilities as a result of purchase of tangible assets and investments	542,138.92	46,596.31
Movements in other financial liabilities as a result of valuation of forward contracts	1,518,155.12	(1,168,795.12)
	4,865,922.98	(3,434,297.91)

15.3 Acquisition of intangible assets and tangible assets

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Increase of fixed assets	(2,180,715.65)	(5,928,309.02)
Movements in fixed assets under construction	118.05	(118.05)
Movements in liabilities as a result of purchase of tangible assets	(542,138.92)	(46,596.31)
	(2,722,736.52)	(5,975,023.38)

15.4 Other adjustments

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Other – profit / (loss) as a result of valuation of forward contracts	(1,518,155.12)	1,168,795.12
	(1,518,155.12)	1,168,795.12

16 Transactions with related party

16.1 Settlement balance as at the Balance Sheet date

in PLN

Particulars	Liabilities	Receivables	Loan granted
Infosys Ltd - India	37,647.44	492,585.48	–
Infosys BPO Limited - India	–	76,797.17	–
Portland Group Pty Limited	212,573.26	–	–
Infy Consulting B.V.	–	629,349.19	–
Infosys (Czech Republic) Limited s.r.o.	38,090.22	–	–
Infosys Technologies (China) Company Limited	–	–	2,803,618.25
	288,310.92	1,198,731.84	2,803,618.25

16.2 Revenues from mutual transactions in the financial year

in PLN

Particulars	Sales revenue	Other revenues
Infosys Ltd - India	1,744,287.39	–
Infosys BPO Limited - India	2,153,820.91	–
Infosys China Company limited	–	41,733.84
	3,898,108.30	41,733.84

16.3 Costs of mutual transactions in the financial year

in PLN

Particulars	Purchases of services
Infosys Ltd - India	37,647.44
Infosys (Czech Republic) Limited s.r.o	567,071.35
Infosys BPO Limited - India	913,609.29
Portland group pty ltd	2,309,922.39
Infy Consulting B.V.	4,835.37
	3,833,085.84

17 Employment

Average level of employment during the financial year

White-collar workers	2,480
	2,480

18 Remuneration and loans and similar benefits granted to persons from the company's governing, administrative and supervisory bodies.

In the current and previous accounting period no loans or similar benefits were granted to persons from the Company's governing, administrative and regulatory bodies. Moreover, these persons haven't collected their remunerations in the current year.

19 Remuneration for the body authorized to perform the audit, paid or due:

in PLN

Particulars	April 1, 2016 - March 31, 2017	April 1, 2015 - March 31, 2016
Remuneration for the performance of the audit of the annual financial statements	101,275.20	102,441.60

20 Events concerning previous years included in the financial statements of the financial year

No events occurred concerning the previous years included in the financial statements of the financial year.

21 Events after the Balance Sheet date not reported in the financial statements

No significant events took place after the Balance Sheet date, which events were not recognized in the financial statements.

22 Information about the consolidated financial statements

Infosys Limited with the registered office in India, Electronics City, Hosur Road, Bengaluru draws up the consolidated financial statements with regard to the highest level of the capital group which comprises the Company as a subsidiary.

Infosys BPO Limited with the registered office in India, Electronics City, Hosur Road, Bengaluru draws up the consolidated financial statements with regard to the lowest level of the capital group which comprises the Company as a subsidiary which is also a member of the above-mentioned capital group.

23 Contingent liabilities

The Company issued a blank bill of exchange to secure the repayment of funds granted by the Ministry of Economy on the basis of the subsidy agreement for the project 'Development of Accounting Services, IT and creation of the Research and Development Department' of 10 December 2012 in an amount of PLN 13,106,073.60.

The amount of funding received as on the Balance Sheet date was equal to 8,130,452.55 PLN.

The provisions concerning value added tax, corporate income tax or social insurance contributions are subject to frequent changes, which results in the lack of reference to firmly established regulations or legal precedents. Moreover, the applicable regulations are ambiguous, which results in different opinions regarding the interpretation of tax regulations between state authorities and entrepreneurs. Tax settlements and other (for example customs duties settlements or foreign currency settlements) can be subject to inspections of authorities which are authorized to impose severe punishments and the additional amounts of liabilities established as a result of such inspections must be paid allowing for accrued interest. Such situations contribute to the fact that tax risk in Poland is higher than in other countries, usually in those which have a better developed taxation system.

Tax settlements may be subject to inspections for 5 years. Consequently, the amounts specified in the financial statements may be changed at a later stage after the tax authorities finally determine what they should be.

24 Information on financial instruments

24.1 Goals and terms of financial risk management

The Company's activity is exposed to the following kinds of risk resulting from the possession of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Basic rules for the risk management

The Management Board shall be liable for the establishment and control over the risk management of the Company, including identification and analysis of risks, to which the company is exposed, specifying the proper limits of, and supervision of, such risks, as well as risk monitoring and the extent to which such limits are observed. The risk management rules and procedures are subject to regular inspections in order to allow for changes in the market conditions and changes in the Company's activity.

Credit risk

Credit risk means a risk where the Company incurs a financial loss when a customer or a party to a financial instrument does not fulfil their contractual duties. Credit risk is connected especially with debt financial instruments. The goal of risk management is to maintain a stable and balanced loan receivables portfolio when it comes to quality and value, thanks to the policy of establishing credit limit facilities for the parties to an agreement.

Liquidity risk

Liquidity risk is when the Company is at risk of having difficulties in fulfilling its financial obligations which are settled through cash or other financial assets. The Company's management of liquidity consists in guaranteeing that the Company's liquidity is as much as possible sufficient to satisfy any amounts due, both in a normal as well as crisis, situation, without causing the Company to suffer unacceptable losses or undermining its reputation.

Market risk

Market risk consists in the fact that changes of market prices such as currency rates or interest rate will affect the Company's results or value of the financial instruments held. Market risk management aims at maintaining and monitoring the extent to which the Company is exposed to the market risk within the limits of established parameters and at the same time at seeking optimization of financial rate of return from investments. The Company acquires and disposes of derivatives in order to manage market risk.

Foreign exchange risk

The Company is exposed to foreign exchange risk in connection with sales, purchases and loans which are expressed in foreign currency, mainly in US Dollars and EUR. The Company minimizes foreign exchange risk through making forward contracts for purchase / sale of currencies.

Interest rate risk

The Company is exposed to a risk of fair value changes resulting from fixed interest rate assets.

24.2 Classification of financial instruments

in PLN

Portfolio	Description	Balance Sheet amount	Terms and conditions affecting future cash flows
Cash and cash equivalents	Cash and bank	9,372,629.47	N / A
Cash and cash equivalents	Deposits	66,151,347.95	Interest rate 1.55%; realization 2017-05-08
	Deposits	30,030,986.30	Interest rate 1.45%; realization 2017-06-06
	Deposits	13,000,373.97	Interest rate 1.05%; realization 2017-04-04
Other short-term financial assets	Deposits	15,058,315.17	Interest rate 1.65%;; realization 2017-07-04
	Deposits	30,063,246.58	Interest rate 1.71%;; realization 2017-08-08
Financial liabilities held for trading, including	Derivatives	56,000.00	Contracts realization
Financial assets available for sale	Investment in Vertex Venture	19,585,425.00	
	Investment in Tidal Scale Inc.	6,125,550.0	
	Investment in Cloudyn Software Ltd.	7,650,000.0	

24.3 Carrying value of financial instruments valued at fair value

The carrying value of financial liability valued at fair value amounts to 56,000.00 PLN. Whereas, the Income Statement of the reporting period has been included in the amount of 698,699.27 PLN (increasing other financial income).

24.4 Interest rate risk

in PLN

Particulars	Carrying value March 31,	
	2017	2016
FINANCIAL INSTRUMENTS		
Fixed rate instruments		
Financial assets, including	157,149,621.96	135,173,605.48
Loans	2,845,352.09	–
Deposits	154,304,269.87	135,173,605.48

24.5 Credit risk

The Company's maximum exposure to credit risk corresponds to the Balance Sheet value of the following financial assets:

in PLN

Particulars	March 31, 2017 Carrying value	March 31, 2016 Carrying value
Financial assets		
Receivables and loans granted	2,845,352.09	–
Trade receivables	69,495,195.31	62,876,065.83
Other short-term financial assets - deposits	45,121,561.65	123,173,293.15
Cash – deposits	109,182,708.22	12,000,312.33
Cash – other	9,333,409.17	2,821,513.49
Financial assets available for sale	33,360,975.00	12,023,880.00
	269,339,201.44	212,895,064.80

As at the Balance Sheet date there is no significant credit risk concentration relative to the aforementioned financial assets excluding cash which is held mainly in a single financial institution. The Company considers the credit risk to be low because of the good reputation of the institution.

25 Fair value of financial assets and liabilities

Fair value of financial instruments not valuated at fair value is similar to their Balance Sheet (book) value.

Anantha Radhakrishnan
President of the Management Board

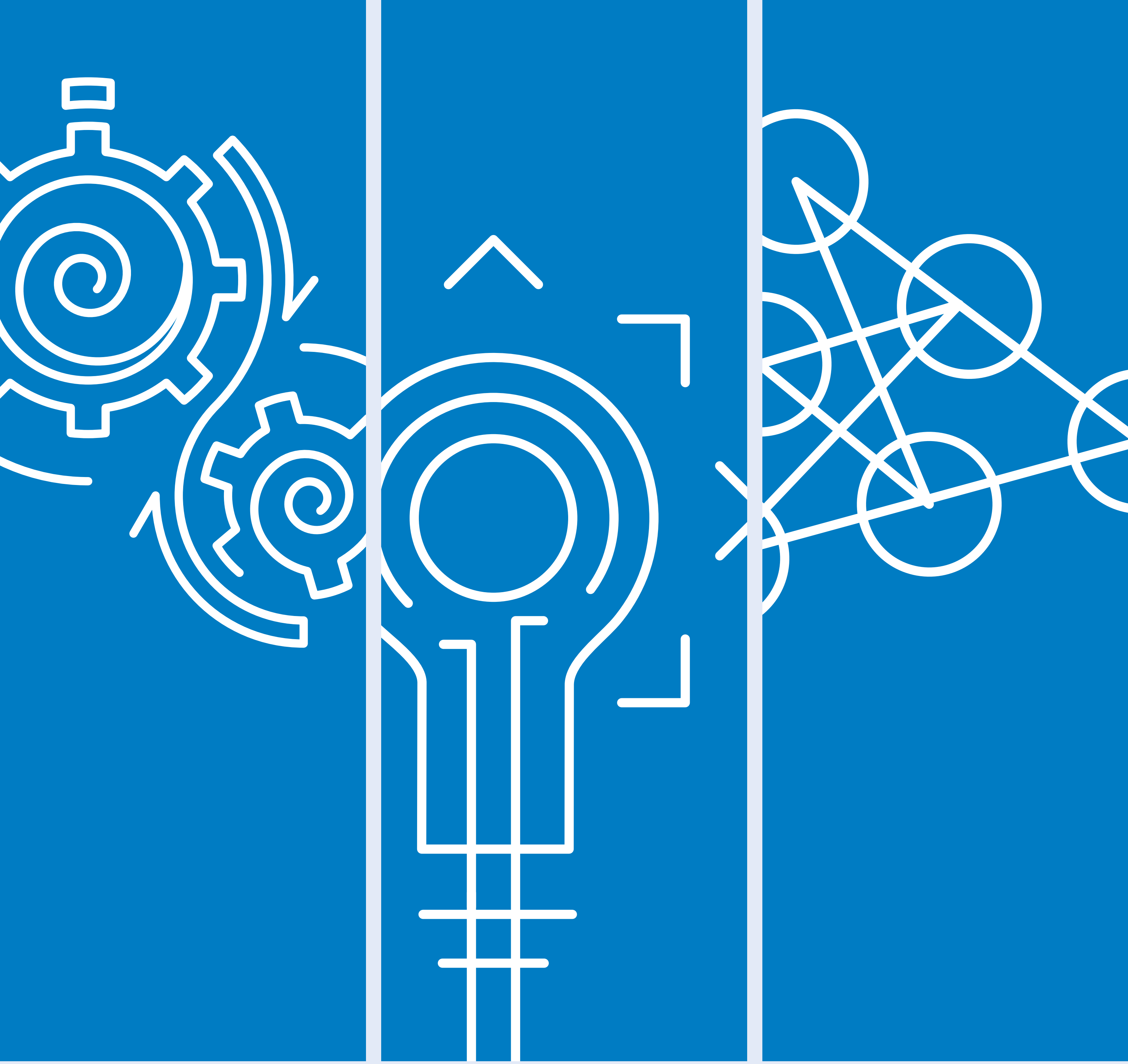
Anup Kapoor
Member of the Management Board

Kapil Jain
Member of the Management Board

Nishit Ajitkumar Shah
Member of the Management Board

Lodz, 16.05.2017

This page is left blank intentionally



Infosys McCamish Systems LLC

Independent Auditors' Report

The Board of Directors of Infosys BPO Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys McCamish Systems LLC ('the Company'), which comprise the Balance Sheets as of March 31, 2017 and 2016, and the related Statement of Income, Changes in Members' Equity, Comprehensive Income, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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

Auditors' Responsibility

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.
- We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Bengaluru, India

May 5, 2017

Balance Sheet

in US $

Particulars	Note	As at March 31, 2017	As at March 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	5	8,313,231	4,995,182
Accounts receivables, net of doubtful balances	6	9,105,641	5,842,221
Unbilled revenue		9,827,227	1,249,544
Income tax assets		111,536	117,034
Prepayments and other assets	7	7,771,858	531,655
Total current assets		35,129,493	12,735,636
Non-current assets			
Deferred tax assets	17	2,991,510	3,827,830
Plant and equipment	8	1,687,559	1,885,743
Goodwill	9	30,594,094	30,594,094
Intangible assets	9	2,000,928	3,336,484
Prepayments and other assets	7	115,480	86,760
Total non-current assets		37,389,571	39,730,911
Total assets		72,519,064	52,466,547
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	11	697,100	964,029
Unearned revenue		9,746,313	618,138
Provisions	12	780,672	1,006,276
Other liabilities	13	14,891,809	5,502,894
Total current liabilities		26,115,894	8,091,337
MEMBER'S EQUITY			
Member's equity		36,070,038	36,070,038
Additional paid-in-capital		16,424,108	16,424,108
Accumulated deficit		(6,090,976)	(8,118,936)
Total member's equity		46,403,170	44,375,210
Total liabilities and member's equity		72,519,064	52,466,547

