INFOSYS McCAMISH SYSTEMS LLC

Independent Auditors' Report

To the Board of Directors of Infosys BPM Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Infosys McCamish Systems, LLC ('the Company'), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Comprehensive Income, Statement of Changes in Member's Equity and Statement of Cash Flows for the year then ended, and the related notes 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 March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with US generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in India, 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.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US 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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

Bengaluru, India

May 9, 2018

Balance Sheet

in US$

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents		13,829,151	8,313,231
Accounts receivables, net of doubtful balances	4	22,425,123	9,105,641
Unbilled revenue		10,325,907	9,827,227
Income tax assets		43,711	111,536
Prepayments and other assets	5	17,342,383	7,771,858
Total current assets		63,966,275	35,129,493
Non-current assets			
Deferred tax assets	14	518,351	2,991,510
Property, plant and equipment	6	1,421,030	1,687,559
Goodwill		30,594,094	30,594,094
Intangible assets	7	770,372	2,000,928
Prepayments and other assets	5	9,522,104	115,480
Total non-current assets		42,825,951	37,389,571
Total assets		106,792,226	72,519,064
LIABILITIES AND EQUITY			
Current liabilities			
Loan from related parties	15	5,612,637	–
Trade payables	9	12,413,200	697,100
Unearned revenue		19,373,985	9,746,313
Provisions	10	892,290	780,672
Other liabilities	11	17,652,862	14,891,809
Total current liabilities		55,944,974	26,115,894
Non-current liabilities			
Other non-current liabilities	11	58,744	–
Total non-current liabilities		58,744	–
Total liabilities		56,003,718	26,115,894
MEMBERS' EQUITY			
Members' equity		36,070,038	36,070,038
Additional paid-in-capital		16,424,108	16,424,108
Accumulated deficit		(1,705,638)	(6,090,976)
Total member's equity		50,788,508	46,403,170
Total liabilities and member's equity		106,792,226	72,519,064

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

Statements of Comprehensive Income

in US$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue		110,968,301	69,848,292
Cost of revenue	13	93,056,227	55,529,474
Gross profit		17,912,074	14,318,818
Other expenses:			
Selling and marketing expenses	13	324,535	1,046,585
Administrative expenses	13	8,905,618	8,996,156
Amortization of intangible assets	7	1,230,556	1,335,556
Total other expenses		10,460,709	11,378,297
Operating profit		7,451,365	2,940,521
Interest expense		112,637	–
Other expenses / (income)			
Exchange differences		54,776	30,275
Miscellaneous income		(4,159)	–
Profit before income taxes		7,288,111	2,910,246
Income tax expense	14	2,902,773	882,286
Net profit		4,385,338	2,027,960
Other comprehensive income		–	–
Total comprehensive income		4,385,338	2,027,960

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

Statements of Changes in Members' Equity

in US$

Particulars	Member's Equity	Additional paid in capital	Accumulated deficit	Total Member's equity
Balance as of April 1, 2016	36,070,038	16,424,108	(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
Balance as of March 31, 2017	36,070,038	16,424,108	(6,090,976)	46,403,170
Changes in members equity for the year ended March 31, 2018				
Net profit for the year	–	–	4,385,338	4,385,338
Balance as of March 31, 2018	36,070,038	16,424,108	(1,705,638)	50,788,508

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

Statement of Cash Flows

in US$

Particulars	Years ended March 31,	
	2018	2017
Cash flows from operating activities		
Net profit for the year	4,385,338	2,027,960
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	2,902,773	881,840
Provision for service level risk on revenue contracts	111,617	(225,604)
Allowance for doubtful accounts	226,766	(127,994)
Depreciation	907,037	791,647
Exchange difference	54,776	30,275
Amortization of intangible assets	1,230,556	1,335,556
Interest expense	112,637	–
Cash operating profit	9,931,500	4,713,680
Changes in assets and liabilities		
Accounts receivable	(13,541,400)	(3,162,781)
Prepayments and other assets	(18,983,187)	(7,271,843)
Unbilled revenues	(552,267)	(8,577,683)
Trade payables	11,716,100	(266,929)
Unearned revenue	9,627,672	9,128,175
Other liabilities and provisions	2,819,800	9,494,714
Income taxes paid	(361,790)	(40,022)
Net cash (used in) / provided by operating activities	656,428	4,017,311
Cash flows from investing activities		
Expenditure on property, plant and equipment	(640,508)	(534,053)
Net cash used in investing activities	(640,508)	(534,053)
Cash flows from financing activities		
Loan from related parties	5,500,000	–
Net cash used in financing activities	5,500,000	–
Net changes in cash and cash equivalents	5,515,920	3,483,258
Cash and cash equivalents at the beginning of the year	8,313,231	4,829,973
Cash and cash equivalents at the end of the year	13,829,151	8,313,231
Supplementary information:		
Interest paid during the year	–	–

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

Notes to the financial statements (in United States Dollars, except where stated otherwise)

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), limited by members' interest. The Company was acquired by Infosys BPM Limited (formerly 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 US. Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with US. Generally Accepted Accounting Principles (US. GAAP) which 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. 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 property, 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 ASC 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 Statement of Comprehensive Income in accordance with ASC 605-45.

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 ASC 605-50.

Consistent with the guidance in ASC 605-0-3, the Company continues to present revenues net of sales and value-added taxes in its Statement of Comprehensive Income.

1.5 Property, 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.

The cost of software purchased for internal use is accounted under ASC 350-40. 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, 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 Compensated absences

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

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.

The Company adopted the provisions of ASC 740. 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, 2018, 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 the Management's opinion, as of March 31, 2018 and 2017 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.

For the years ending March 31, 2018 and March 31, 2017, the revenue earned from 2 customers respectively, who each contributed to more than 10% of revenues, accounted approximately 32% and 27% respectively of the revenues earned in those years.

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

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" (Topic 606). The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard allows for two methods of adoption: the full retrospective adoption, which requires the standard to be applied to each prior period presented, or the modified retrospective adoption, which requires the cumulative effect of adoption to be recognized as an adjustment to opening retained earnings in the period of adoption. For non-public entities this standard is effective for fiscal years, beginning after December 15, 2018. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard replaces the existing guidance on leases and requires the lessee to recognize a right-of-use asset and a lease liability for all leases with lease terms equal to or greater than twelve months. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize total lease expense on a straight-line basis. This standard is effective for fiscal years beginning after December 15, 2019. Upon adoption, entities will be required to use a modified retrospective transition which provides for certain practical expedients. Entities are required to apply the new standard at the beginning of the earliest comparative period presented. Early adoption of this new standard is permitted. The Company is yet to evaluate the requirements of the standards and the impact on the financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging. The update expands and refines hedge accounting for both financial and nonfinancial hedging strategies to better align hedge accounting with companies' risk management strategies. The update also amends the presentation and disclosure requirements and changes how companies assess effectiveness of their hedges. Adoption methods will differ by type of hedge. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses, which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. For non-public entities the new guidance is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The amendment should be applied through a modified retrospective approach. Early adoption as of the fiscal years beginning after December 15, 2018 is permitted. The adoption of ASU No. 2016-13 is not expected to have a material effect on the Company's financial statements.

In August 2016, FASB issued ASU No. 2016-15, Classification of Certain Cash Receipts and Cash Payments. The amendments apply to all entities that are required to present a statement of cash flows under Topic 230. The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018 should be applied using a retrospective transition method to each period presented. The Company does not expect the adoption of this ASU to have a material effect on its financial position or results of operations.

In November 2016, FASB issued ASU No. 2016-18, Statement of Cash Flows - Restricted cash. The amendments apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this update require that a statement of cash flows should explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. For non-public entities the amendments are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted with an adjustment reflected as of the beginning of the fiscal year in which the amendment is adopted. The Company does not expect the adoption of this ASU to have a material effect on the presentation of its Statement of Cash Flows.