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

Statements of Operations

in US $

Particulars	Notes	Year ended March 31,	
		2017	2016
Revenue		69,848,292	54,414,906
Cost of revenue	15	55,529,474	40,391,744
Gross profit		14,318,818	14,023,162
Other expenses			
Selling and marketing expenses	15	1,046,585	1,226,927
Administrative expenses	15	8,996,156	8,804,638
Amortization of intangible assets	9	1,335,556	1,335,556
Total other expenses		11,378,297	11,367,121
Operating profit		2,940,521	2,656,041
Finance expenses	16	–	22,583
Other expenses	17	30,275	22,965
Profit before income taxes		2,910,246	2,610,493
Income tax expense/ (reversal)	18	882,286	(9,793,500)
Net profit for the year		2,027,960	12,403,993

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

Statements of Changes in Member's Equity and Comprehensive Income

in US $

Particulars	Member's Equity	Additional paid in capital	Comprehensive income	Accumulated deficit	Total Member's equity
Balance as of April 1, 2015	36,070,038	16,424,108		(20,522,929)	31,971,217
Changes in members equity for the year ended March 31, 2016					
Net profit for the year	–	–	–	12,403,993	12,403,993
Comprehensive income			12,403,993		
Balance as of March 31, 2016	36,070,038	16,424,108	12,403,993	(8,118,936)	44,375,210
Changes in members equity for the year ended March 31, 2017					
Net profit for the year	–	–	–	2,027,960	2,027,960
Comprehensive income			2,027,960		
Balance as of March 31, 2017	36,070,038	16,424,108	2,027,960	(6,090,976)	46,403,170

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

Statement of Cash Flows

in US $

Particulars	Year ended March 31,	
	2017	2016
Cash flows from operating activities		
Net profit for the year	2,027,960	12,403,993
Adjustments to reconcile net profit to net cash provided by operating activities		
Income tax expense/ (reversal)	881,840	(9,793,500)
Provision for service level risk on revenue contracts	(225,604)	244,930
Loss on sale of plant and equipment	–	6,276
Allowance for doubtful accounts	(127,994)	120,415
Depreciation	791,647	766,203
Exchange difference	30,275	16,689
Amortization of intangible assets	1,335,556	1,335,556
Cash operating profit	4,713,680	5,100,562
Changes in assets and liabilities		
Accounts receivable	(3,162,781)	3,454,186
Prepayments and other assets	(7,271,843)	6,278
Unbilled revenues	(8,577,683)	269,315
Trade payables	(266,929)	(728,921)
Unearned revenue	9,128,175	(1,210,678)
Other liabilities and provisions	9,494,714	(3,312,050)
Income taxes paid	(40,022)	(150,297)
Net cash provided by operating activities	4,017,311	3,428,395
Cash flows from investing activities		
Expenditure on plant and equipment	(534,053)	(875,085)
Net cash used in investing activities	(534,053)	(875,085)
Cash flows from financing activities		
Loan from related parties repaid	–	(4,000,000)
Net cash used in financing activities	–	(4,000,000)
Net changes in cash and cash equivalents	3,483,258	(1,446,690)
Cash and cash equivalents at the beginning of the year	4,829,973	6,276,663
Cash and cash equivalents at the end of the year	8,313,231	4,829,973
Supplementary information		
Interest paid during the year	–	164,357

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

Restricted deposits with Wells Fargo Bank amounting to and $165,209 as at the year ended March 31, 2017 and 2016 have not been considered as cash and cash equivalents in the Statement of Cash Flows.

1. Company overview and significant accounting policies

1.1 Company overview

Infosys McCamish Systems LLC, (the Company) is a platform based business process outsourcer (BPO) that provides end-to-end administrative services to the financial services industry in support of life insurance and annuity products, non-qualified retirement plans and the distribution organizations that sell these products. The Company leverages its suite of proprietary intellectual property and deep domain expertise to provide services through a myriad of deployment options including comprehensive BPO, SaaS (Software as a Service), license and other hybrid service models. The Company's clients, which include many of the largest financial services companies in the United States of America ('United States' / 'USA' / 'US') and a growing number outside of the United States, hire the Company to support single products, a single line of business or the client's entire product portfolio.

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act (the Act). The Company was acquired by Infosys BPO Limited, a subsidiary of Infosys Limited, an SEC registrant, on December 4, 2009. The terms of formation were specified by the operating agreement of the Company. The Company will continue until December 31, 2060, unless terminated earlier pursuant to the terms of the operating agreement. On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division - Seabury & Smith Inc. ('Marsh BPO').

In May 2013, the name of the Company was changed from 'McCamish Systems LLC' to 'Infosys McCamish Systems LLC' following approval of the name change by the Company's member.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in the United States Dollar.

As explained in note 7, these separate financial statements of the Company have been prepared in accordance with Staff Accounting Bulletin on 'Push-down basis of accounting required in certain limited circumstances'. Accordingly, in applying push-down accounting, the carrying of the assets and liabilities in these financial statements have been adjusted to reflect the purchase price adjustments recorded in the consolidated financial statements of Infosys Limited.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to, accounting for costs and efforts expected to be incurred to complete performance under software development arrangements, allowance for uncollectible accounts receivable, future obligations under employee benefit plans, the useful lives of plant and equipment and intangible assets and income tax provisions. Actual results could differ from these estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from consulting services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Maintenance revenue is recognized ratably over the term of the underlying maintenance agreement.

The Company also derives revenues from consultancy services, software subscription, sale of software license and maintenance services. Arrangements with customers for the Company's services are either on a time-and-material or on a fixed-price, fixed-timeframe basis.

License fee revenues are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the license fee is fixed and determinable, and the collection of the fee is probable. Arrangements to deliver software products generally have three elements: license, implementation, and Annual Technical Services (ATS). The Company has applied the principles in 605 to account for revenue from these multiple element arrangements. Vendor specific objective evidence (VSOE) of fair value has been established for ATS. VSOE of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement, the revenue from such contracts are allocated to each component of the contract using the residual method, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of an established VSOE of fair value for implementation, the entire arrangement fee for license and implementation is recognized as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

The Company also derives revenues from business process management services through third-party administration of the Company's products outsourced to its customers and data center hosting. Business process outsourcing services are provided as a fixed-price per measure of output contract or as a fixed-price contract. Revenue is recognized in the period the services are provided using an objective measure of output over the term of the contract; the amount of revenue recognized is based on the services delivered in the period. Revenue from the data center hosting contracts is recognized ratably over the term of the contract.

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

Reimbursements for out-of-pocket expenses are included in revenue in the accompanying statements of operations in accordance with FASB ASC Topic 605-45 (Emerging Issues Task Force Issue No. 01-14 (EITF 01-14)), Revenue Recognition – Principal Agent Considerations.

When the Company receives advances for services and products, such amounts are reported as client deposits until all conditions for revenue recognition are met. The Company accounts for volume discounts and pricing incentives to customers using the guidance in FASB ASC Topic 605-50 (EITF Issue 01-09), Customer Payments and Incentives.

Consistent with the guidance in FASB ASC Topic 605-0-3 (EITF Issue 06-03), Taxes Collected from Customers and Remitted to Governmental Authorities, which became applicable to the Company on April 1, 2007, the Company continues to present revenues net of sales and value-added taxes in its statement of operations.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Deposits paid towards the acquisition of these long lived assets outstanding at each Balance Sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance cost are charged to earnings when incurred. The cost and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

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 and cash equivalents comprise cash and cash on deposit with banks.

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States. The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Research, development and cost of software package

The Company expense research costs as and when the same are incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, we have the intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs, and costs software package incurred under contractual arrangements with customers are accounted as cost of revenues.

1.10 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the Income Statement of the period of change.

Effective April 1, 2009, the Group adopted the provisions of FASB ASC 740 (Formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109). FASB ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax. For the year ended March 31, 2017, the Board of Directors identified no material uncertain income tax positions relevant to the jurisdictions where the Company is required to file income tax returns.

1.11 Fair value of financial instruments and concentration of credit risk

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each Balance Sheet date. The methods used to determine fair value include discounted cash flow analysis and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For all financial instruments including cash and cash equivalents, trade accounts receivables, prepaid expenses and other current assets, accounts payable and other current liabilities, the carrying amounts approximate fair value due to the short maturity of those instruments. The fair value of securities, which do not have an active market, is not reasonably estimable. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, and trade accounts receivable. By nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2017 and 2016 there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements, if any. Exposure to credit risk is managed through credit approvals, establishing credit limits and monitoring procedures. The factors which affect the fluctuations in the Company's provisions for bad debts and write offs of uncollectible accounts include the financial health and economic environment of the clients. The Company specifically identifies the credit loss and then makes the provision.

1.12 Business combinations, goodwill and intangible assets

The Company accounts for its business combinations by recognizing the identifiable tangible and intangible assets and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. All assets and liabilities of the acquired businesses, including goodwill, are assigned to reporting units. Contingent consideration arrangements are fair-valued at the acquisition date and included on that basis in the purchase price consideration and transaction costs are expensed as incurred.

All assets and liabilities of an acquired business including goodwill are assigned to reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually, using a two-step impairment process.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment, which provides an entity the option to perform a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount prior to performing the two-step goodwill impairment test. If this is the case, the two-step goodwill impairment test is required. If it is more-likely-than-not that the fair value of a reporting is greater than its carrying amount, the two-step goodwill impairment test is not required. The Company adopted this guidance in 2012.

If the two-step goodwill impairment test is required, first, the fair value of the reporting unit is compared with its carrying amount (including goodwill). If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying amount, step two does not need to be performed.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Intangible assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

2. Recent accounting pronouncements

The FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, in May 2014. ASU 2014-09 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should also disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Company will implement the provisions of ASU 2014-09 as of January 1, 2018. The Company has not yet determined the impact of the new standard on its current policies for revenue recognition.

The FASB issued ASU 2016-02, Leases (Topic 842), in February 2016, which supersedes FASB ASC Topic 840, Leases, and makes other conforming amendments to U.S. GAAP. ASU 2016-02 requires, among other changes to the lease accounting guidance, lessees to recognize most leases on- Balance Sheet via a right of use asset and lease liability, and additional qualitative and quantitative disclosures. ASU 2016-02 is effective for the Company for annual periods in fiscal years beginning after December 15, 2019, permits early adoption, and mandates a modified retrospective transition method. The Company is required to adopt ASU 2016-02 on January 1, 2020, but is evaluating whether to early adopt the new standard. While the Company expects ASU 2016-02 to add significant right-of-use assets and lease liabilities to the consolidated Balance Sheets, it is evaluating other effects that the new standard will have on the financial statements.

3. Member's equity

At March 31, 2017, the Company had one member, Infosys BPO Limited (the 'Member'). The Member owns 100% of the interests of the Company. Upon liquidation, dissolution or winding-up of the Company, the Member is entitled to receive 100% of the available net assets of the Company. No contribution was made during the year ended March 31, 2017.

4. Business acquisitions

On September 1, 2012, the Company acquired the revenue contracts and employees of Marsh Inc.'s BPO division – Seabury & Smith Inc. ('Marsh BPO') by paying a purchase consideration of US $ 2 million and goodwill of US $ 696,400 is recorded in the books, which represents the excess of the purchase price over the net assets.

5. Cash and cash equivalents

Cash and cash equivalents as on March 31 are as follows:

in US $

Particulars	2017	2016
Cash and bank balances[1]	8,313,231	4,995,182
	8,313,231	4,995,182

[1] The Company was acting as the Third Party Administrator ('TPA') on behalf of a customer, Continental Casualty Company, by collecting insurance premium from the policyholders and remitting the same to the carriers or insurance companies. Cash and bank balances includes the insurance premium collected from policyholders on behalf of the customer, amounting to nil as at March 31, 2017 (US $ 165,209 as at March 31, 2016). Accordingly, the Company has recognized a liability towards payment of insurance premium in its Balance Sheet as at March 31, 2017 and 2016, respectively for the same amount.

6. Accounts receivable

Accounts receivable as on March 31, 2017 and 2016 is US $ 9,105,641 and US $ 5,842,221, respectively. The Company maintains an allowance for doubtful accounts based on financial condition of the customer and ageing of the accounts receivable. Accounts receivables are not collateralized. During the year ended March 31, 2017 and March 31, 2016, the Company has made allowance amounting to US $ 60,726 and US $ 191,647, respectively, towards doubtful accounts receivable.

The age profile of accounts receivable as on March 31 is as follows:

in US $

Period in days	2017	2016
0-30	6,805,574	4,444,930
31-60	1,588,290	1,396,673
61-90	513,782	618
More than 90	197,995	–
	9,105,641	5,842,221

Receivables includes dues from related parties amounting to US $ 16,596 and nil as at March 31, 2017 and March 31, 2016, respectively *(Refer to Note 19)*.

7. Prepayment and other assets

Prepayment and other assets as on March 31 consist of the following:

in US $

Particulars	2017	2016
Current		
Prepaid expenses	7,673,594	18,183
Rental and maintenance deposits	3,000	3,000
Other current assets	95,264	510,472
	7,771,858	531,655
Non-current		
Prepaid expenses	28,720	–
Rental and maintenance deposits	86,760	86,760
	115,480	86,760
	7,887,338	618,415

8. Plant and equipment, net

Plant and equipment as on March 31 consist of the following:

in US $

Particulars	2017	2016
Computer equipment	6,973,807	6,476,608
Office furniture and equipment and leasehold improvements	1,126,457	997,092
	8,100,264	7,473,700
Accumulated depreciation	(6,415,249)	(5,701,331)
	1,685,015	1,772,369
Capital work-in-progress	2,544	113,374
	1,687,559	1,885,743

Depreciation expense amounted to US $ 791,647 and US $ 766,203 for the year ended March 31, 2017 and March 31, 2016, respectively, which has been allocated to cost of revenue.

9. Goodwill and intangible assets

The following table presents the reconciliation of changes in carrying values of goodwill as on March 31:

in US $

Particulars	2017	2016
Balance at the beginning and end of the year	30,594,094	30,594,094

On December 4, 2009, 100% of the voting interests in the Company were acquired by Infosys BPO Limited ('Infosys BPO'), a business process management services provider, based out of India, which is a majority-owned subsidiary of Infosys Limited ('Infosys'), a leading global technology services firm based out of India. The business acquisition was conducted by entering into Membership Interest Purchase Agreement for a cash consideration of US $ 37 million and a contingent consideration of up to US $ 20 million. The fair value of the contingent consideration and its undiscounted value on the date of acquisition were US $ 8.6 million and US $ 14.6 million, respectively.

This business acquisition is expected to enable Infosys BPO to deliver growth in platform-based services in the insurance and financial services industry and is also expected to enable the Company to service larger portfolios of transactions for clients and expand into global markets. Consequently, the excess of the purchase consideration paid over the fair value of assets acquired has been accounted for as goodwill. Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions.

The purchase price has been allocated in Infosys's consolidated financial statements, based on the Management's estimates and an independent appraisal of fair values as follows, on the date of acquisition:

in US $

Component	Purchase price allocated
Property and equipment	1,162,076
Net current assets	1,734,380
Intangible assets – customer contracts and relationships	10,400,000
Intangible assets – computer software platform	2,700,000
	15,996,456
Goodwill	29,897,694
Total purchase price	45,894,150

The entire goodwill is deductible for tax purposes.

The identified intangible customer contracts and relationships are being amortized over a period of nine years whereas the identified intangible computer software platform was amortized over a period of four months ended March 31, 2010, based on management's estimate of the useful life of these assets.

Intangible assets as on March 31, 2017 and March 31, 2016 consist of the following:

in US $

Particulars	Customer contracts and relationships	Computer software platform
March 31, 2017		
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	9,299,072	2,950,000
Net carrying value	2,000,928	–
March 31, 2016		
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	7,963,516	2,950,000
Net carrying value	3,336,484	–

The aggregate amortization expense for the year ended March 31, 2017 and March 31, 2016 amounted to US $ 1,335,556 and US $ 1,335,556, respectively.

The estimated amortization expense for intangible assets for each of the two succeeding annual years is the US $ 1,230,556 and US $ 770,372, respectively.

As required by Staff Accounting Bulletin on 'Push-down basis of accounting required in certain limited circumstances', in applying push-down accounting, the goodwill and intangible assets recognized by acquiring entity were recognized in these separate financial statements of the Company and the retained earnings of the Company on the date of acquisition was eliminated with an offsetting adjustment to the additional paid-in capital. The impact on the carrying amounts of the assets, liabilities and equity in applying push down accounting is as follows:

in US $

Particulars	Before push-down	After push-down
Goodwill	–	29,897,694
Intangible assets	–	13,100,000
Retained earnings	17,973,582	–
Contingent consideration payable[(1)]	–	(8,600,000)
Additional paid-in capital	–	(16,424,112)
	17,973,582	17,973,582

(1) During the year ended December 2013, Infosys BPO Limited had revisited the probability of the payout of contingent consideration to the Company, since it had not been able to achieve the targets as mentioned in the MIPA. Accordingly, the contingent consideration payable by Infosys BPO was reversed, leading to a reversal of the contingent consideration to the extent of US $ 2,030,000.Further US $ 1,161,000 pertaining to performance bonus and US $ 1,541,374 pertaining to the interest component of contingent consideration payable had been reversed in the year ended December 31, 2013.

10. Leases

Minimum rent payments under operating leases are recognized on a straight-line basis over the lease term. Additionally, the Company is obligated under non-cancelable operating lease for office and residential space that are renewable on a periodic basis at the option of both the lessor and the lessee. The current lease for office space in Atlanta expires on June 30, 2018 and for office space in Des Moines expires on December 22, 2021. Future minimum lease payments below only include lease payments through that date. Future minimum lease payments associated with the lease renewal will be disclosed in these financial statements as a subsequent event. Total rental expenditure under the operating leases, cancelable and non-cancelable was US $ 858,521 and US $ 810,395 during the year ended March 31, 2017 and 2016, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31 are:

in US $

Financial year	2017	2016
FY 2017	–	808,194
FY 2018	1,088,357	808,194
FY 2019	492,314	212,151
FY 2020	280,163	–
FY 2021	280,163	–
FY 2022	203,344	–

11. Trade payables

Trade payables as on March 31 are as follows:

in US $

Particulars	2017	2016
Dues to related parties *(Refer to Note 19)*	436,339	950,232
Other trade payables	260,761	13,797
	697,100	964,029

12. Provisions

Provisions as on March 31 are as follows:

in US $

Particulars	2017	2016
Provision for service level risk on revenue contracts	780,672	1,006,276

13. Other liabilities

Other liabilities as on March 31 consist of the following:

in US $

Particulars	2017	2016
Accrued compensation to staff	1,033,321	1,357,679
Provision for expenses[(1)] (includes amount for related parties) *(Refer to Note 19)*	13,383,108	3,547,787
Rent holiday accrual	345,562	430,607
Due to carrier / insurance provider *(Refer to Note 5)*	–	165,209
Others (includes dues to related parties) *(Refer to Note 19)*	129,818	1,612
	14,891,809	5,502,894

(1) Provision for expenses at March 31, 2017 primarily consists of professional charges and audit fees US $ 243,394, computer and software costs US $ 11,127,410 contract labor US $ 495,535, postage and other communication costs US $ 797,696, employee health insurance US $ 486,472 and others US $ 232,601.

Provision for expenses at March 31, 2016 primarily consists of professional charges and audit fees US $ 495,450, computer and software costs US $ 722,991, contract labor US $ 577,243, postage and other communication costs US $ 744,432, employee health insurance US $ 504,000 and others US $ 503,671.

14. Financial Instruments

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

in US $

Particulars	As at			
	March 31, 2017		March 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and cash equivalents *(Refer to Note 5)*	8,313,231	8,313,231	4,995,182	4,995,182
Accounts receivables *(Refer to Note 6)*	9,105,641	9,105,641	5,842,221	5,842,221
Unbilled revenue	9,827,227	9,827,227	1,249,544	1,249,544
Other financial assets	125,267	125,267	111,981	111,981
Total	27,371,366	27,371,366	12,198,928	12,198,928
Liabilities				
Trade payable *(Refer to Note 11)*	697,100	697,100	964,029	964,029
Provision for expenses *(Refer to Note 13)*	13,383,108	13,383,108	3,547,787	3,547,787
Accrued compensation to staff *(Refer to Note 13)*	1,033,321	1,033,321	1,357,679	1,357,679
Other financial liabilities *(Refer to Note 13)*	129,818	129,818	166,821	166,821
Total	15,243,347	15,243,347	6,036,316	6,036,316

15. Operating expenses

Operating expense for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Employee benefit expenses	27,733,308	26,802,628
Cost of technical sub-contractors	8,152,254	12,053,891
Office expenses	333,814	369,098
Depreciation and amortization expense	2,127,203	2,101,760
Cost of software packages	21,762,341	1,730,303
Rent *(Refer to Note 10)*	858,521	810,395
Travel expenses	396,298	403,494
Communication expenses	1,220,422	1,251,639
Professional charges	608,521	1,196,751
Insurance charges	98,189	198,566
Postage and couriers	3,376,337	4,180,820
Other expenses	240,563	659,520
	66,907,771	51,758,865

Function-wise classification of operating expenses for the year ended March 31, 2017 and 2016 are as follows:

in US $

Year ended March 31, 2017	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	24,230,634	2,624,050	878,624	27,733,308
Cost of technical subcontractors	8,152,254	–	–	8,152,254
Office expenses	9,602	324,129	83	333,814
Depreciation	791,647	–	–	791,647
Cost of software packages	20,758,717	973,624	30,000	21,762,341
Rent	837,898	20,623	–	858,521
Travel expenses	270,180	27,685	98,433	396,298
Communication expenses	67,000	1,147,439	5,983	1,220,422
Professional charges	298,043	310,478	–	608,521
Insurance	72,700	25,489	–	98,189
Postage and courier	–	3,376,337	–	3,376,337
Other expenses	40,799	166,302	33,462	240,563
	55,529,474	8,996,156	1,046,585	65,572,215

Year ended March 31, 2016	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Employee benefit expense	23,835,628	1,933,045	1,033,955	26,802,628
Cost of technical subcontractors	11,884,730	169,161	–	12,053,891
Office expenses	165,149	203,675	274	369,098
Depreciation	766,204	–	–	766,204
Cost of software packages	1,239,860	476,443	14,000	1,730,303
Rent	810,395	–	–	810,395
Travel expenses	289,423	31,045	83,026	403,494
Communication expenses	71,239	1,171,563	8,837	1,251,639
Professional charges	1,127,831	67,920	1,000	1,196,751
Insurance	183,088	15,478	–	198,566
Postage and courier	–	4,180,820	–	4,180,820
Other expenses	18,197	555,488	85,835	659,520
	40,391,744	8,804,638	1,226,927	50,423,309

16. Finance expenses

Interest expenses for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Interest expense on loans from related parties	–	22,583
	–	22,583

17. Other expenses

Other expenses for the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Exchange differences	30,275	16,689
Loss on sale of plant and equipment	–	6,276
	30,275	22,965

18. Income taxes

The Company has elected to be taxable as a corporation as of the date of acquisition by Infosys BPO Limited. The income tax expense during the year ended March 31 consists of the following:

in US $

Particulars	2017	2016
Current taxes	45,966	25,209
Deferred taxes	836,320	(9,818,709)
Income tax expense	882,286	(9,793,500)

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

in US $

Particulars	2017	2016
Profit before incomes taxes	2,910,246	2,610,493
Effective tax rate	36%	35%
Computed expected tax expense	1,046,773	923,381
Temporary differences	(663,338)	(666,540)
Permanent differences	10,514	9,780
Adjustment for carry-forward of losses	(356,050)	(241,412)
Tax withheld by foreign customers	15,412	–
Effect of true up of previous year taxes	(7,345)	–
Income tax expense	45,966	25,209

The types of temporary differences that give rise to significant portions of the Company's deferred tax assets and liability as of March 31 are as follows:

in US $

Particulars	2017	2016
Deferred tax assets		
Carry forward business losses	7,940,097	8,102,309
Accruals	283,761	364,274
Accrued compensation	216,414	261,131
Deferred rent	125,606	155,881
Depreciation and amortization	1,743,565	1,585,623
Others	58,519	84,245
	10,367,962	10,553,463
Deferred tax liability		
Goodwill	(3,771,379)	(3,243,829)
Prepaid expenses	(115,634)	(6,582)
Accruals including contingent consideration reversal	(3,489,439)	(3,475,222)
Total deferred tax liability	(7,376,452)	(6,725,633)
Less: Valuation allowance	–	–
Deferred tax asset / (liability), net	2,991,510	3,827,830

The ultimate realization of deferred tax assets is dependent upon the Management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced. The Company has net operating loss carry forwards of US $ 22,515,918 and US $ 23,594,859 available to offset future taxable income as on March 31, 2017 and 2016, respectively. The 2017 carryforward losses will expire by 2035.

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not the Company will realize the benefit of any deductible differences at March 31, 2017.

19. Related party transactions

(a) The Company has identified the following to be related parties

Key Management personnel

Mr. Anup Uppadhayay, Chairman and Director[(1)]

Mr. Anantharaman Radhakrishnan[(2)]

Mr. Deepak Bhalla, Director[(1)]

Mr. Nishit Ajitkumar Shah, Director[(2)]

Mr. Ravikumar S., Director[(1)]

Mr. Kapil Jain, Director

Mr. Gordon Beckham, Chief Executive Officer and Director

Mr. Rishi Kumar Jain, Chief Operating Officer and Director[(3)]

Mr. Richard Magner, Sales Head and Director

(1) resigned w.ef. July 19, 2016

(2) appointed w.ef. July 19, 2016

(3) resigned w.e.f. October 8, 2016

Enterprise in which Key Management personnel has significant influence

Magner Networks LLC

Other companies within the Group with which the Company had transactions during the year

Infosys Limited, Ultimate holding company (IL)

Infosys BPO Limited, the holding company (IBPO)

Infosys Poland sp.z.o.o [(1)]

Infosys (Czech Republic) Limited s.r.o [(1)]

(1) Wholly-owned subsidiaries of Infosys BPO Limited.

(b) The following is a summary of significant transaction with related parties

in US $

Particulars	Year ended March 31, 2017	
	Key management personnel	Other companies within the Group
Revenue transactions		
Purchase of services from IL	–	191,258
Purchase of services from IBPO	–	5,593,981
Purchase of services from Magner Network, LLC	100,340	–
Purchase of shared services from IL	–	42,137
Purchase of shared services from IBPO	–	88,886
Sale of services to IL	–	38,685
Sale of services to IBPO	–	172,279
Sale of shared services to IBPO	–	541
Remuneration to key managerial personnel	1,030,888	–

Particulars	Year ended March 31, 2016	
	Key management personnel	Other companies within the Group
Revenue transactions		
Purchase of services from IL	–	413,815
Purchase of services from IBPO	–	8,040,238
Purchase of shared services from IBPO	–	1,765,182
Sale of shared services to IBPO	–	22,581
Remuneration to key managerial personnel	833,160	–
Interest expense on loan from IBPO SRO Czech	–	5,892
Interest expense on loan from IBPO Poland	–	16,692
Capital transactions		
Financing		
Repayment of loan taken from related parties		
- Infosys Poland sp.z.o.o	–	(3,000,000)
- Infosys (Czech Republic) Limited s.r.o	–	(1,000,000)

(c) The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 are as follows

in US $

Particulars	2017	2016
Trade payables		
Infosys Limited	77,775	13,532
Infosys BPO Limited	358,564	936,700
	436,339	950,232
Trade receivables		
Infosys BPO Limited	16,596	–
	16,596	–
Other payables		
Infosys Limited	43,648	–
	43,648	–
Provision for expense		
Magner Network, LLC	13,210	–
	13,210	–

On January 10, 2011 and March 21, 2011, the Company entered into loan agreements with IBPO SRO Czech to finance the Company's operations, in the amounts of US $ 1,970,000 and US $ 2,000,000, respectively. These loans were subject to a market rate of interest set at 1.28% p.a. for the period of loan inception date to repayment. The Company repaid loan amount of US $ 1,000,000 to Czech during the financial year 2012, US $ 1,970,000 during the financial year 2014 and US $ 1,000,000 during the financial year 2016.