In January 2017, the FASB issued ASU 2017-04, Simplifying the Test for Goodwill Impairment (Topic 350), which eliminates Step 2 from the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. For non-public entities the update is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed after January 1, 2017 and should be applied prospectively. The Company does not have any impact on the financial statements upon adoption of the update.

In February 2018, the FASB issued ASU 2018-02, Income Statement - Reporting Comprehensive Income and this update provides an option for entities to reclassify stranded tax effects caused by the newly-enacted Tax Cuts and Jobs Act, or Tax Reform Act, from accumulated other comprehensive income to retained earnings. Upon adoption, entities have the option to apply the update retrospectively or in the period of adoption. Early adoption of this update is permitted. The effective date for adoption is January 1, 2019. The Company does not have any impact on the financial statements upon adoption of the update.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. This guidance requires companies to classify deferred tax assets and liabilities as noncurrent on the Balance Sheet rather than separately disclosing deferred taxes as current and noncurrent. This standard is effective for annual periods beginning after December 15, 2017 and can be early adopted and applied either prospectively or retrospectively to all periods presented upon adoption. The Company has elected to early adopt the new guidance from the current year on a retrospective basis.

3. Member's equity

At March 31, 2018, the Company had one member, Infosys BPM Limited (formerly 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, 2018.

4. Accounts receivables, net of doubtful balances

Accounts receivable, net of doubtful balances, as on March 31, 2018 and 2017 is US$ 22,425,123 and US$ 9,105,641 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, 2018 and March 31, 2017, the Company had allowance amounting to US$ 223,494 and US$ 60,726 respectively, towards doubtful accounts receivable.

Receivables includes dues from related parties amounting to US$ 78,941 and US$ 16,596 as at March 31, 2018 and March 31, 2017, respectively. (Refer to Note 15).

5. Prepayment and other assets

Prepayment and other assets are as follows :

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Prepaid expenses	16,274,617	7,673,594
Deposits	40,500	3,000
Other current assets[1]	1,027,266	95,264
	17,342,383	7,771,858
Non-current		
Prepaid expenses	9,435,344	28,720
Deposits	86,760	86,760
	9,522,104	115,480
	26,864,487	7,887,338

[1] Includes dues from related parties (Refer to Note 15).

6. Property, plant and equipment

Property, plant and equipment are as follows :

in US$

Particulars	As at March 31,	
	2018	2017
Computer equipment	7,080,787	6,973,807
Office furniture and equipment and leasehold improvements	1,585,990	1,126,457
	8,666,777	8,100,264
Accumulated depreciation	(7,245,747)	(6,415,249)
	1,421,030	1,685,015
Capital work-in-progress	–	2,544
	1,421,030	1,687,559

Depreciation expense amounted to US$ 907,037 and US$ 791,647 for the year ended March 31, 2018 and March 31, 2017 respectively which has been allocated to cost of revenue.

7. Intangible assets

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 the Management's estimate of the useful life of these assets.

Intangible assets as on March 31, 2018 and March 31, 2017 are as follows :

in US$

	Customer contracts and relationships	Computer software platform
March 31, 2018		
Gross carrying value	11,300,000	2,950,000
Less: Accumulated amortization	10,529,628	2,950,000
Net carrying value	770,372	–
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	–

The aggregate amortization expense for the year ended March 31, 2018 and March 31, 2017 amounted to US$ 1,230,556 and US$ 1,335,556, respectively.

The estimated amortization expense for intangible assets for the succeeding annual year is the US$ 770,372.

8. 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 DesMoines 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$ 879,914 and US$ 858,521 during the year ended March 31, 2018 and 2017, respectively.

Future minimum lease payments under non-cancelable operating leases as on March 31, 2018 are:

in US$

Particulars	Amount
FY 2018	492,314
FY 2019	280,163
FY 2020	280,163
FY 2021	203,344
FY 2022 and thereafter	–

9. Trade payables

Trade payables as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Dues to related parties (Refer to Note 15)	11,122,549	436,339
Other trade payables	1,290,651	260,761
	12,413,200	697,100

10. Provisions

Provisions as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Provision for service level risk on revenue contracts	892,290	780,672

11. Other liabilities

Other liabilities as on March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Current		
Accrued compensation to staff	1,502,579	1,033,321
Withholding taxes payable	–	–
Provision for expenses[(1)] (includes amount for related parties) (Refer to Note 15)	15,789,775	13,383,108
Rent holiday accrual	78,376	345,562
Others (includes dues to related parties) (Refer to Note 15)	282,132	129,818
	17,652,862	14,891,809
Non-current		
Rent holiday accrual	58,744	–
	58,744	–
	17,711,606	14,891,809

(1) Provision for expenses at March 31, 2018 primarily consists of professional charges and audit fees US$ 589,169, computer and software costs US$ 12,757,211, contract labor US$ 445,183, postage and other communication costs US$ 965,776, employee health insurance US$ 536,265 and others US$ 496,171.

(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.

12. Financial instruments

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

in US$

Particulars	As at March 31,			
	2018		2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Assets:				
Cash and cash equivalents	13,829,151	13,829,151	8,313,231	8,313,231
Accounts receivables (refer note 4)	22,425,123	22,425,123	9,105,641	9,105,641
Unbilled revenue	10,325,907	10,325,907	9,827,227	9,827,227
Other financial assets	1,063,830	1,063,830	125,267	125,267
Total	47,644,011	47,644,011	27,371,366	27,371,366
Liabilities:				
Loan from related parties	5,612,637	5,612,637	–	–
Trade payable (refer note 9)	12,413,200	12,413,200	697,100	697,100
Provision for expenses (refer note 11)	15,789,775	15,789,775	13,383,108	13,383,108
Accrued compensation to staff (refer note 11)	1,470,584	1,470,584	1,033,321	1,033,321
Other financial liabilities (refer note 11)	68,744	68,744	129,818	129,818
Total	35,354,940	35,354,940	15,243,347	15,243,347

13. Operating expenses

Operating expense for the year ended March 31 are as follows:

in US$

Particulars	As at March 31,	
	2018	2017
Employee benefit expenses	28,058,346	27,733,308
Cost of technical sub-contractors	24,426,971	8,152,254
Office expenses	1,158,284	333,814
Depreciation and amortization expense	2,137,593	2,127,203
Cost of software packages	38,233,629	21,762,341
Rent (Refer to Note 8)	879,914	858,521
Travel expenses	430,181	396,298
Communication expenses	1,722,615	1,220,422
Professional charges	2,310,211	608,521
Insurance charges	152,727	98,189
Postage and couriers	3,439,018	3,376,337
Other expenses	567,447	240,563
	103,516,936	66,907,771

Function wise classification of operating expenses for the year ended March 31, 2018 and 2017 are as follows:

in US$

Particulars	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Years ended March 31, 2018				
Employee benefit expense	25,413,671	2,341,923	302,752	28,058,346
Cost of technical subcontractors	24,426,971	–	–	24,426,971
Office expenses	107,398	1,050,617	269	1,158,284
Depreciation	907,037	–	–	907,037
Cost of software packages	37,572,728	658,901	2,000	38,233,629
Rent	839,400	40,514	–	879,914
Travel expenses	414,894	15,287	–	430,181
Communication expenses	1,148,530	573,846	239	1,722,615
Professional charges	2,028,641	281,570	–	2,310,211
Insurance	121,199	31,528	–	152,727
Postage and courier	–	3,439,018	–	3,439,018
Other expenses	75,758	458,469	33,220	567,447
	93,056,227	8,891,673	338,480	102,286,380

Particulars	Cost of revenues	General and administration expenses	Selling and marketing expenses	Total
Year ended March 31, 2017				
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

14. Income taxes

The income tax expense during the year ended March 31 are as follows:

in US $

Particulars	2018	2017
Current taxes	429,614	45,966
Deferred taxes	2,473,159	836,320
Income tax expense	2,902,773	882,286

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

in US $

Particulars	2018	2017
Profit before incomes taxes	7,288,111	2,910,246
Statutory Tax Rate	32%	34%
Computed expected tax expense	2,299,399	989,484
State Taxes	210,351	16,320
Withholding Taxes	58,596	15,413
Disallowed Items	11,435	9,939
Deferred tax – change in tax rates	352,049	–
Effect of true up of previous year taxes	21,968	(7,064)
Other Adjustments	(51,025)	(141,806)
Income tax expense	2,902,773	882,286

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 set forth below:

in US $

Particulars	2018	2017
Deferred tax assets:		
Carry forward business losses	3,746,078	7,940,097
Accruals	214,149	283,761
Accrued Compensation	230,673	216,414
Deferred rent	32,909	125,606
Depreciation and amortization	1,154,404	1,743,565
Others	273,863	58,519
	5,652,076	10,367,962
Deferred tax liability:		
Goodwill	(2,829,725)	(3,771,379)
Prepaid expenses	–	(115,634)
Accruals including contingent consideration reversal	(2,304,000)	(3,489,439)
Total deferred tax liability	(5,133,725)	(7,376,452)
Less: Valuation allowance	–	–
Deferred tax asset / (liability), net	518,351	2,991,510

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. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.At March 31, 2018, the Company has federal net operating loss carry forwards for income tax purpose of US$ 15,608,660 expiring in years 2030 through 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. 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, 2018.

15. 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 Ajit Shah, Director (2)
Mr. Ravikumar S., Director (1)
Mr. Kapil Jain, Director
Mr. Gordon Beckham, Chief Executive Officer and Director (4)
Mr. Rishi Kumar Jain, Chief Operating Officer and Director (3)
Mr. Richard Magner, Chief Executive Officer and Director (5)
Mr. Thothathri V, Director (6)

(1) resigned w.e.f. July 19, 2016.
(2) appointed w.e.f. July 19, 2016 and ceased to be director w.e.f. July 11, 2017.
(3) resigned w.e.f. October 8, 2016.
(4) resigned w.e.f. April 17, 2017.
(5) appointed as Chief Executive Officer w.e.f. April 18, 2017 (formerly acted in position of Sales Head).
(6) appointed w.e.f. July 11, 2017.

Enterprise in which Key Management personnel has significant influence

Magner Networks LLC

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

Infosys Limited , Ultimate holding company (IL)

Infosys BPM Limited, the holding company (IBPM) (formerly Infosys BPO Limited)

Infosys Public Services, Inc. USA (IPS)

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

in US $

Particulars	Year ended March 31, 2018	
	Key Management personnel	Other companies within the Group
Revenue transactions:		
Purchase of services from IL	–	17,488,276
Purchase of services from IBPM	–	4,449,067
Purchase of shared services from IL	–	67,564
Sale of services to IL	–	496,582
Sale of services to IBPM	–	222,303
Sale of shared services to IBPM	–	33
Interest expense on loan from IPS	–	112,637
Remuneration to key managerial personnel	510,684	–
Capital transactions (Financing) :		
Loan taken from IPS	–	5,500,000

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 IBPM	–	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 IBPM	–	88,886
Sale of services to IL	–	38,685
Sale of services to IBPM	–	172,279
Sale of shared services to IBPM	–	541
Remuneration to key managerial personnel	1,030,888	–

(c) The details of amounts due to or due from related parties as at March 31, 2018 and March 31, 2017 are as follows:

in US $

Particulars	As at March 31,	
	2018	2017
Loan Taken		
Infosys Public Services, Inc. USA	5,612,637	–
	5,612,637	–
Trade payables		
Infosys Limited	10,790,940	77,775
Infosys BPM Limited (formerly Infosys BPO Limited)	331,609	358,564
	11,122,549	436,339
Account receivables		
Infosys Limited	59,717	–
Infosys BPM Limited (formerly Infosys BPO Limited)	19,224	16,596
	78,941	16,596
Other receivables		
Infosys Limited	3,071	–
Infosys BPM Limited (formerly Infosys BPO Limited)	385	–
Infosys Public Services, Inc. USA	896,854	–
	900,310	–
Other payables		
Infosys Limited	33,689	43,648
	33,689	43,648
Provision for expense		
Magner Network, LLC	–	13,210
	–	13,210

On May 16, 2017, Company entered into a loan agreement with Infosys Public Services, Inc. USA to finance the Company's operations, for the amount of US$ 5,500,000. The loan was processed on June 6, 2017 and is subject to a market rate of interest set at 2.50% p.a. for the period from loan inception date to repayment.The maturity date for principal amount is set at twelve months from the effective date of the loan agreement, unless extended by written consent of both the parties.The interest is payable at repayment of loan or anniversary date each year, whichever is earlier.

16. Commitments and contingencies

The Company has not executed any bank guarantees as on March 31, 2018 and March 31, 2017.

The estimated amount of contracts remaining to be executed on capital contracts and not provided for as at March 31, 2018 and March 31, 2017 amounts to US$ 286,924 and US$ 544,413, 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.

17. Subsequent events

The Company has evaluated all events or transactions that occurred after March 31,2018 up through May 9, 2018, 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.

INFOSYS POLAND Sp. z o.o.

Auditors' Report

To the shareholder of Infosys Poland Spółka z ograniczoną odpowiedzialnością

Auditors' report

We have audited the attached annual financial statements of Infosys Poland Spółka z ograniczoną odpowiedzialnością with its registered office in Łódź, Pomorska 106A (hereinafter : 'Company') comprising : Balance Sheet prepared as at March 31, 2018, Profit and Loss Account, Statement of Changes in Equity, Cash Flow Statement prepared for the financial year from April 1, 2017 to March 31, 2018 and notes, comprising an introduction to the financial statements and other explanatory information ('financial statements').

Responsibility of the Company's manager and those charged with governance for the financial statements

The Management Board of the Company is obliged to prepare the financial statements based on properly kept accounting records and to present them fairly in line with the Accounting Act of September 29, 1994 (Journal of Laws of 2018, item 395, as amended), hereinafter referred to as the 'Accounting Act', its implementing regulations and other applicable laws as well as the entity's articles of association. The Management Board of the Company is also responsible for ensuring internal control necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Under the Accounting Act, the Management Board of the Company is obliged to ensure that the financial statements meet the requirements of the Accounting Act.

Auditors' responsibility

Our responsibility was to express an opinion whether the financial statements give a true and fair view of the financial and economic position as well as the financial performance of the entity in line with the applicable provisions of the Accounting Act and adopted accounting principles (policy).

Our audit of the financial statements has been performed in accordance with :

1. the Act on statutory auditors, auditing companies and public oversight of May 11, 2017 (Journal of Laws of 2017, item 1089, as amended) ('Act on statutory auditors');

National Auditing Standards in the wording of the International Standards on Auditing adopted by resolution No. 2783/52/2015 of the National Council of Statutory Auditors of 10 February 2015, as amended, in connection with resolution No. 2041/37a/2018 of March 5, 2018 on national professional standards.

Those regulations 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.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board of the Company, as well as evaluating the overall presentation of the financial statements.

The scope of the audit does not include an assurance regarding the future profitability of the audited entity or the effectiveness of the Company's Management Board in managing the entity's affairs at present and in future.

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 attached annual financial statements :

- give a true and fair view of the economic and financial position of the Company as at March 31, 2018 and its financial performance for the financial year from April 1, 2017 to March 31, 2018, in accordance with applicable provisions of the Accounting Act and the adopted accounting principles (policies);
- have been prepared based on properly kept — in line with chapter 2 of the Accounting Act — accounting records;
- comply, with respect to their form and content, with the applicable provisions of law and the articles of association of the entity.

Other matters

The financial statements of the Company for the prior financial year ended March 31, 2017 were audited by another certified auditor who issued an opinion on those financial statements on May 16, 2017.

Report on other legal and regulatory requirements

Opinion on the report on the activities

We do not express an opinion on the report on the activities.

The Management Board of the Company is responsible for the preparation of the report on the activities in line with the provisions of law.

Under the act on statutory auditors we were obliged to issue an opinion as to whether the report on the activities complies with the provisions of law and is consistent with underlying information disclosed in the attached financial statements. Additionally, it was our responsibility to indicate whether we have detected any material misstatement in the report on the activities and to describe the misstatement (if any), based on our knowledge of the Company and its business environment obtained in the course of the audit.