On April 15, 2013, the Company entered into a loan agreement with IBPO Poland to finance the Company's operations, in the amount of US $ 1,000,000. This loan was subject to a market rate of interest set at 1.26% p.a. for the period of loan inception date to repayment. On July 15, 2013, Company entered into another loan agreement with IBPO Poland to finance the Company's operations, in the amount of US $ 2,000,000. This loan was subject to a market rate of interest set at 1.88% p.a. for the period of loan inception date to repayment. The Company repaid loan amount of US $ 3,000,000 during the financial year 2016.

20. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2017 and March 31, 2016.

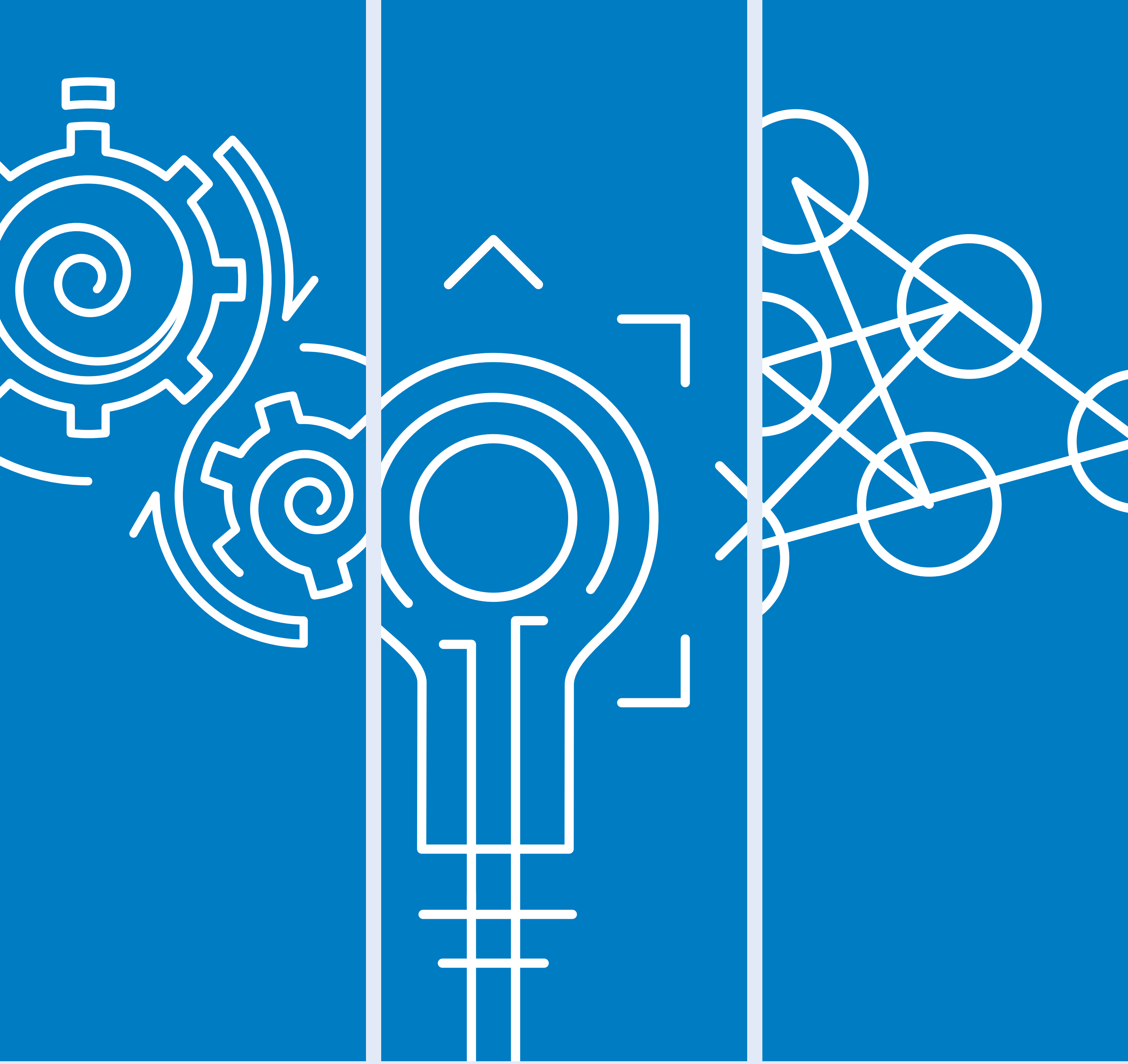
The estimated amount of contracts remaining to be executed on capital contracts and not provided for as at March 31, 2017 and March 31, 2016 amounts to US $ 544,413 and US $ 338,642, respectively.

Contingencies and lawsuits

The Company is currently not involved in any significant lawsuits, claims, investigations and proceedings, including patent and commercial matters, which arises in the ordinary course of business. There are no such pending matters that are expected to have material effect on these financial statements.

21. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31, 2017 up through May 5, 2017, the date the financial statements were issued. Based on this evaluation, the Company is not aware of any other events or transactions that would require recognition or disclosure in the financial statements.



Portland Group Pty. Limited

Independent Audit Report

To the Members of Portland Group Pty. Limited

We have audited the accompanying financial report, being a special purpose financial report, of Portland Group Pty. Limited (the Company), which comprises the Statement of Financial Position as at 31 March 2017, and the Statement of Profit or Loss, and Other Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year ended on that date, Notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the director's declaration of the Company at the year end or from time-to-time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the special purpose financial report and have determined that the basis of preparation described in Notes 1 to 3 to the special purpose financial report is appropriate to meet the requirements of the applicable legislation and are appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine necessary to enable the preparation of a financial report that is free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 to 3 to the financial statements so as to present a view which is consistent with our understanding of the Company's financial position, and of its performance and cash flows.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act, 2001.

Auditors' Opinion

In our opinion the financial report of Portland Group Pty. Limited is in accordance with the Corporations Act, 2001, including:

(a) giving a true and fair view of the Company's financial position as at 31 March 2017, and of its performance for the year ended on that date in accordance with the accounting policies described in Notes 1 to 3; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Portland Group Pty. Limited to meet the requirements of its members. As a result, the financial report may not be suitable for another purpose.

KPMG

Dana Bentley
Partner

Melbourne

May 22, 2017

Statement of Financial Position

in AU $

Particulars	Note	As at March 31,	
		2017	2016
Assets			
Cash and cash equivalents	10a	19,800,726	19,243,067
Trade and other receivables	8	4,100,631	6,147,001
Other current assets	10c	500,000	–
Income tax assets		853,672	–
Prepayments	9	195,649	64,824
Total current assets		25,450,678	25,454,892
Deferred tax assets	14a	707,148	1,129,470
Property, plant, and equipment	11	253,088	137,029
Other non-current assets	10d	–	500,000
Total non-current assets		960,236	1,766,499
Total assets		26,410,914	27,221,391
Liabilities			
Trade and other payables	12	109,205	80,889
Other current liabilities	13	1,625,827	1,123,250
Current tax liabilities		–	738,607
Provisions	15	53,126	166,396
Employee benefit obligations	16	3,071,465	4,466,312
Total current liabilities		4,859,623	6,575,454
Employee benefit obligations	16	180,248	443,221
Total non-current liabilities		180,248	443,221
Total liabilities		5,039,871	7,018,675
Net assets		21,371,043	20,202,716
Equity			
Share capital	17a	3,389,049	3,389,049
Retained earnings		17,981,994	16,813,667
Total equity		21,371,043	20,202,716

The accompanying notes are an integral part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

in AU $

Particulars	Note	For the year ended 31 March,	
		2017	2016
Revenue		22,677,187	30,617,566
Cost of sales		(19,042,939)	(24,389,932)
Gross profit		3,634,248	6,227,634
Selling and distribution expenses		(219,704)	(166,656)
Administrative expenses		(1,965,729)	(1,911,391)
Operating profit		1,448,815	4,149,587
Finance income	5	268,587	330,373
Finance costs		–	–
Net finance income		268,587	330,373
Profit before tax		1,717,402	4,479,960
Income tax expense	14b	(549,075)	(1,511,232)
Profit		1,168,327	2,968,728
Other comprehensive income			
Items that will never be reclassified to profit or loss		–	–
Items that are or may be reclassified subsequently to profit or loss		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,168,327	2,968,728

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Equity

in AU $

Particulars	Share capital	Retained earnings	Total equity
Balance as at 1 April 2015	3,389,049	13,844,939	17,233,988
Total other comprehensive income	–	–	–
Profit for the year	–	2,968,728	2,968,728
Total comprehensive income	–	2,968,728	2,968,728
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at 31 March 2016	3,389,049	16,813,667	20,202,716
Balance at 1 April 2016	3,389,049	16,813,667	20,202,716
Total other comprehensive income	–	–	–
Profit for the year	–	1,168,327	1,168,327
Total comprehensive income	–	1,168,327	1,168,327
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at 31 March 2017	3,389,049	17,981,994	21,371,043

The amounts recognized directly in equity are disclosed net of tax.

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

in AU $

Particulars	Note	For the year ended 31 March	
		2017	2016
Cash flows from operating activities			
Cash receipts from customers		26,991,276	36,827,750
Cash paid to suppliers and employees		(24,725,845)	(28,656,759)
Cash generated from operations		2,265,431	8,170,991
Interest received		252,055	295,981
Income tax paid, net		(1,719,032)	(3,365,318)
Net cash from operating activities	10b	798,454	5,101,654
Cash flow from investing activities			
Investment in security deposit		–	(500,000)
Purchase of plant and equipment	11	(240,795)	(99,839)
Net cash used in investing activities		(240,795)	(599,839)
Cash flow from financing activities			
Proceeds from issue of share capital		–	–
Dividends paid		–	–
Net cash used in financing activities		–	–
Net increase / (decrease) in cash and cash equivalents		557,659	4,501,815
Cash and cash equivalents at 1 April		19,243,067	14,741,252
Cash and cash equivalents as at 31 March	10a	19,800,726	19,243,067

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Reporting entity

Portland Group Pty. Limited (the 'Company') is a Company domiciled in Australia. The Company's registered office is Level 8, 68 Pitt Street, Sydney NSW 2000, Australia. The parent of the Company is Infosys BPO Ltd. India and the ultimate parent is Infosys Ltd., India. The Company is a for-profit entity and primarily is involved in provision of project based consultancy support, and ongoing management services to improve the Company's profitability in the long-term.

2. Basis of preparation

In the opinion of the Directors, the Company is not publicly accountable nor a reporting entity. The financial statements of the Company have been drawn up as special purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act, 2001.

(a) Basis of accounting

The special purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The special purpose financial statements do not include the disclosure requirements of all AASBs, except for the following:

AASB 101 Presentation of Financial Statements

AASB 107 Statement of Cash Flows

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1048 Interpretation and Application of Standards

AASB 1054 Australian Additional Disclosure

The financial statements were approved by the Board of Directors on May 22, 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Australian Dollars, which is the Company's functional currency.

(d) Use of judgments and estimates

In preparing these financial statements, the Management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 March 2017 are:

- Recognition of provisions and contingencies: Key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets: Availability of future taxable profit against which carry-forward tax losses can be used.

3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Revenue

The Company recognizes revenue from rendering services in portion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Client contracts are billed based on time and material, and are invoiced monthly based on the rendered hours and expenses for the individual project or client. If not invoiced, an accrual (work-in-progress) is calculated and recognized with reference to the stage of completion of the project based on hours and costs incurred.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities, which are measured at fair value in a foreign currency, are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the repay date on Australian corporate bonds that have maturity dates approximate the term of the Company's obligations. Remeasurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(e) Property, plant, and equipment

Recognition and measurement

Items of property, plant, and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Any gain and loss on disposal of an item of property, plant, and equipment is recognized in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant, and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated to write off the cost of property, plant, and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognized in profit or loss. The estimated useful lives of property, plant, and equipment are as follows:

	2017	2016
Plant and machinery	5 years	5 years
Computer equipment	3-5 years	3-5 years
Furniture and fixtures	5 years	5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date, and adjusted if appropriate.

(f) Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, and loans and receivables.

The Company classifies non-derivative financial liabilities into the other financial liabilities category

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes loans and receivables issued on the date that they are originated. All other financial assets and financial liabilities are recognized initially on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss:

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognized in profit or loss.

Held-to-maturity financial assets

These are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

Share capital

Ordinary shares

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

(g) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity- accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by trade receivables;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that trade receivables or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers; and
- the disappearance of an active market for a security.

Financial assets measured at amortized cost

The Company considers evidence of impairment for these assets measured at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated to reduce the carrying amount of assets in the CGU on a pro-rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions

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

Post sales client support

A provision for post sales client support is recognized when the underlying services are sold, based on historical post sales client support data and a weighing of all possible outcomes against their associated probabilities.

(i) Capital management

The Directors' policy is to maintain strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes to the Company's capital management during the year.

(j) Goods and service tax

Revenue, expenses and assets are recognized net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognized as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST

recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flow are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to the ATO are classified as operating cash flows.

(k) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

Leased assets

Assets held by the Company under leases, which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Company's Statement of Financial Position.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except for AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, and AASB 15 Revenue from Contracts with Customers, which could change the measurement and recognition of revenue, and AASB 16 Leases, which requires all leases to be brought onto the Statement of Financial Position.

AASB 9 and AASB 15 are effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. AASB 16 is effective for annual reporting periods beginning on or after 1 January

2019, with early adoption permitted if AASB 15 is adopted at the same time. The Company does not plan to adopt these standards early and the impact has not been determined.