In our opinion, the report on the activities has been prepared in line with the applicable provisions of law and is consistent with the underlying information disclosed in the attached financial statements. Furthermore, we represent that based on our knowledge of the entity and its business environment obtained in the course of the audit of the financial statements, we believe that the report on the activities is free from material misstatements.

On behalf of Deloitte Audyt spółka z ograniczoną odpowiedzialnością sp. k. (until 18 march 2018 operating under the name Deloitte Polska spółka z ograniczoną odpowiedzialnością sp. k.) — entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors :

Piotr Niedziela
Key certified auditor
conducting the audit
No. 12523

Warsaw,

April 27, 2018

This Report is an English version of the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Introduction to the Financial Statements

1. Details of the Company

1.1 Company's name

Infosys Poland Sp. z o.o., hereinafter : Company

1.2 Registered office

ul. Pomorska 106A
91-402 Łódź

1.3 Entry in the National Court Register

Court : District Court for Łódź–Śródmieście in Łódź, XX Division of the National Court Register
Date : 3 August 2007
Number : KRS 0000285868

1.4 Core business and duration of the Company

In accordance with its Articles of Association, the Company's core business is :

- computer programming (PKD 62.01.Z);
- accounting, bookkeeping and auditing activities; tax consultancy (PKD 69.20 Z);
- data processing, hosting and related activities (PKD 63.11.Z).

The Company has been incorporated for an unlimited period of time.

1.5 Period covered by the financial statements

These financial statements cover the period from April 1, 2017 to March 31, 2018 and the comparative information is for the period from April 1, 2016 to March 31, 2017.

1.6 Going concern

These financial statements have been prepared on the basis that the Company is a going concern.

There are no circumstances indicating a threat to the Company's ability to continue as a going concern.

2. Major accounting principles

These financial statements have been prepared using the following accounting principles :

2.1 Basis for preparation of the financial statements

These financial statements have been prepared in accordance with the accounting policies applicable in Poland as set out in the Accounting Act of 29 September 1994 (Journal of Laws of 2018 item 395) and secondary legislation to the Accounting Act.

The accounting principles adopted by the Company have been applied consistently are the same as those used in the prior financial year.

2.2 Revenue and expenses

Revenues and expenses are recognized using the accrual method, i.e. in the year when they were generated or incurred, irrespective of the date of receiving or making the payment.

The Company records expenses and prepares the Profit and Loss Account by nature of expense.

Sales revenue

The Company derives revenue primarily from the management of business processes, both on the basis of allocation of staff, fixed price agreed with the Client, number of hours or based on the unit price for a given activity. Revenue based on the allocation of staff is recognized when realized and the revenue realized from the date of the last invoice to the date of the Balance Sheet are recognized as unbilled revenue. Revenue based on the fixed price agreed with the Client or the number of hours is recognized at a reliabile amount, if they are probable. Revenue based on the unit price for a given activity are recognized as transactions based on measurable deliverables. Provisions for expected losses, if any, on unfulfilled contracts are recognized in the period in which the loss is probable, based on current estimates.

2.3 Interest income

Interest income is recognized using the effective interest rate.

2.4 Cash flow statement

The cash flow statement has been prepared using the indirect method.

2.5 Intangible assets

Intangible assets are measured at cost less amortization charges and impairment losses.

Intangible assets are amortized using the straight-line method and the following rates :

Intangible assets of more than PLN 3,500	50%
Goodwill	20%

The correctness of the amortization periods and rates applied to intangible assets should be periodically verified by the entity, which should lead to appropriate adjustment of the amortization expenses recognized in future periods.

2.6 Fixed assets

Fixed assets are measured at cost (initial amount) less depreciation charges and impairment losses.

The cost of fixed assets and fixed assets under construction comprises total expenses incurred by the entity throughout the construction, assembly, adaptation and improvement of the assets until the date of their commissioning, including respective borrowing costs and exchange differences, less revenue generated on that basis.

The initial amount of a fixed asset is increased by the costs of its improvement consisting in remodelling, extension, modernization or reconstruction, following which the value in use of the fixed asset after improvement exceeds its value in use at the time when it was first made available for use.

Fixed assets are depreciated on a straight-line basis. Depreciation begins in the month in which the fixed asset becomes available for use.

The Company applies the following depreciation rates:

Particulars	Depreciation rates
	33.33%
Furniture	20%
Office equipment	20%
Leasehold improvements	until the end of the contract no longer than five years

The correctness of the depreciation periods and rates applied to fixed assets should be periodically verified by the entity, which should lead to appropriate adjustment of the depreciation expenses recognized in future periods.

2.7 Investments

Investments are assets held in order to achieve economic benefits arising from an increase in their value, generate interest income, dividends (profit sharing) or other benefits, including from trading transactions, in particular financial assets, real property and intangible assets not used by the entity but held only in order to obtain these benefits.

2.8 Receivables, claims and liabilities not classified as financial assets and financial liabilities

Receivables are recognized at the amount due using the prudence principle. Receivables are revalued based on the probability of their repayment through recognition of an impairment loss which is charged to other operating expenses or financial expenses, depending on the type of receivable concerned. As a rule, receivables which are outstanding for more than 180 days of a respective invoice are subject to a valuation allowance charged to other operating expenses.

Liabilities are measured at the amount due.

Receivables and liabilities expressed in foreign currencies are recognized when incurred at the average exchange rate determined for a given currency by the National Bank of Poland as of the date immediately preceding that date.

As at the Balance Sheet date, foreign currency receivables and liabilities are measured at the average exchange rate determined for a given currency by the National Bank of Poland at that date.

2.9 Impairment of assets

As at each Balance Sheet date, it is verified whether there is any objective indication of impairment of an asset or a group of assets. If such an indication exists, the Company makes an estimate of the recoverable amount of the asset and recognizes an impairment loss at an amount of the difference between the recoverable amount and the carrying amount. Impairment losses are recognized in profit or loss. If the effects of the previous revaluation of assets were charged to the revaluation reserve, the loss reduces the reserve and the remaining portion of the loss is recognized in the Profit and Loss Account.

2.10 Prepaid expenses and accruals

The Company recognizes prepaid expenses if they are related to future reporting periods. Accruals are recognized at the amount of probable liabilities pertaining to the current reporting period.

2.11 Provisions for liabilities

Provisions are liabilities with an uncertain due date or amount.

Retirement benefits

Under the Company's remuneration rules, employees are entitled to retirement benefits. Liabilities due to retirement benefits have been measured using the actuarial method and the discount rate based on market rate of return as at the end of the reporting period. Staff turnover is estimated based on historical data and expected staff levels.

2.12 Economic activity in Łódź Special Economic Zone

On 4 November 2013 the Company was granted permit No. 225 to operate in Łódź Special Economic Zone ('SEZ') and therefore is exempt from CIT due to the expenditures incurred in the Zone. The Company has fulfilled all the terms and conditions to become eligible for the tax exemption.

The income generated from the economic activities set out in the permit to operate in the economic zone is tax-exempt under Article 17.1.34 of the Corporate Income Tax Act.

The Company enjoys the tax exemption due to the new jobs it creates, in line with §3.1.2 of the Ordinance of the Council of Ministers on the criteria which need to be fulfilled to establish a special economic zone in a given area (Journal of Laws of 244, item 1477, as amended). The maximum amount of eligible expenses is PLN 45,460,396.80. The maximum amount of two-year labour costs is calculated based on the cost of labour of 390 newly hired employees.

In accordance with the permit, in Łódź SEZ the Company provides the following services set out in the Polish Classification of Goods and Services of the Central Statistical Office:

1. financial auditing services (69.20.1);

2. accounting services (69.20.2);accounting services (69.20.2);

3. research and experimental development services in social sciences and humanities (72.2)

4. Computer programming, consultancy and related services (62.0) excluding computer games software originals (62.01.21)

The Company started the calculation of eligible expenses which make up the limit of the tax exemption in Łódź SEZ in May 2015.