5. Finance income

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Interest income from deposits with banks	268,587	330,373
	268,587	330,373

6. Auditors' remuneration

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	20,000	15,000
Audit of financial statements – B S R & Co. LLP	23,296	21,577
	43,296	36,577

7. Expenses by nature

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Depreciation	124,643	132,643
Employee benefits	15,594,309	19,339,047

8. Trade and other receivables

in AU $

Particulars	2017	2016
Current		
Trade receivables	3,311,466	4,814,966
Unbilled revenue	254,411	511,825
	3,565,877	5,326,791
Amounts due from related party	534,754	820,210
	4,100,631	6,147,001

9 Prepayments

in AU $

Particulars	2017	2016
Prepaid expenses	60,197	30,087
Loans and advances to employees	1,597	124
Advances paid for suppliers	82,931	221
Interest accrued but not received	50,924	34,392
	195,649	64,824

10 Cash and cash equivalents

a. Cash-at-bank

in AU $

	2017	2016
Cash-at-bank	19,800,726	19,243,067
	19,800,726	19,243,067

b. Cash flows from operating activities

in AU $

Particulars	For the year ended 31 March,	
	2017	2016
Reconciliation of Cash Flow From Operations with Profit after Income Tax	1,168,327	2,968,728
Adjustments for		
Depreciation	124,643	132,643
– Loss on sale of fixed assets	93	–
	1,293,063	3,101,371
Changes in		
– Trade and other receivables	2,046,370	3,148,427
– Prepayments	(130,825)	(33,649)
– Trade and other payables	28,316	(21,074)
– Other liabilities	502,577	22,566
– Current tax liabilities	(738,607)	(1,347,125)
– Deferred tax assets	422,322	(506,961)
– Provisions	(113,270)	(226,143)
– Employee benefits obligation	(1,657,820)	964,242
– Income tax assets	(853,672)	–
Net cash from operating activities	798,454	5,101,654

c. other current assets

in AU $

Particulars	2017	2016
Cash on deposit as security	500,000	–
	500,000	–

d. Other non-current assets

in AU $

Particulars	2017	2016
Cash on deposit as security	–	500,000
	–	500,000

11 Property, plant, and equipment

in AU $

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance as at 1 April 2015	45,613	310,701	345,836	702,150
Additions	18,835	15,300	65,704	99,839
Disposals	–	(546)	(8,428)	(8,974)
Balance as at 31 March 2016	64,448	325,455	403,112	793,015
Balance as at 1 April 2016	64,448	325,455	403,112	793,015
Additions	15,045	31,810	193,940	240,795
Disposals	(4,791)	(39,431)	(86,673)	(130,895)
Balance as at 31 March 2017	74,702	317,834	510,379	902,915
Accumulated depreciation				
Balance as at 1 April 2015	34,253	231,918	266,146	532,317
Depreciation	11,577	61,169	59,897	132,643
Disposals	–	(546)	(8,428)	(8,974)
Balance as at 31 March 2016	45,830	292,541	317,615	655,986
Balance as at 1 April 2016	45,830	292,541	317,615	655,986
Depreciation	10,944	25,042	88,657	124,643
Disposals	(4,697)	(39,431)	(86,674)	(130,802)
Balance as at 31 March 2017	52,077	278,152	319,598	649,827
Carrying amounts as at				
1 April 2015	11,360	78,783	79,690	169,833
31 March 2016	18,618	32,914	85,497	137,029
1 April 2016	18,618	32,914	85,497	137,029
31 March 2017	22,625	39,682	190,781	253,088

12 Trade and other payables

in AU $

Particulars	2017	2016
Trade payables	51,472	4,292
Amounts due to related party	57,733	76,597
	109,205	80,889

13 Other current liabilities

in AU $

Particulars	2017	2016
Accrued expenses	1,356,591	896,828
Advance received from customers	–	–
Deferred revenue	62,957	48,123
Withholding taxes payable	206,279	178,299
	1,625,827	1,123,250

14 Tax assets and liabilities

(a) Deferred tax assets

in AU $

Particulars	2017	2016
Deferred tax assets	707,148	1,129,470
Deferred tax liabilities	–	–
Net tax assets / (liabilities)	707,148	1,129,470

(b) Reconciliation of effective tax rate

in AU $

Particular	For year ended 31 March,	
	2017	2016
Profit before tax	1,717,402	4,479,960
Tax using the Company's domestic tax rate of 30% (2016: 30%)	515,221	1,343,988
Non-deductible expenses	33,854	50,000
Change in recognized temporary differences	–	(2,17,244)
Change in recognized temporary differences	549,075	1,511,232

15. Provisions

in AU $

Particulars	2017	2016
Provision for post service client support	53,126	166,396
	53,126	166,396

16 Employee benefit obligations

in AU $

Particulars	2017	2016
Current		
Provision for employee bonuses	1,801,267	3,181,717
Annual leave	474,731	720,343
Long service leave	795,467	564,252
	3,071,465	4,466,312
Non-current		
Long service leave	180,248	443,221
	180,248	443,221

17 Capital and reserves

(a) Share capital

in AU $

Particulars	2017	2016
On issue at 1 April (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at 31 March (17,450,000 number of shares)	3,389,049	3,389,049

All shares rank equally with regard to the Company's residual assets

Ordinary shares

The Company does not have authorized capital or par value in respect of its issued shares. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Dividends

in AU $

Particular	For 31 March,	
	2017	2016
Dividend paid	–	–

Dividend franking account

in AU $

Particulars	2017	2016
30 per cent franking credits available to shareholders of Portland Group Pty. Limited for subsequent financial years	7,207,217	7,080,464
	7,207,217	7,080,464

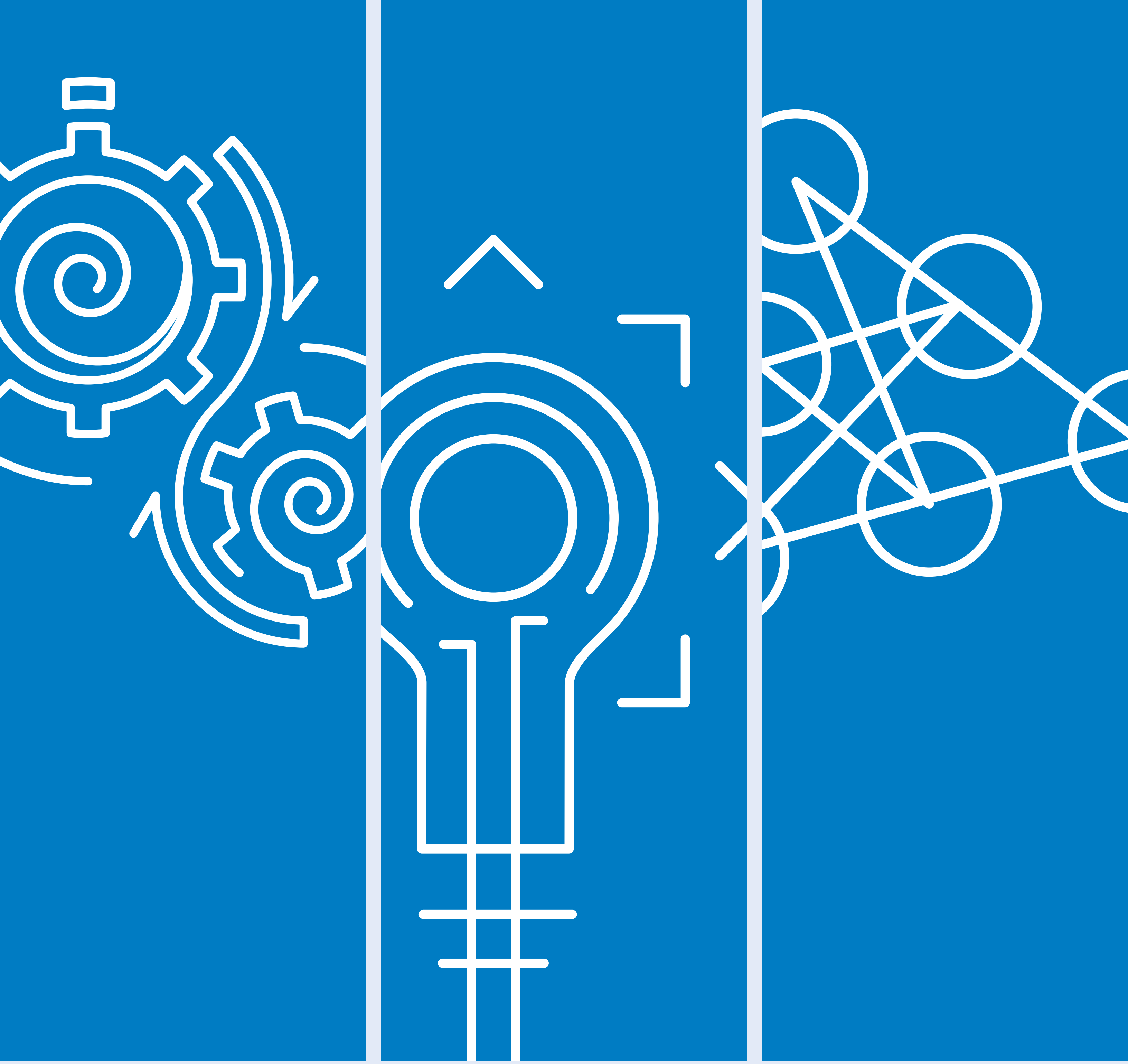
The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits / debits that will arise from the payments / receipts of the current tax liabilities / assets;
- franking debits that will arise from the payment of dividends recognized as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognized as receivables by the Company at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilize the franking credits is dependent upon there being sufficient available profits to declare dividends.

18. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.



Infosys (Czech Republic) Limited s.r.o

(formerly Infosys BPO s.r.o)

Translated from the Czech original Annual Report

Company: Infosys (Czech Republic) Limited s.r.o, Holandská 872/9, Brno, Czech Republic Ident. No: 269 18 757

Independent Auditors' Report

To the Member of Infosys (Czech Republic) Limited s.r.o

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o ('the Company'), prepared in accordance with Czech accounting legislation, which comprise the Balance Sheet as at 31 March 2017, and the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the period then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditors' Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditors' report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

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

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

The Supervisory Board is responsible for the oversight of the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Statutory Auditor Responsible for the Engagement

Ing. Blanka Dvořáková is the statutory auditor responsible for the audit of the financial statements of Infosys (Czech Republic) Limited s.r.o as at 31 March 2017, based on which this independent auditors' report has been prepared.

Prague

9 May 2017

KPMG Česká republika Audit, s.r.o
Registration number: 71

Ing. Blanka Dvořáková
Partner
Registration number: 2031

Introduction

The nature of the services (business process outsourcing) provided by the Company Infosys (Czech Republic) Limited s.r.o are in line with the following trade licenses in the Czech Republic:

1 Production, trade and services not listed in annexes 1 to 3 of the Trade Licensing Act

Fields of activity:

- services in the area of administration and services of an organizational and economic nature;
- provision of software, information technology consulting, data processing, hosting and related activities and web portals;
- guidance and consulting activities, production of expert studies and opinions;
- research and development in the field of natural and technical sciences or social sciences;
- intermediation in trade and services;
- translation and interpretation activities.

2 Activities of accounting advisors and accounts keeping

Description of activities

Technical Contact Center

Providing technical support to Infosys clients'

personnel and / or customers via phone, mail, or chat. Support provided in most of European languages

Finance and Accounting

Providing expert accounting support in the following areas:

- Accounts payable
- Accounts receivable
- Travel and expense
- General ledger

Insurance services

Processes

Underwriting Support (end-to-end process – all stages of insurance policies)

Banking Services

Providing reporting software on boarding support to

European clients of an American Banking institution

Other Services

Small client operations with the following processes:

- Translation and interpretation support
- Remote partner support and management
- Remote warehouse software support
- Remote quality control
- Transition and due-diligence support
- Project management support
- Process and operation consulting

Information according to Sec 21(2) of Act No. 563/1991, Act of Accountancy

About facts which occured after the Balance Sheet date and are material for the fulfilment of the purpose of this Annual Report: none

Change of the executive director:

As at 19 July 2016, Mr. Deepak Bhalla was recalled from the position of the statutory representative. On

19 July 2016, Mr. Nishit Ajitkumar Shah has become the statutory representative.

Changes in the Supervisory Board:

As at 19 July 2016, Mr. Anup Uppadhayay (hitherto chairman) and Mr. Rajesh Krishnamurthy were recalled from the Supervisory Board.

On 19 July 2016, Mr. Anup Kapoor and Mr. Kapil Jain have become members of the Supervisory Board and Mr. Anantha Radhakrishnan has become Chairman of the Supervisory Board.

All above mentioned changes have been registered in the Commercial Register on 26 September 2016.

- About forecasted development in activities of the reporting unit

The turnover for 2016-17 amounted to 228,251.

TCZK compared with 229,554 TCZK for 2015-16. The average number of employees decreased from 290 in 2015-16 to 269 in 2016-17. The number of employees as at 31st March 2017 (including employees on maternity and parental leave) amounted to 319 (31st March 2016 – 360 employees).

It is expected that in 2017-18, there will be 261 employees (excluding employees on maternity and parental leave) and turnover of 248,000 TCZK

- About any R&D activities: none
- About acquisition of own shares or own ownership interests The Company has acquired no own shares or ownership interests.
- About any activities in the area of environmental protection

The Company tries to reach for ecological and thrifty handling with raw materials, energy, water and other sources when providing services in order to improve the inputs efficiency.

- About labour-law relations

The Company fulfils and meets all conditions, duties stipulated by the Czech labour code.

- The Company does not have any branch or other component of its business enterprise abroad.