On 30 December 2016 the Company was granted a new permit No. 302 to carry out extended operations in Łódź SEZ. In the audited period the Company did not start the fulfilment of the requirements set out in the permit.

2.13 Income tax

Income tax is recognized in the Profit and Loss Account and it includes the current and the deferred portion.

The current income tax liability is calculated in accordance with the applicable tax regulations. The deferred portion recognized in the Profit and Loss Account is the difference between the opening and closing balances of the deferred tax liability and assets.

he deferred tax assets and liability related to transactions charged to equity are also charged to equity.

The deferred tax asset is recognized at the amount to be deducted from the income tax in the future, due to deductible temporary differences that will reduce the income tax basis in the future and the deductible loss, determined in accordance with the prudence principle. The deferred income tax is recognized in line with the National Accounting Standard 2.

The deferred tax liability is recognized in the amount of income tax payable in the future, arising from taxable temporary differences that will increase the income tax basis in the future.

The deferred tax assets and liability are determined by reference to the income tax rates effective in the year when the tax obligation arises.

The deferred tax liability and assets are not set off for the purposes of presentation in the financial statements.

2.14 Exchange differences

Exchange differences as at the Balance Sheet date arising from the measurement of assets and liabilities denominated in foreign currencies and resulting from payment of receivables or liabilities denominated in foreign currencies and sale of currency are classified to financial revenue or expenses, respectively, and where reasonable, to the cost of products, goods, as well fixed assets, fixed assets under construction and intangible assets.

Exchange rates applied to the measurement of items denominated in foreign currencies (in PLN).

Balance Sheet

in PLN

Particulars	31.03.2018	31.03.2017
AED	0.9244	1.0690
AUD	2.6288	3.0171
CHF	3.5812	3.9461
CZK	0.1659	0.1559
EUR	4.2085	4.2198
DKK	0.5646	0.5674
GBP	4.7974	4.9130
INR	0.0524	0.0608
NOK	0.4361	0.4601
HRK	0.5660	0.5673
MXN	0.1880	0.2113
SEK	0.4097	0.4419
US$	3.4139	3.9455
ZAR	0.2886	0.2955
RON	0.9034	0.9277
SGD	2.6064	2.8229
HUF	0.0135	0.0137
RUB	0.0594	0.0704
TRY	0.8625	1.0853

2.15 Financial instruments

2.15.1 Classification of financial instruments

Financial instruments are recognized and measured in line with the Ordinance of the Minister of Finance of 12 December 2001 on detailed principles of recognition, measurement methods, scope of disclosure and presentation of financial instruments. The financial asset measurement and disclosure principles as described below do not apply to financial instruments which do not fall within the scope of the Ordinance, including, in particular, shares in controlled entities, rights and obligations arising from lease and insurance contracts, trade receivables and liabilities and financial instruments issued by the entities and classified as their equity instruments.

Financial assets comprise :

- financial assets held for trading
- loans and receivables;
- financial assets held to maturity;
- financial assets available for sale.

Financial liabilities comprise :

- financial liabilities held for trading;
- other financial liabilities.

2.15.2 Principles of measurement and recognition of financial instruments

Financial assets are recognized in the accounting records at the contract date at cost, i.e. the fair value of expenses incurred or other assets transferred in exchange, whereas financial liabilities, at the fair value of the amount obtained or the value of other assets received. The fair value is determined as at that date considering the transaction costs incurred by the Company.

2.15.3 Financial assets held for trading

Financial assets held for trading include derivative financial instruments.

Financial assets held for trading are measured at fair value whereas the effects of periodic measurement of financial assets are classified as financial revenues or expenses of the reporting period during which the revaluation took place, respectively.

2.15.4 Loans and receivables

Loans and receivables include, regardless of their maturity, financial assets arising as a result of direct provision of cash to the other party to a contract.

Loans and receivables are measured at the amount due.

2.15.5 Financial assets available for sale

Financial assets available for sale are assets, other than derivatives, which have been classified to this category or have not been classified to any other category. Financial assets available for sale, whose fair value cannot be reliably determined, are measured at cost.

2.15.6 Financial liabilities

Financial liabilities held for trading, including derivatives which have not been designated as hedging instruments, are recognized at fair value, whereas gains and losses resulting from their measurement are recognized directly in the Profit and Loss Account.

Other financial liabilities are measured at adjusted cost, i.e. using the effective interest rate method.

2.16 Methods and key assumptions underlying the calculation of the fair value of financial assets and liabilities measured at such fair value

The fair value is the amount for which an asset could be exchanged and a liability settled on arm's length terms between willing and well-informed parties.

The fair value is calculated by estimation of the price of the financial instrument using generally accepted esimation methods.

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Member of the Board

Kapil Jain
Member of the Board

Nishit Ajitkumar Shah
Member of the Board

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Person in charge of the accounting records

Łódź

April 27, 2018

Balance Sheet

in PLN

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets		58,222,383.51	59,804,636.64
Property, plant and equipment	2		
Fixed assets		5,663,419.25	9,748,413.87
buildings, premises, civil engineering structures		563,886.46	2,359,507.95
technical equipment and machines		4,474,917.63	6,269,988.04
other fixed assets		624,615.16	1,118,917.88
		5,663,419.25	9,748,413.87
Long-term investments	6		
Long-term financial assets		36,906,540.00	33,360,975.00
originated loans		–	–
in other entities		36,906,540.00	33,360,975.00
		36,906,540.00	33,360,975.00
Long-term prepayments			
Deferred tax assets	13.3	15,652,424.26	16,695,247.77
		15,652,424.26	16,695,247.77
Current assets		284,992,297.85	246,262,804.08
Short-term receivables			
Receivables from related parties		1,621,029.39	1,198,731.84
trade receivables	3.1	1,621,029.39	1,198,731.84
Receivables from other entities		63,422,025.02	78,141,494.04
trade receivables	3.2	60,927,614.50	68,296,463.47
due to tax, grants, customs duty, social insurance, health insurance and other benefits	3.4	468,356.02	8,645,172.42
other	3.4	2,026,054.50	1,199,858.15
		65,043,054.41	79,340,225.88
Short-term investments			
Short-term financial assets		219,824,990.89	166,480,517.59
in related parties	4.1	20,397,070.36	2,803,618.25
in other entities	4.2	25,110,858.90	45,121,561.65
cash and other monetary assets	4.3	174,317,061.63	118,555,337.69
		219,824,990.89	166,480,517.59
Short-term prepayments	5	124,252.55	442,060.61
TOTAL ASSETS		343,214,681.36	306,067,440.72

Equity and Liabilities

in PLN

Particulars	Note no.	As at March 31,	
		31.03.2018	31.03.2017
Equity			
Share capital	7.1	2,500,000.00	2,500,000.00
Supplementary capital		241,336,404.63	187,640,238.78
Net profit / (loss)		34,766,928.39	53,696,165.85
		278,603,333.02	243,836,404.63
Liabilities and provisions for liabilities		64,611,348.33	62,231,036.09
Provisions for liabilities			
Deferred tax liability	13.3	367,837.69	75,013.70
Provision for retirement and similar benefits	8.1	17,288,793.81	15,449,327.11
– long-term		686,259.00	552,547.00
– short-term		16,602,534.81	14,896,780.11
Other provisions		2,563,171.00	1,850,000.00
– short-term	8.2	2,563,171.00	1,850,000.00
		20,219,802.50	17,374,340.81
Short-term liabilities			
To related parties		1,082,707.38	288,310.92
trade liabilities	9.1	1,082,707.38	288,310.92
To other entities		21,708,806.45	21,706,975.73
other financial liabilities	9.4	51,200.00	56,000.00
trade liabilities	9.2	1,833,398.34	2,165,233.16
liabilities due to tax, customs duty, insurance and other payments	9.3	11,769,963.66	10,902,142.53
salaries and wages		8,054,244.45	8,583,600.04
Special funds		491,180.35	580,556.48
		23,282,694.18	22,575,843.13
Accruals			
Other accruals		21,108,851.65	22,280,852.15
– long-term	10.1	8,343,583.77	9,311,833.87
– short-term	10.2	12,765,267.88	12,969,018.28
		21,108,851.65	22,280,852.15
TOTAL EQUITY AND LIABILITIES		343,214,681.36	306,067,440.72