Enclosures:

1. Financial statements as at and for the period ending 31 March 2017
2. Report on Relations for the in Czech crown thousand period ending 31March 2017
3. Audit report

Date: 9 May 2017

Signature

Nishit Ajitkumar Shah
Company Executive Director

Balance Sheet

in Czech crown thousand

Assets	Current period			Prior period
	Gross	Adjust	Net	Net
TOTAL ASSETS	330 906	(53 812)	277 094	228 658
FIXED ASSETS	117 387	(53 745)	63 642	10 973
Tangible fixed assets	63 168	(53 745)	9 423	10 973
Land and buildings	9 767	(9 401)	366	376
Buildings	9 767	(9 401)	366	376
Plant and equipment	53 401	(44 344)	9 057	10 597
Long-term investments	54 219	–	54 219	–
Other long-term securities and equity investments	54 219	–	54 219	–
CURRENT ASSETS	212 809	(67)	212 742	217 356
RECEIVABLES	33 911	(67)	33 844	64 727
Long-term receivables	10 015	–	10 015	7 554
Deferred tax asset	5 409	–	5 409	3 140
Receivables - other	4 606	–	4 606	4 414
Long-term advances paid	4 606	–	4 606	4 414
Short-term receivables	23 896	(67)	23 829	57 173
Trade receivables	23 215	(67)	23 148	48 260
Receivables - other	681	–	681	8 913
Tax receivables	474	–	474	7 670
Short-term advances paid	173	–	173	677
Estimated receivables	–	–	–	12
Other receivables	34	–	34	554
Cash	178 898	–	178 898	152 629
Cash-in-hand	–	–	–	376
Bank accounts	178 898	–	178 898	152 253
DEFERRALS	710	–	710	329
Prepaid expenses	710	–	710	329

in Czech crown thousand

Liabilities	Current period	Prior period
TOTAL LIABILITIES AND EQUITY	277 094	228 658
EQUITY	227 773	172 434
Registered capital	18 750	18 750
Registered capital	18 750	18 750
Funds from profit	1 875	1 875
Other reserve funds	1 875	1 875
Retained earnings (+/-)	151 809	150 804
Retained profits	193 841	192 836
Accumulated losses (-)	(42 032)	(42 032)
Profit (loss) for the current period (+/-)	55 339	1 005
LIABILITIES	49 321	56 224
Provisions	7 559	11 326
Income tax provision	3 667	–
Other provisions	3 892	11 326
LIABILITIES	41 762	44 898
Short-term liabilities	41 762	44 898
Trade payables	2 667	692
Liabilities - other	39 095	44 206
Liabilities to shareholders / members	–	241
Payables to employees	6 991	8 953
Social security and health insurance liabilities	3 760	3 044
Tax liabilities and subsidies	1 261	–
Estimated payables	27 083	31 516
Other payables	–	452

Income Statement

in Czech crown thousand

Particulars	Current period	Prior period
REVENUE FROM PRODUCTS AND SERVICES	228 251	229 554
Cost of sales	47 269	49 196
Materials and consumables	3 046	1 671
Services	44 223	47 525
Personnel expenses	147 026	154 636
Wages and salaries	107 778	114 151
Social security, health insurance and other expenses	39 248	40 485
Social security and health insurance expenses	36 585	37 887
Other expenses	2 663	2 598
Adjustments relating to operating activities	4 705	6 272
Adjustments to intangible and tangible fixed assets	4 950	6 272
Depreciation and amortization of intangible and tangible fixed assets	4 950	6 272
Adjustments to receivables	(245)	–
Other operating revenues	22 386	3 450
Proceeds from disposals of fixed assets	299	428
Other operating revenues	22 087	3 022
Other operating expenses	(5 995)	5 331
Net book value of fixed assets sold	102	330
Taxes and charges	19	46
Provisions relating to operating activity and complex prepaid expenses	(7 434)	3 698
Other operating expenses	1 318	1 257
OPERATING PROFIT (LOSS) (+/-)	57 632	17 569
Interest revenue and similar revenue	192	–
Other interest revenue and similar revenue	192	–
Other financial revenues	12 050	7 438
Other financial expenses	5 689	19 958
PROFIT (LOSS) FROM FINANCIAL OPERATIONS	6 553	(12 520)
PROFIT (LOSS) BEFORE TAX (+/-)	64 185	5 049
Income tax	8 846	4 044
Current tax	11 115	7 184
Deferred tax (+/-)	(2 269)	(3 140)
PROFIT (LOSS) AFTER TAX (+/-)	55 339	1 005
PROFIT (LOSS) FOR THE ACCOUNTING PERIOD (+/-)	55 339	1 005
NET TURNOVER FOR THE ACCOUNTING PERIOD	262 879	240 442

Cash Flow Statement

in Czech crown thousand

Particulars	Current period	Prior period
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	152 629	136 338
NET OPERATING CASH FLOW		
Accounting profit (loss) from ordinary activities	64 185	5 049
Non-cash transactions	(3 252)	9 872
Depreciation and amortization of fixed assets	4 950	6 272
Change in	(7 813)	3 698
provisions and other adjustments	(7 813)	3 698
Profit(-) Loss(+) on sale of fixed assets	(197)	(98)
Expense and revenue interests accounted for	(192)	–
Net operating cash flow before taxation financial items, changes in working capital and extraordinary items	60 933	14 921
Changes in working capital	24 503	25 387
Change in receivables from operating activities, estimated receivables and deferrals	27 398	34 902
Change in short-term liabilities from operating activities, estimated payables and accruals	(2 895)	(9 515)
Net operating cash flow before taxation,financial balances, and extraordinary items	85 436	40 308
Income tax paid on ordinary income and income tax relating to prior periods	(1 504)	(18 990)
Net operating cash flow	83 932	21 318
INVESTING ACTIVITIES		
Acquisition of fixed assets	(57 721)	(5 455)
Acquisition of tangible fixed assets	(3 502)	(5 455)
Acquisition of long-term investments	(54 219)	–
Proceeds from sales of fixed assets	299	428
Proceeds from sales of tangible and intangible fixed assets	299	428
Net cash flow from investing activities	(57 422)	(5 027)
FINANCING ACTIVITIES		
Change in long-term resp.short-term liabilities from financing	(241)	–
Net cash flow from financing activities	(241)	–
NET INCREASE OR DECREASE IN CASH BALANCE	26 269	16 291
CASH AND CASH EQUIVALENTS, END OF PERIOD	178 898	152 629

Statement of Changes in Equity

in Czech crown thousand

Particulars	Registered capital	Reserve fund	Retained earnings and profit / (loss) for the current period	Total
As at 1.4.2016	18 750	1 875	151 809	172 434
Profit (loss) for the current period	–	–	55 339	55 339
As at 31.3.2017	18 750	1 875	207 148	227 773

in Czech crown thousand

Particulars	Registered capital	Reserve fund	Retained earnings and profit / (loss) for the current period	Total
As at 1.4.2015	18 750	1 875	150 804	171 429
Profit (loss) for the current period	–	–	1 005	1 005
As at 31.3.2016	18 750	1 875	151 809	172 434

Notes to the Czech statutory financial statements (non-consolidated, translated from the Czech original)

1 Description and principal activities

Establishment and description of the Company

Infosys (Czech Republic) Limited s.r.o ('the Company') was registered on 4 February 2004 incorporated into commercial registry held by court in Brno under No 45386, dept. C. The principal activities are production, trade and services not specified in Annexes 1 to 3 of the Trade Act and the activity of accounting consulting, bookkeeping, tax records .

Accounting period

1. 4. 2016 – 31. 3. 2017

Ownership structure

The only member of the Company as at 31 March 2017 is:

INFOSYS BPO LIMITED

560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6, India

Registered office

Infosys (Czech Republic) Limited s.r.o Holandská 872/9

PSČ 639 00 Štýřice, Brno, Czech Republic

Identification number

269 18 757

Statutory representative

The only statutory representative as at 31 March 2017 is: Nishit Ajitkumar Shah

Line of action

The statutory representative acts on behalf of the Company on his own.

Supervisory board as at 31 March 2017

Anantha Radhakrishnan
Chairman

Anup Kapoor

Kapil Jain

The consolidated financial statement of the wide-ranging group of accounting entities, to which the Company belongs to, is prepared by Infosys Limited, registered office Electronics City, Hosur Road, Bengaluru, 560100 India. This consolidated financial statement is available at the registered office of the consolidated company.

The consolidated financial statement of the limited group of accounting entities, to which the Company belongs to, is prepared by Infosys BPO Limited registered office Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India. This consolidated financial statement is available at the registered office of the consolidated company.

Changes in the Commercial Register

In period from 1 April 2016 to 31 March 2017 following changes has been recorded:

Mediation of services

Recorded February, 2004

Deleted May 24, 2016

Activity of entrepreneurial, financial, organizational and economic consultants

Recorded February 4, 2004
Deleted May 24, 2016

Data processing, database services, network administration

Recorded February 4, 2004
Deleted May 24, 2016

Provision of software and consultancy in hardware and software

Recorded February 4, 2004
Deleted May 24, 2016

Research and development in natural and technical sciences or social sciences

Recorded February 4, 2004
Deleted May 24, 2016

Services in the field of administrative and organizational nature of the natural and legal persons

Recorded February 4, 2004
Deleted May 24, 2016

Translation and interpreting activities

Recorded September 26, 2005
Deleted May 24, 2016

Accounting consultancy, bookkeeping, tax records

Written November 21, 2007
Deleted May 24, 2016

Production, trade and services not specified in Annexes 1 to 3 of the Trade Act

Recorded May 24, 2016

Accounting consulting, bookkeeping, tax records recorded May 24, 2016

Statutory Representative:

Deepak Bhalla

Date of appointment: 16 December 2014

Day termination functions: July 19, 2016

Statutory Representative:

Nishit Ajitkumar Shah

Date of appointment: 19 July 2016
Recorded September 26, 2016

Course of action:

The course of action: The statutory body is one or more executives. If the Company has only one executive, the executive acts on behalf of separate. If more directors, is authorized to act on behalf of each of them individually.

Recorded February 4, 2004
Deleted May 24, 2016

Statutory representative acts for the Company alone.

Recorded May 24, 2016

Member of the Supervisory Board:

Anantha Radhakrishnan
Date of appointment: June 8, 2012
Recorded October 20, 2015

Deleted September 26, 2016

Chairman of the Supervisory Board:

Anantha Radhakrishnan
Date of appointment: 19 July 2016
Member of: June 8, 2012
Recorded September 26, 2016

Member of the Supervisory Board:

Rajesh Krishnamurthy
Member of: May 14, 2013
The day of termination of membership: 19 July 2016
Recorded October 20, 2015
Deleted September 26, 2016

Chairman of the Supervisory Board:

Anup Uppadhayay
Date of appointment: 18 December 2014
Day termination functions: July 19, 2016
Member of: December 16, 2014
The day of termination of membership: 19 July 2016
Written February 5, 2015
Deleted September 26, 2016

Member of the Supervisory Board:

Anup Kapoor
Member of: July 19, 2016
Recorded September 26, 2016

Member of the Supervisory Board:

Kapil Jain
Member of: July 19, 2016
Recorded September 26, 2016
Number of members: 3
Recorded May 24, 2016

Organizational structure

The Company is run by its statutory representative.

2 Significant accounting policies applied by the Company

This financial statement was prepared based on act No 563/1991 Sb., Accounting act (further as Accounting act) and Ministry of Finance decree of No 500/2002 Sb., which implements some of the provisions of the Accounting act, as amended, for entities that are entrepreneurs in the double-entry accounting system (further as Decree). Comparable data from 2015-16 are stated based on a structure of Balance Sheet and profit and loss statement valid for period 2016.

The financial statement is prepared under going concern principle.

Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible and intangible fixed assets costing less than TCZK 2,5 are charged to the Income Statement in the year that they are acquired.

Assets are depreciated using the following methods over the following periods:

Assets	Basis	Period
Office equipment	Straight-line	60 months
Computer equipment	Straight-line	36 - 60 months

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease terms or their estimated useful lives.

Long-term investments

Long-term investments are stated at cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

As at the Balance Sheet date, investments are recognized at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

Creation of adjustments and provisions

Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers.

In the Income Statement, the recognition and release of adjustments is presented in 'Adjustments to receivables'.

Provisions

Provision for untaken holidays

A provision for untaken holidays is established as at the Balance Sheet date, based on an analysis of untaken holidays and average payroll expenses, including social security and health insurance expenses per employee.

Income tax provision

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

Provision for warranties

The Company creates a provision for guarantees resulting from finished projects in the previous accounting period.

Provision for other risks

The Company establishes a provision for other risks resulting from other events recognized by the Company as at the Balance Sheet date.

Foreign currency translation

At the beginning of each month the Company sets a fixed rate of exchange based on the Czech National Bank official rate for the first working day of the calendar month to be applied to transactions recorded during that month. To translate payments from a foreign currency bank account (Euro, US Dollar), the internal exchange rate of Citi Bank a.s., Deutsche Bank is used. During the year, exchange gains and losses are only recognized when realized at the time of settlement.

As at the Balance Sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates for that date. Unrealized foreign exchange gains and losses are recognized in the Income Statement.

Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price (replacement cost).

Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, multiplied by the tax rate expected to be valid for the period in which the tax asset / liability will be utilized.

A deferred tax asset is recognized only if it is probable that it will be utilized in future accounting periods.

Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the Balance Sheet date.

Derivatives for trading

The Company uses currency forward contracts for hedging of risk of FX rate movements. There contracts are classified as derivatives for trading and are presented in fair values. The gains and losses from changes in the fair value are recorded directly in revenues or expenses.

Other operating revenues (received subsidy claim) are recognized in the period when the competent authority approves the payment.

3 Changes in accounting policies and procedures

In the accounting period 2016 / 17 there were no changes in accounting policies and procedures.

4 Tangible fixed assets

in Czech crown thousand

Particulars	Buildings	Machinery and equipment	Tangible assets / financial investments	Total
Acquisition cost				
As at 1. 4. 2016	9 650	52 470	–	62 120
Additions	177	3 325	54 219	57 721
Disposals	(60)	(2 394)	–	(2 454)
Transfers	–	–	–	–
As at 31. 3. 2017	9 767	53 401	54 219	117 387
Accumulated depreciation				
As at 1. 4. 2016	9 274	41 873	–	51 147
Depreciation expense	187	4 763	–	4 950
Disposals	(60)	(2 292)	–	(2 352)
As at 31. 3. 2017	9 401	44 344	–	53 745
Net book value 1. 4. 2016	376	10 597	–	10 973
Net book value 31. 3. 2017	366	9 057	54 219	63 642

The major additions to fixed assets in the accounting period were purchase of IT equipment in TCZK 1 692 and personal computers in TCZK 1 746.

The financial assets represent 9,1 % of shares in the Company Unsilo A/S, registered office Inge Lehmannsgade 10, 8000 Aarhus C, Denmark. Company Unsilo A/S is a start-up that deals with text analysis by artificial intelligence. According to the audited financial statements, company Unsilo A/S reported equity as at 31 December 2016 of TCZK 8 090 (value of equity share TCZK 736), and in 2016 an accounting loss of TCZK 7 613 (value of the share on loss TCZK 693).

The Management of the Company did not identify impairment for its financial investments. The Company has no pledged assets.

in Czech crown thousand

Particulars	Buildings	Machinery and equipment	Tangible assets / financial investments	Total
Acquisition cost				
As at 1. 4. 2015	9 591	48 359	99	58 049
Additions	59	5 912	–	5 971
Disposals	–	(1 900)	–	(1 900)
Transfers	–	99	(99)	–
As at 31. 3. 2016	9 650	52 470	–	62 120
Accumulated depreciation				
As at 1. 4. 2015	8 993	37 452	–	46 445
Depreciation expense	281	5 991	–	6 272
Disposals	–	(1 570)	–	(1 570)
As at 31. 3. 2016	9 274	41 873	–	51 147
Net book value 1. 4. 2015	598	10 907	99	11 604
Net book value 31. 3. 2016	376	10 597	–	10 973

5 Leased assets

Operating leases

The Company has an operating lease for non-residential premises at Holandská 9, Brno (lease contract is valid until March 2017, with the option to extend the term of the contract). The annual cost of this lease for the current accounting period was TCZK 19 709 (2015 / 2016 – TCZK 23 305).

6 Non-capitalized tangible and intangible fixed assets

In accordance with the accounting policy described in note 2 (a) above, the Company charged low value tangible and intangible fixed assets to the Income Statement in the year that they were acquired. The acquisition cost of assets which were charged to the Income Statement was as follows:

in Czech crown thousand

Particulars	As at 31. 3. 2017	As at 31. 3. 2016
Tangible fixed assets	0	14

7 Trade receivables and payables

- Short-term trade receivables total TCZK 23 215 (31. 3. 2016 – TCZK 48 572), of which TCZK 6 133 (31. 3. 2016 – TCZK 21 214) is overdue. An adjustment of TCZK 67 (31. 3. 2016 – TCZK 312) was set up at 31. 3. 2017 for doubtful receivables.
- Short-term trade payables total TCZK 2 667 (31. 3. 2016 – TCZK 692), of which TCZK 2 549 (31. 3. 2016 – TCZK 518) is overdue.

8 Advances paid

Short-term advances paid consists of advances paid for the residential and non-residential premises in total amount TCZK 173 (31. 3. 2016 – TCZK 677).

Long-term advances paid consists of advances paid for the non-residential premises in total amount TCZK 4 606 (31. 3. 2016 – TCZK 4 414).

9 Adjustments

in Czech crown thousand

Particulars	Adjustment to receivables	Total
As at 1. 4. 2016	312	312
Change	(245)	(245)
As at 31. 3. 2017	67	67

10 Changes in equity

As at the Balance Sheet day, the Company has not made any decision related to the distribution of profit 2016 / 2017. The Management expects that the profit for the current period will be transferred to retained earnings.

11 Provisions

in Czech crown thousand

Particulars	Provision for untaken holiday	Provision for warranties	Provision for income tax	Provision for other risks	Total
As at 1. 4. 2016	3 707	4 010	0	3 609	11 326
Change	(1 531)	(4 010)	3 667	(1 893)	(3 767)
As at 31. 3. 2017	2 176	–	3 667	1 716	7 559

Income tax provision of TCZK 11 051 (31. 3. 2016 – TCZK 2 045) is decreased by paid advanced payment of TCZK 7 384 (31. 3. 2016 – TCZK 7 922) and final tax liability is presented in row Income Tax Provision TCZK 3 667 (31. 3. 2016 – TCZK 5 877 presented in row Tax receivables).

12 Segment information

Revenues from the provision of own services in the accounting period were as follows:

in Czech crown thousand

Particulars	Period from 1. 4. 2016 to 31. 3. 2017				Period from 1. 4. 2015 to 31. 3. 2016			
	Domestic sales	Europe + USA	India	Total	Domestic sales	Europe + USA	India	Total
Advisory services, hardware and software tutorials	2 833	112 566	112 852	228 251	3 621	161 366	64 567	229 554
Total	2 833	112 566	112 852	228 251	3 621	161 366	64 567	229 554

In addition, the Company had other operating revenues totalling TCZK 22 087 (2015 / 2016 – TCZK 3 022), which comprises mainly revenues from grants for business activities.

13 Related parties

Trade receivables and payables

in Czech crown thousand

Particulars	Receivables as at 31. 3. 2017	Receivables as at 31. 3. 2016	Payables as at 31. 3. 2017	Payables as at 31. 3. 2016
Infosys Poland Sp.z.o.o	244	288	–	–
Infosys BPO Ltd.	–	218	–	–
Infosys Limited	9 762	6 744	–	–
Total	10 006	7 250	–	–

Trade receivables and payables – group undertakings

Receivables – group undertakings

in Czech crown thousand

Particulars	Receivables at 31. 3. 2017	Interest revenue in 2016 / 2017	Receivables at 31. 3. 2016	Interest revenue in 2015 / 2016
Loan including interest – Infosys McCamish Systems LLC	–	–	–	15

Sales and purchases

in Czech crown thousand

Period from 1. 4. 2016 to 31. 3. 2017	Sales for the period	Purchases for the period
Infosys Poland Sp. z o.o.	3 766	–
Infosys BPO Ltd.	114	–
Infosys Limited	112 738	590
Total	116 618	590

in Czech crown thousand

Period from 1. 4. 2015 to 31. 3. 2016	Sales for the period	Purchases for the period
Infosys Poland Sp.z.o.o	3 605	–
Infosys BPO Ltd.	2 614	–
Infosys Limited	61 953	746
Total	68 172	746

Remuneration and loans provided to directors and supervisory board members

The Company has provided no remunerations and loans to the directors and supervisory board members for the period 2016 / 2017 and 2015 / 2016.

14 Services

The total cost of services is TCZK 44 223 (2015 / 16 – TCZK 47 525), which mainly represent rental costs in the amount of TCZK 20 697 (2015 / 16 – TCZK 24 286).

15 Employees and executives

Average number of employees and executives and personnel expenses for the accounting period are as follows:

in Czech crown thousand

Period from 1. 4. 2016 to 31. 3. 2017	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	318	105 393	36 048	2 654
Executives	1	2 385	537	9
Total	319	107 778	36 585	2 663

Period from 1. 4. 2015 to 31. 3. 2016	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	359	111 659	37 267	2 593
Executives	1	2 492	620	5
Total	360	114 151	37 887	2 598

16 Estimated payables

Estimated payables amounting to TCZK 27 083 (31. 3. 2016 – TCZK 31 516), which represents un- invoiced services amounting to TCZK 25 696 (31. 3. 2016 – TCZK 29 651) and bonuses amounting to TCZK 1 387 (31. 3. 2016 – TCZK 1 865). The main part of un-invoiced services consists of lease accrual for the rent of non-residential premises amounting to TCZK 18 156 (31. 3. 2016 – TCZK 18 922

17 Other financial expenses and revenues

Other financial expenses amounting to TCZK 5 689 (2015 / 2016 – TCZK 19 958) and other financial revenues amounting to TCZK 12 050 (2015 / 2016 – TCZK 7 438) consist chiefly of realized and un- realized foreign exchange gains and losses.

18 Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 3 760 (31. 3. 2016 – TCZK 3 044) of which TCZK 2 952 (31. 3. 2016 – TCZK 2 238) relates to estimate for social security liabilities and TCZK 808 (31. 3. 2016 – TCZK 806) is estimate for health insurance liabilities. None of these liabilities are overdue.

19 Fees payable to statutory auditors

The information is disclosed in the notes to consolidated financial statements prepared for the consolidated group in which the Company is included.

20 Income tax

Current tax

Current income tax comprises the tax estimate for period 2016 / 2017 of TCZK 11 051 (2015 / 2016 – TCZK 2 045) and an adjustment to the tax estimate for 2015 / 2016 of TCZK 64 (2014 / 2015 – TCZK 5 139).

Deferred tax

in Czech crown thousand

Particulars	Assets		Liabilities		Difference	
	2016 / 2017	2015 / 2016	2016 / 2017	2015 / 2016	2016 / 2017	2015 / 2016
Fixed assets	1 207	929	–	–	1 207	929
Adjustment to receivables	0	59	–	–	0	59
Provisions	752	2 152	–	–	752	2 152
Estimated payables	3 450	–	–	–	3 450	–
Deferred tax asset / liability	5 409	3 140	–	–	5 409	3 140

In accordance with the accounting policy described in note 2 (f), a tax rate of 19% was used to calculate deferred tax as at 31. 3. 2017.

21 Contingencies and commitments

The Company has no contingencies or commitments.

22 Cash Flow Statement

For the purposes of Cash Flow Statement are cash and cash equivalents definied as petty cash, cash-in-transit, cash-on-bank account and other financial assets, that valiation shall be reliably determined and that are easily converted into cash. The balance of cash and cash equivalents as per Balance Sheet date as follows:

Particulars	As of 31.03.	
	2017	2016
Short-term financial assets total	178 898	152 629
Cash and cash equivalents	178 898	152 629

Cash flow from operating, investments and financial functions are mentioned in the Cash Flow Statement not compensated.

23 Material subsequent event

The Company's management is not aware of any events that have occurred since the Balance Sheet date that would have any material impact on the financial statements as at 31 March 2017.

Signature of the authorized representative:

Nishit Ajitkumar Shah
Statutory Representative

Date: 9 May 2017

Report on the relations for the accounting period 1st April 2016 – 31st March 2017

The Executive Director of the Company has drawn up following Report on the Relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person in the sense of Section 82 of Act No. 90/2012 Coll., the Act on Business Corporations, for the period 1st April 2016 – 31st March 2017 (hereinafter referred to as the 'Decisive Period'). Upon description of the relations, the obligation to keep the trade secrets of the Company has been complied with.

Structure of the relations

According to the information available to the Executive Director of the Company acting with due managerial care, during the Decisive Period the Company was a member of the Infosys BPO group, in which the controlling person was Infosys BPO Limited (hereinafter referred to as the 'Infosys BPO Group'). Infosys BPO Limited is a majority-owned and controlled subsidiary of Infosys Limited. The information about the persons belonging to the Infosys BPO Group are stated as at 31st March 2017 and are based on the information available to the Executive Director of the Company acting with due managerial care. The structure of the relationships in the Infosys BPO Group is shown in the overview which forms Annex No. 1.

Controlling person:	Infosys BPO Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India
Controlled person:	Infosys (Czech Republic) Limited s.r.o, Brno, Holandská 872/9, Post Code 639 00, ID No. 269 18 757, Czech Republic

Infosys BPO Limited is the founder and sole shareholder of the Company.

Role of the Company in the Infosys BPO Group

The Company is a majority-owned and controlled subsidiary of Infosys BPO Limited. Like other companies within the Infosys BPO Group, 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 improves their competitive position by managing their business processes in addition to providing increased value. The Company is a leading provider of business process management services to organizations that outsource their business processes.

The Company provides services to these organizations (customers) mostly directly, partially also as subcontractor of Infosys Poland Sp.z.o.o. or as subcontractor of Infosys Limited or as subcontractor of Infosys BPO Limited. In the latter cases, Infosys Poland Sp.z.o.o. or Infosys Limited or Infosys BPO Limited acts as the prime contractor to the customer and assumes all major risks in relation to the contract with the customer.

Manner and means of control of the Company

The Company is controlled in particular via decisions of its sole shareholder (i.e. Infosys BPO Limited) in the capacity of the general meeting of the Company. Infosys BPO Limited is 100% shareholder of the Company.

Overview of actions made by the controlled person in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person

The Company purchased a 9,1 % share in Unsilo A/S in purchase price of 54 219 ths. (in Czech crown thousand)

Apart from those stated above, the Company made no actions in the interest or at the initiative of the of the controlling person or persons controlled by the controlling person which related to property exceeding 10 percent of the equity of the Company asserted in accordance with the last financial statements in the Decisive period.

Overview of mutual contracts between controlled and controlling persons and between the controlled person and the persons controlled by the same controlling person

Contracts between the controlled and the controlling person:

During entire Decisive Period, the subcontracting agreements between the Company (as vendor, respectively supplier) and Infosys BPO Limited (as customer) and Infosys Limited (as customer) were in effect.

in Czech crown thousand

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPO Limited	114	0
Infosys Limited	112 738	590

Contracts between the controlled person and the persons controlled by the same controlling person:

During entire Decisive Period, the subcontracting agreement between the Company (as vendor, respectively supplier) and Infosys Poland Sp. z o.o. (as customer) was in effect.

in Czech crown thousand

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp. z o.o.	3 766	0

Assessment of detriment and assessment of its settlement

On the ground of the contracts concluded between the Company and controlling person and between the Company and the persons controlled by the same controlling person and on the ground of actions made by Company in the interest or at the initiative of the controlling person or persons controlled by the controlling person no detriment arose to the Company.

Assessment of advantages, disadvantages and risks ensuing from the relations between the controlled person and the controlling person and between the controlled person and other persons controlled by the same controlling person

Participation in the Infosys BPO Group is advantageous for the Company as Infosys and Infosys BPO are global groups with strong brands and reputation among potential customers and employees which the Company utilizes in negotiation with customers and potential customers and in attracting qualified and motivated employees.

There are no disadvantages related to the Company's membership in the Infosys BPO Group.

No risks ensue from the Company's membership in the Infosys BPO Group.