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Łódź
April 27, 2018

Profit and Loss Account

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Net sales revenue and equivalent	11		
– from related parties		10,388,971.76	3,893,272.93
Net revenue from sales of services		288,238,979.55	295,047,621.77
		288,238,979.55	295,047,621.77
Operating expenses			
Amortization/depreciation		(5,217,639.53)	(6,052,866.93)
Materials and energy used		(791,056.64)	(971,853.48)
External services		(35,269,444.55)	(38,449,873.04)
Taxes and charges		(2,954,770.21)	(2,915,708.51)
Salaries and wage		(156,122,659.79)	(146,728,111.37)
Social security and other benefits		(34,807,028.38)	(33,523,928.33)
Other expenses		(4,291,895.23)	(12,795,993.70)
Value of goods and materials sold		(117,884.88)	(140,228.03)
		(239,572,379.21)	(241,578,563.39)
Profit on sales		48,666,600.34	53,469,058.38
Other operating revenue			
Revaluation of non-financial assets		961,542.57	470,546.52
Other		234,773.64	195,003.91
		1,196,316.21	665,550.43
Other operating expenses			
Loss on disposal of non-financial non-current assets		–	(645.52)
Revaluation of non-financial assets		(116,836.44)	–
Other		(123,171.33)	(88,459.78)
		(240,007.77)	(89,105.30)
Profit on operating activities		49,622,908.78	54,045,503.51
Financial revenue			
Interest	12	3,330,113.67	1,975,276.26
– from related parties		959,049.28	41,733.84
Other		1,498,000.00	698,699.29
		4,828,113.67	2,673,975.55
Financial expenses			
Interest		(2,566,889.07)	(17,771.07)
Loss on disposal of investment		(1,311,289.13)	–
Other		(7,122,240.35)	(2,455,471.21)
		(11,000,418.55)	(2,473,242.28)
Profit on economic activities		43,450,603.90	54,246,236.78
Gross profit		43,450,603.90	54,246,236.78
Income tax	13	8,683,675.51	(550,070.93)
Net profit		34,766,928.39	53,696,165.85

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April 27, 2018

Statement of Changes in Equity

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Opening balance of equity		243,836,404.63	190,140,238.78
Opening balance of share capital	7.1	2,500,000.00	2,500,000.00
Closing balance of share capital		2,500,000.00	2,500,000.00
Opening balance of supplementary capital		187,640,238.78	129,727,037.17
Changes in supplementary capital		53,696,165.85	57,913,201.61
increases		–	–
– profit distribution		53,696,165.85	57,913,201.61
Closing balance of supplementary capital		241,336,404.63	187,640,238.78
Net profit/loss			
net profit		34,766,928.39	53,696,165.85
Closing balance of equity		278,603,333.02	243,836,404.63
Equity, after proposed profit distribution	7.2	278,603,333.02	243,836,404.63

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Cash Flow Statement

in PLN

Particulars	Note no.	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Cash flows from operating activities			
Net profit		34,766,928.39	53,696,165.85
Total adjustments			
Amortization / depreciation		5,217,639.53	6,052,866.93
Loss due to exchange diffrences		2,686,844.11	197,305.62
Interest		(2,980,385.84)	(2,110,733.24)
Gain / loss on investments	15.1	(1,388,300.00)	819,455.75
Changes in provisions		2,845,461.69	3,874,331.62
Changes in receivables		14,297,171.47	(9,194,214.79)
Changes in short-term liabilities, excluding loans	15.2	706,851.05	4,865,922.98
Changes in prepayments / accruals		188,631.07	(5,232,332.96)
Investments (in other entities)		(14,329,910.87)	–
Other adjustments	15.4	(104,900.00)	(1,518,155.12)
		7,139,102.21	(2,245,553.21)
Net cash from operating activities		41,906,030.60	51,450,612.64
Cash flows from investing activities			
Proceeds		62,896,884.02	125,042,561.62
Disposal of intangible assets and property, plant and equipment		–	645.62
From financial assets, including		61,508,584.02	124,764,729.54
In other entities		61,508,584.02	124,764,729.54
Proceeds from deposits maturing in more than three months		45,000,000.00	123,000,000.00
Investments		14,329,910.87	–
Interest		2,178,673.15	1,764,729.54
Other proceeds from investing activities		1,388,300.00	277,186.46
Payments		(49,041,190.68)	(72,880,211.14)
Acquisition of intangible assets and property, plant and equipment	15.3	(1,132,644.91)	(2,722,736.52)
For financial assets, including		47,908,545.77)	69,338,018.87)
In related parties		(19,362,980.77)	(3,000,923.87)
Loans		(19,362,980.77)	(3,000,923.87)
in other entities		(28,545,565.00)	(66,337,095.00)
Acquisition of financial assets		(28,545,565.00)	(66,337,095.00)
Other payments for investing activities		–	(819,455.75)
Net cash from investing activities		13,855,693.34	52,162,350.48
Cash flows from financing activities			
Proceeds		–	120,548.74
Subsidy		–	120,548.74
Net cash from financing activities		–	120,548.74
Total net cash flows		55,761,723.94	103,733,512.87
Net increase in cash		55,761,723.94	103,733,511.87
Opening balance of cash		118,555,337.69	14,821,825.82
Closing balance of cash	4.3	174,317,061.63	118,555,337.69

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Łódź
April 27, 2018

Notes

1. Intangible assets

Change in the balance of intangible assets

in PLN

Particulars	Goodwill	Other intangible assets	Total
Gross value			
01.04.2017	21,445,874.68	462,667.52	21,908,542.20
Increases	–		–
Decreases	–	–	–
31.03.2018	21,445,874.68	462,667.52	21,908,542.20
Accumulated amortization			
01.04.2017	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Increases	–	–	–
Decreases	–	–	–
31.03.2018	(21,445,874.68)	(462,667.52)	(21,908,542.20)
Net value			
01.04.2017	–	–	–
31.03.2018	–	–	–

2. Property, plant and equipment

2.1 Change in fixed assets

in PLN

Particulars	Buildings, premises, civil engineering structures	Technical equipment and machines	Other tangible items	Total
Gross value				
01.04.2017	10,563,154.52	21,280,730.73	5,075,758.55	36,919,643.80
Increases	–	1,040,754.91	91,890.00	1,132,644.91
Decreases	–	(211,874.48)		(211,874.48)
31.03.2018	10,563,154.52	22,109,611.16	5,167,648.55	37,840,414.23
Accumulated depreciation				
01.04.2017	(8,203,646.57)	(15,010,742.69)	(3,956,840.67)	(27,171,229.93)
Increases	(1,795,621.49)	(2,835,825.32)	(586,192.72)	(5,217,639.53)
Decreases	–	211,874.48		211,874.48
31.03.2018	(9,999,268.06)	(17,634,693.53)	(4,543,033.39)	(32,176,994.98)
Net value				
01.04.2017	2,359,507.95	6,269,988.04	1,118,917.88	9,748,413.87
31.03.2018	563,886.46	4,474,917.63	624,615.16	5,663,419.25

2.2 Fixed assets not depreciated

The value of fixed assets used by the Company under leases, rental or similar agreements, including operating leases, not recognized under assets is PLN 1,113.9 thousand (PLN 2,215.4 thousan in the prior reporting period). The gross value of such assets has been taken from lease, rental or similar agreements concluded.