Nishit Ajitkumar Shah
Statutory representative
Infosys (Czech Republic) Limited s.r.o

On 9th May 2017

Annex No. 1 to the Report on the Relations (1st April 2016 - 31st March 2017)

List of related parties:

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of Holding Company	Country
Infosys BPO Limited (Infosys BPO)	India

Name of fellow subsidiaries	Country
Infosys Technologies (China) Co. Limited (Infosys China)	China
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys McCamish Systems LLC (1)	U.S.
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Poland Sp.z.o.o *(formerly Infosys BPO (Poland) Sp Z.o.o)* (1)	Poland
Infosys BPO S.DE R.L. DE.C.V (1)(17)	Mexico
Portland Group Pty Ltd (1)	Australia
Portland Procurement Services Pty Ltd (5)	Australia
Infosys BPO Americas LLC. (1)(16)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2)	Australia
EdgeVerve Systems Limited (EdgeVerve) (7)	India
Infosys Consulting Holding AG (Infosys Lodestone) *(formerly Lodestone Holding AG)*	Switzerland
Lodestone Management Consultants Inc. (3)	U.S.
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (3)	Australia
Infosys Consulting AG *(formerly Lodestone Management Consultants AG)* (3)	Switzerland
Lodestone Augmentis AG (6)(18)	Switzerland
Lodestone GmbH *(formerly Hafner Bauer & Ödman GmbH)* (3)(20)	Switzerland
Infosys Consulting (Belgium) NV *(formerly Lodestone Management Consultants (Belgium) S.A.)* (4)	Belgium
Infosys Consulting GmbH *(formerly Lodestone Management Consultants GmbH)* (3)	Germany
Infosys Consulting Pte Ltd. *(formerly Lodestone Management Consultants Pte Ltd)* (21)	Singapore
Infosys Consulting SAS *(formerly Lodestone Management Consultants SAS)* (3)	France
Infosys Consulting s.r.o*(formerly Lodestone Management Consultants s.r.o)* (3)	Czech Republic
Lodestone Management Consultants GmbH (3)	Austria
Lodestone Management Consultants Co., Ltd. (3)	China
Infy consulting Company Limited *(formerly Lodestone Management Consultants Ltd.)* (3)	UK
Infosys Consulting B.V. *(formerly Lodestone Management Consultants B.V.)* (3)	The Netherlands
Infosys Consulting Ltda. *(formerly Lodestone Management Consultants Ltda.)* (4)	Brazil
Infosys Consulting Sp.z.o.o. *(formerly Lodestone Management Consultants Sp. z o.o.)* (3)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (3)	Portugal
S.C. Infosys Consulting S.R.L.*(formerly S.C. Lodestone Management Consultants S.R.L.)* (3)	Romania
Infosys Consulting S.R.L. *(formerly Lodestone Management Consultants S.R.L.)* (3)	Argentina
Infosys Canada Public Services Ltd. (8)	Canada
Infosys Nova Holdings LLC. *(Infosys Nova)* (9)	U.S.
Panaya Inc. (Panaya) (10)	U.S.

Name of fellow subsidiaries	Country
Panaya Ltd. (11)	Israel
Panaya Gmbh (11)	Germany
Panaya Pty Ltd. (11)(19)	Australia
Panaya Japan Co. Ltd. (11)	Japan
Skava Systems Pvt. Ltd. (Skava Systems) (12)	India
Kallidus Inc. (Kallidus) (13)	U.S.
Noah Consulting LLC (Noah) (14)	U.S.
Noah Information Management Consulting Inc (Noah Canada) (15)	Canada

(1) Wholly-owned subsidiaries of Infosys BPO.

(2) Under liquidation

(3) Wholly-owned subsidiaries of Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*

(4) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG *(formerly Lodestone Holding AG)*

(5) Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.

(6) Wholly-owned subsidiary of Infosys Consultanting AG *(formerly Lodestone Management Consultants AG)*

(7) Incorporated effective February 14, 2014

(8) Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014

(9) Incorporated effective January 23, 2015

(10) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.

(11) Wholly-owned subsidiary of Panaya Inc.

(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems

(13) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.

(14) On Novemeber 16, 2015, Infosys acquired 100% of the membership interests in Noah

(15) Wholly-owned subsidiary of Noah

(16) Incorporated effective November 20, 2015

(17) Liquidated effective March 15, 2016

(18) Liquidated effective October 5, 2016

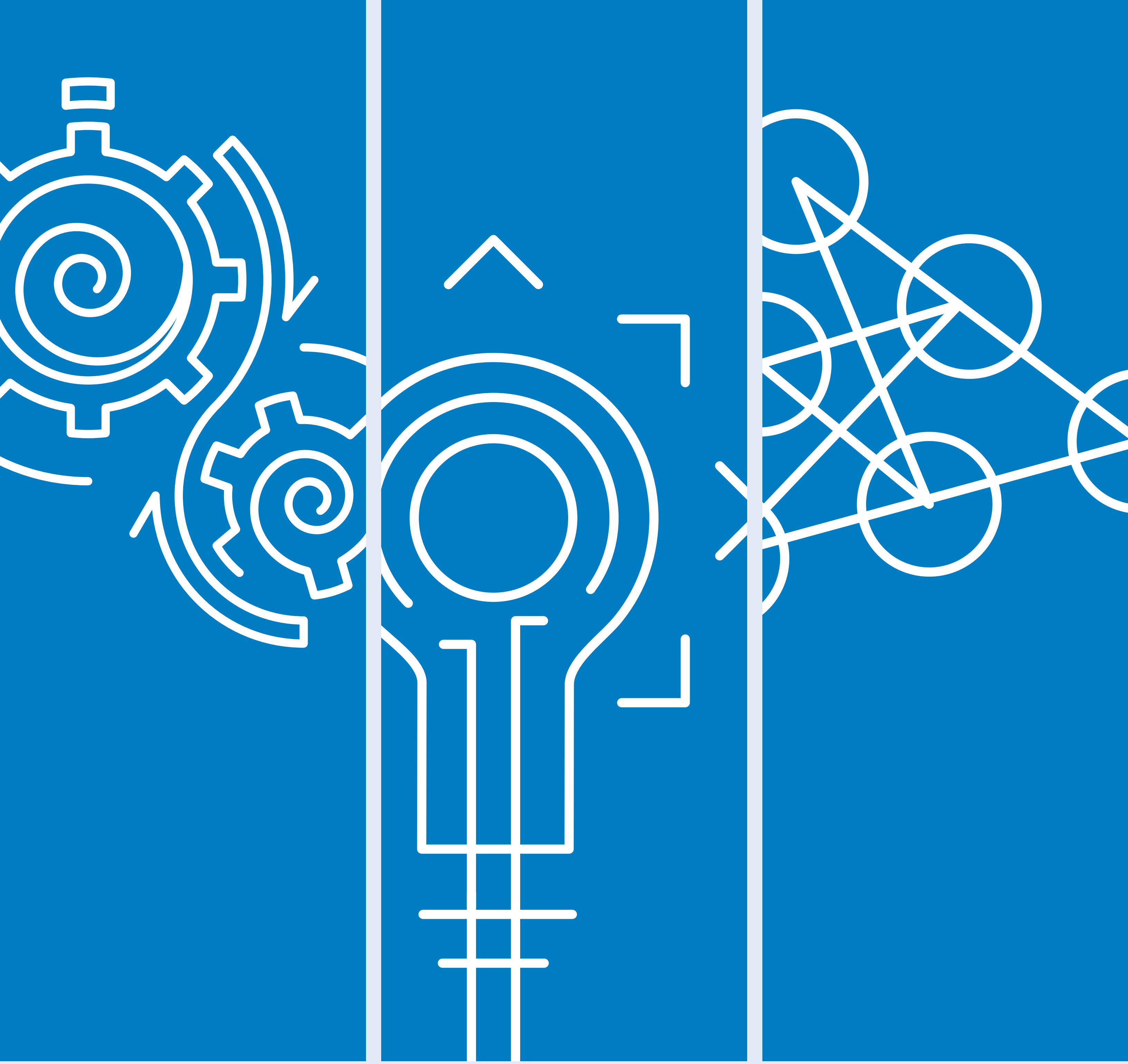
(19) Liquidated effective November 16, 2016

(20) Liquidated effective December 21, 2016

(21) Wholly-owned subsidiary of Infosys

List of other related parties

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



Infosys BPO Americas LLC

Independent Auditors' Report

To,

The Board of Directors of Infosys BPO Americas LLC

We have audited the accompanying financial statements of Infosys BPO Americas LLC (a Delaware Corporation), which comprise the Balance Sheet as of March 31, 2017, and the related statements of operation, changes in member's equity, and cash flows for the year ended March 31, 2017, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Infosys BPO Americas LLC as of March 31, 2017, and the results of its operations, and its cash flows for the year ended March 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

Sudhir Pai, CPA

Sudhir Pai, CPA PLLC

Certified Public Accountants

Irving TX, United States

Date : May 10, 2017

Balance Sheet

in US $

Particulars	Note	As at March 31, 2017
Assets		
Current assets		
Cash and cash equivalents	3	717,933
Prepayments and other assets		50,719
Total current assets		768,652
Non-current assets		–
Total non-current assets		–
Total of assets		768,652
Liabilities and equity		
Current liabilities		
Trade payables		2,030
Other liabilities		184,090
Total current liabilities		186,120
Non-current liabilities		–
Total non-current liabilities		–
Total of liabilities		186,120
Member's equity		
Member's equity		1,000,000
Accumulated deficit		(417,468)
Total member's equity		582,532
Total liabilities and member's equity		768,652

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

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Operations for the year ended March 31, 2017

in US $

Particulars	Note	For the year ended March 31, 2017
Operating revenues		–
Cost of revenues		–
Gross profit / (loss)		–
Expenses		
Selling and marketing expenses		–
Administrative expenses	4	417,468
Total operating expenses		417,468
Operating loss		(417,468)
Finance expense		–
Other income (expense)		–
Loss before income tax		(417,468)
Provision for tax		–
Net loss		(417,468)

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

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Changes in Member's Equity for the year ended March 31, 2017

in US $

Particulars	Member's equity	Additional paid in capital	Accumulated deficit	Total member's equity
Equity	1,000,000	–	–	1,000,000
Net loss for the year ended March 31, 2017	–	–	(417,468)	(417,468)
Balance as on March 31, 2017	1,000,000	–	(417,468)	582,532

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

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

Statement of Cash Flows for the year ended March 31, 2017

in US $

Particulars	For the year ended March 31, 2017
Cash flow from operating activities	
Net loss	(417,468)
Adjustments to reconcile net loss to net cash generated from operating activities	
Changes in working capital	
Trade payables	2,030
Other liabilities and provisions	184,090
Prepayment and other assets	(50,719)
Net cash used in operating activities	(282,067)
Cash flow from investing activities	–
Net cash generated used in investing activities	–
Cash flow from financing activities	
Capital infusion	1,000,000
Net cash generated from financing activities	1,000,000
Net increase in cash and cash equivalents	717,933
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at the end of the year	717,933

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

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah
Authorized signatory

Date : May 10, 2017

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

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Amercias, LLC, ('the Company') is a mortgage banking and servicing based business that provides end to end mortgage banking services.

The Company was formed in November 2015 as a limited liability company under the provisions of the Delaware Limited Liability Company Act ('the Act'). The Company was formed by Infosys BPO Limited, a subsidiary of Infosys Limited, an SEC registrant, on December 4, 2009.

1.2 Basis of preparation of financial statements

The accompanying financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue recognition

Revenue from mortgage and banking services, which principally relates to implementation, enhancement, training and support services associated with the Company's products, is derived under both time-and-material and fixed-price agreements. Revenue on time-and-material contracts is recognized as the related services are rendered. Revenue related to fixed-price agreements is recognized on a percentage of completion basis over the term of the agreement. In measuring progress towards completion, the input (efforts expended) method has been used. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue.

1.5 Plant and equipment

Property and equipment are stated at cost, less accumulated depreciation. The Company depreciates property and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows :

Computer equipment	3-5 years
Office furniture and equipment	5 years

Leasehold improvements are amortized on a straight-line basis over the lesser of the remaining lease term or the estimated useful life of the asset.

For computer equipment, based on internal assessment and independent technical evaluation carried out by external valuers the Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

The cost of software purchased for internal use is accounted under FASB ASC Topic 350-40 (SOP 98-1), Accounting for the Costs of Computer Software Developed or Obtained for Internal Use. Deposits paid towards the acquisition of these long-lived assets outstanding at each Balance Sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Costs of improvements that substantially extend the useful life of particular assets are capitalized. Repairs and maintenance costs are charged to earnings when incurred. The costs and related accumulated depreciation are removed from the financial statements upon sale or disposition of the asset.

The Company evaluates the recoverability of these assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value. Assets to be disposed are reported at the lower of the carrying value or the fair value less the cost to sell.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash-on-deposit with banks.

1.7 Accounts receivable

Accounts receivable are recorded at the invoiced amount. The Company's accounts receivable relate principally to revenue earned from customers located in the United States.

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, the Management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

1.8 Employee benefit obligations

The employees of the Company are entitled to compensated absences which is non-accumulating in nature. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.9 Income taxes

Income taxes are accounted using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income or expense in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the assets will not be realized. Changes in valuation allowance from period to period are reflected in the Income Statement of the period of change.

2. Member's equity

At March, 2017, the Company had one member, Infosys BPO Limited ('the Member'). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

in US $

Particulars	As at March 31, 2017
Current account	717,933

4. Administrative expenses

in US $

Particulars	For the year ended March 31, 2017
Salaries	189,631
Legal and professional charges	166,074
Others	61,763
Total	417,468

5. Related party transactions

Name of the related party and their relationships :

Holding Company : Infosys BPO Limited

There are no transactions with the holding company during the year ended March 31, 2017, except as disclosed :

The following is the summary of material related party transactions during the year :

in US $

Name of the party	Nature of transaction	For the year ended March 31, 2017	Closing as on March 31, 2017
Infosys BPO Limited	Capital infusion	1,000,000	1,000,000

6. Subsequent events

The Company has evaluated all events or transactions that occurred after the Balance Sheet date through the date that the financial statements were available for issue. The Company is not aware of any additional subsequent events that would require recognition or disclosure in the financial statements.

for Infosys BPO Americas LLC

Nishit Ajitkumar Shah

Authorized signatory

Date : May 10, 2017