3. Short-term receivables

3.1 Ageing analysis of short-term trade receivables from related parties

in PLN

Particulars	31.03.2018	31.03.2017
Maturing:		
Up to 12 months	1,621,029.39	1,198,731.84
	1,621,029.39	1,198,731.84
Balance of gross receivables	1,621,029.39	1,198,731.84
Balance of net receivables	1,621,029.39	1,198,731.84

3.2 Ageing analysis of short-term trade receivables from other entities

in PLN

Particulars	31.03.2018	31.03.2017
Maturing:		
Up to 12 months	60,908,397.50	67,958,194.54
Over 12 months	19,217.00	338,268.93
	60,927,614.50	68,296,463.47
Balance of gross receivables	61,551,699.89	69,200,356.49
Impairment loss on receivables	(624,085.39)	(903,893.02)
Balance of net receivables	60,927,614.50	68,296,463.47

3.3 Impairment losses on short-term trade receivables

in PLN

Particulars	Other entities
01.04.2017	903,893.02
Increases	624,085.39
Reversed	(903,893.02)
31.03.2018	624,085.39

3.4 Receivables from other entities

in PLN

Particulars	31.03.2018	31.03.2017
due to tax, grants, customs duty, social security, health insurance and other benefits	468,356.02	8,645,172.42
VAT	468,356.02	1,668,335.71
CIT	–	6,976,836.71
Other	2,026,054.50	1,199,858.15
	2,494,410.52	9,845,030.57

4. Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	31.03.2018	31.03.2017
Originated loans:	20,397,070.36	2,803,618.25
	20,397,070.36	2,803,618.25

Under agreement dated 8 October 2016, on 22 December 2016, the Company disbursed a loan to Infosys Technologies (China) Cp. Ltd, a related company, of US$ 700,000.00.

Under agreement dated 27 March 2017, on 11 May 2017, the Company disbursed a loan to Infosys Technologies (Shanghai) Cp. Ltd, a related company, of US$ 5,000,000.00.

4.2 Short-term financial assets in other entities

in PLN

Particulars	31.03.2018	31.03.2017
Deposits maturing in more than three months	25,005,958.90	45,121,561.65
Other short-term financial assets — forwards	104,900.00	–
	25,110,858.90	45,121,561.65

4.3 Cash and other monetary assets

in PLN

Particulars	31.03.2018	31.03.2017
Cash in hand and at bank	13,791,090.40	9,372,629.47
Other cash	160,525,971.23	109,182,708.22
	174,317,061.63	118,555,337.69

5. Short-term prepayments

in PLN

Particulars	31.03.2018	31.03.2017
Gifts / vouchers not handed out	4,460.00	30,250.00
Accident and civil liability insurance	36,875.00	47,213.17
Subscription / access to databases	64,183.46	265,457.31
Prepayments	22,105.71	113,606.23
Measurement	(3,371.62)	(14,466.10)
	124,252.55	442,060.61

6.

in PLN

Particulars	31.03.2018	31.03.2017
Financial assets available for sale		
Investment in Vertex Venture	30,780,990.00	19,585,425.00
Cloudyn investment	–	7,650,000.00
Tidalscale investment	6,125,550.00	6,125,550.00
	36,906,540.00	33,360,975.00

Under agreement dated 21 August 2015, the Company invested PLN 30,780,990.00 in Vertex Ventures.

The uncalled capital in the investment in Vertex Ventures is US$ 6,900,000.00 (PLN 23,555,910.00 at the exchange rate of 30 March 2018).

The investment in Cloudyn was sold and generated a loss of PLN 1,311,289.13.

Under agreement dated 4 August 2016, the Company invested PLN 6,125,550.00 in Tidalscale.

7. Equity

7.1 Ownership structure of the share capital

in PLN

Shareholder	Number of shares	Face value of shares	% interest
Infosys BPM Limited (previously : Infosys BPO Limited)	5,000	2,500,000	100%
	5,000	2,500,000	100%

7.2 Proposed distribution of profit for the financial year

The financial statements were drawn up before the decision regarding the distribution of profit for the current year was made. The Management Board has proposed that the profit for the financial year be used to increase the supplementary capital.

8. Provisions

8.1 Provisions for retirement and similar benefits

in PLN

Particulars	Retirement benefits	Other	Total
01.04.2017	552,547.00	14,896,780.11	15,449,327.11
Increases	686,259.00	16,602,534.81	17,288,793.81
Used	–	(14,896,780.11)	(14,896,780.11)
Reversed	(552,547.00)	–	(552,547.00)
31.03.2018	686,259.00	16,602,534.81	17,288,793.81
including:			
long-term	686,259.00	–	686,259.00
short-term	–	16,602,534.81	16,602,534.81
Other short-term provisions for employee benefits include (by basis):			
– provision for unused annual leave		9,394,933.35	
– provisions for bonuses		6,075,623.80	
– provision for overtime		872,715.10	
– other provisions		259,262.56	
		16,602,534.81	

8.2 Other short-term provisions

Other short-term provisions have been made for any taxable interest on the returned subsidy.

in PLN

Particulars	Other	Total
01.04.2017	1,850,000.00	1,850,000.00
Increases	713,171.00	713,171.00
Used	–	–
31.03.2018	2,563,171.00	2,563,171.00

9. Short-term liabilities

9.1 Short-term trade liabilities to related parties of PLN 1,082,707.38 are due within 12 months from the Balance Sheet date.

9.2 Short-term trade liabilities to other entities of PLN 1,833,398.34 are due within 12 months from the Balance Sheet date.

9.3 Short-term liabilities due to taxes, customs duty, incurance and other benefits

in PLN

Particulars	31.03.2018	31.03.2017
PIT-4 settlements	2,129,180.12	2,072,930.48
Social security settlements	9,501,785.38	8,829,212.05
CIT-8 settlements	19,055.91	–
WHT settlements	119,942.25	–
	11,769,963.66	10,902,142.53

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

in PLN

Particulars	31.03.2018	31.03.2017
Measurement of financial instruments	51,200.00	56,000.00
	51,200.00	56,000.00

10. Other accruals

10.1 Long-term accruals

in PLN

Particulars	31.03.2018	31.03.2017
Deferred discount received due to a rent — long-term portion	8,343,583.77	9,311,833.87
	8,343,583.77	9,311,833.87

10.2 Short-term accruals

in PLN

Particulars	31.03.2018	31.03.2017
Provision for the costs of business trips	81,119.66	147,351.00
Deferred discount received due to a rent — short-term portion	942,019.74	1,527,278.64
Deferred income — EU subsidy	8,130,452.55	8,130,452.55
Other	3,611,675.93	3,163,936.09
	12,765,267.88	12,969,018.28

11. Sales revenue

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Geographic information		
Revenue from sales of services		
Domestic	35,004,276.73	31,967,331.52
Exports	253,234,702.82	263,080,290.25
	288,238,979.55	295,047,621.77
Revenue by type		
Revenue from sales of products		
Services	288,238,979.55	295,047,621.77
	288,238,979.55	295,047,621.77

12. Interest income

(including those arising from debt financial instruments, loans and receivables)

from April 1, 2017 to March 31, 2018

in PLN

Particulars	Realized interest	Unrealized interest, due within			
		up to 3 months	3–12 months	over 12 months	Total
Loans and receivables	2,185,137.95	343,263.01	801,712.71	–	3,330,113.67
	2,185,137.95	343,263.01	801,712.71	–	3,330,113.67

from April 1, 2016 to March 31, 2017

in PLN

Particulars	Realized interest	Unrealized interest, due within			
		up to 3 months	3–12 months	over 12 months	Total
Loans and receivables	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

13. Corporate income tax

13.1 CIT structure

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Current income tax	6,992,250.00	4,993,210.00
Additional prior year tax liabilities	355,778.00	(89,202.00)
Change in deferred income tax	1,335,647.51	(4,353,937.07)
	8,683,675.51	550,070.93

13.2 Calculation of corporate income tax

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Gross profit	43,450,603.90	54,246,236.78
Increases in the tax basis	41,311,237.09	35,165,791.73
Decreases in the tax basis	33,346,856.92	34,348,392.66
Taxable income	51,414,984.07	55,063,635.85
Tax basis	51,414,984.07	55,063,635.85
Income tax	9,768,847.00	10,462,091.00
SEZ tax credit	(2,776,597.00)	(5,468,880.00)
Income tax recognized in profit or loss	6,992,250.00	4,993,211.00

13.3 Deferred income tax

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Deductible temporary differences :		
Provision for annual leave	9,394,933.35	7,864,799.94
Provision for bonuses, overtime, retirement and disability benefits	6,075,623.80	5,822,581.07
Accrued exchange losses	2,963,329.61	1,623,863.79
Provisions for other costs	21,448,136.03	23,105,890.57
Fixed assets	2,882,451.78	847,301.35
Measurement of derivatives	–	67,500.00
SEZ tax credit	39,616,707.37	48,537,788.40
	82,381,181.94	87,869,725.12
Gross deferred tax assets	15,652,424.26	16,695,247.77
Net deferred tax assets	15,652,424.26	16,695,247.77
Taxable temporary differences :		
Accrued exchange gains	445,005.07	48,805.25
Measurement of derivatives	531,930.13	–
Interest accrued on deposits	959,049.29	346,003.71
	1,935,984.49	394,808.96
Deferred tax liability	367,837.05	75,013.70
Deferred tax assets recognized in the Balance Sheet	15,652,424.26	16,695,247.77
Deferred tax liability recognized in the Balance Sheet	367,837.05	75,013.70
Net Balance Sheet change in deferred tax assets/liability	(1,335,647.50)	4,353,937.07
Change in deferred tax charged to profit or loss	(1,335,647.50)	4,353,937.07

14. Expenditure on non-current non-financial assets

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Expenditure on non-current non-financial assets :		
– incurred in the current year	1,132,644.91	2,180,715.65
– planned	1,200,000.00	8,220,295.38

15. Explanations to the cash flow statement

15.1 (Gain)/loss on investments

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Other — (gain)/loss on forwards	(1,388,300.00)	819,455.75
	(1,388,300.00)	819,455.75

15.2 Change in short-term liabilities (except for credit facilities and loans)

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Change in short-term liabilities	706,851.05	2,805,628.94
Change in liabilities due to acquisition of property, plant and equipment and investments	154,948.92	542,138.92
Change in other financial liabilities due to measurement of forwards	109,700.00	1,518,155.12
	971,499.97	4,865,922.98

15.3 Acquisition of intangible assets and property, plant and equipment

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Increases in fixed assets	(1,132,644.91)	(2,180,715.65)
Change in fixed assets under construction	–	118.05
Change in liabilities due to acquisition of property, plant and equipment	(154,948.92)	(542,138.92)
	(1,287,593.83)	(2,722,736.52)

15.4 Other adjustments

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Other — due to measurement of forwards	(109,700.00)	(1,518,155.12)
	(109,700.00)	(1,518,155.12)

16. Related party transactions

16.1 Payment of receivables and liabilities as at the Balance Sheet date

in PLN

Particulars	Liabilities	Receivables	Loans to
Infosys Ltd, India	72,247.87	1,340,421.28	–
Infosys BPM Limited, India (previously : Infosys BPO Limited) (including the agencies in the Netherlands, UK and Singapore)	24,019.01	280,608.11	–
Edgeverve	935,309.67	–	–
Infosys (Czech Republic) Limited s.r.o.	51,130.83	–	–
Infosys Technologies (China) Company Limited	–	–	2,518,055.19
Infosys Technologies (Shanghai) Company Limited	–	–	17,879,015.17
	1,082,707.38	1,621,029.39	20,397,070.36

16.2 Revenue from related party transactions in the financial year

in PLN

Particulars	Sales revenue
Infosys Ltd, India	7,421,049.72
Infosys BPM Limited, India	2,967,922.04
	10,388,971.76

16.3 Cost of related party transactions in the financial year

in PLN

Particulars	Purchase of services
Infosys Ltd, India	162,420.90
Infosys (Czech Republic) Limited s.r.o.	659,217.96
Infosys BPM Limited (previously : Infosys BPO Limited), India (including the agencies in the Netherlands, UK and Singapore)	445,944.72
Portland Group Ltd	(126,384.34)
Edgeverve Systems Limited, India	1,243,153.95
	2,384,353.19

17. Material related-party transactions concluded by the Company on non-arm's length terms

There were not material related-party transactions that would be concluded on non-arm's length terms.

18. Staff

Average number of staff in the financial year

Office employees	2,464
	2,464

19. Salaries, loans and similar benefits to members of management, supervisory and administrative bodies

In the current and prior reporting periods, members of the management, supervisory and administartive bodies did not receive any loans or similar benefits. Moreover, during the current year such persons did not receive any salary.

20. Fee paid or payable to the entity authorized to audit financial statements

in PLN

Particulars	01.04.2017 -31.03.2018	01.04.2016 -31.03.2017
Fee for the audit of annual financial statements	56,307.15	101,275.20

21. Events pertaining to prior years disclosed in the financial statements for the current year

The financial statements for the financial year do not include any events pertaining to prior years.

22. Post-Balance Sheet events not recognizsed in the financial statements

There were no material post-Balance Sheet events not recognized in the financial statements.

23. Consolidated financial statements

The consolidated financial statements at the highest level of the capital group, within which the Company operates as a subsidiary, are prepared by Infosys Limited with its registered office in India, Electronics City, Hosur Road, Bengaluru.

The consolidated financial statements at the lowest level of the capital group, within which the Company operates as a subsidiary, which also belongs to the capital group referred to above, are prepared by Infosys BPM Limited (previously : Infosys BPO Limited) with its registered office in India, Electronics City, Hosur Road, Bengaluru.

24. Contingent liabilities

The Company has issued a blank promissory note in the amount of PLN 13,106,073.60 to secure the repayment of the subsidy given by the Ministry of Economy under the subsidy contract 'Development of accounting and IT services and establishment of a R&D Department' dated 10 December 2012.

As at the end of the reporting period the subsidy totalled PLN 8,130,452.55.

Regulations on VAT, CIT, PIT and social security premiums are subject to frequent changes, which leads to absence of references to sustainable regulations or legal precedence. The regulations in force contain ambiguous provisions, which lead to differences in opinion concerning the legal interpretation of tax legislation both among the tax authorities and between such authorities and enterprises. Tax authorities can audit tax returns and other settlements (e.g. regarding customs duty or foreign currency) and impose high penalties. Any additional liability amounts assessed during tax inspections bear high interest. Consequently, the tax risk in Poland is higher as compared to countries with more developed tax systems.

Tax returns are subject to audit over a period of five years. Therefore, the amounts presented in the financial statements may change at a later date as a result of final assessments made by the tax authorities.

25. Financial instruments

25.1 Financial risk management objectives and policy

The Company's business is exposed to the following risks resulting from the financial instruments held :

- Credit risk
- Liquidity risk
- Market risk

Key risk management policies

It is the responsibility of the Management Board to implement and manage a risk management policy in the Company. This includes identification and analysis of risk that the Company is exposed to, setting the limits and control mechanisms as well as monitoring risk and matching the limits. Risk management rules and procedures are reviewed on a regular basis in order to take into account changes in the arm's length terms and changes in the Company's business activity.

Credit risk

Credit risk is the risk that the Company may incur a financial loss if the client or any other party to the financial instrument defaults on its obligations under the contract. Credit risk is mainly related to debt financial instruments. The objective of risk management is to adopt a policy whereby parties to contracts are set credit limits, in order maintain a stable and well-balanced loan portfolio, both in terms of the quality and value of the liabilities.

More information about the credit risk has been given in Note 25.5.

Liquidity risk

Liquidity risk is the risk that the Company will have problems meeting its obligations related to financial liabilities by making payment in cash or transferring other financial assets. Liquidity management ensures that the Company's liquidity is sufficient to pay its liabilities in the ordinary course of business and during times of crisis without suffering unacceptable losses, including the loss of reputation.

Market risk

Market risk results from changes in market prices, such as exchange rates and interest rates, having an impact on the Company's performance or the value of its financial instruments. The objective of market risk management is to keep and control the Company's exposure within defined limits while reaching the optimum return on investment. With a view to managing the market risk, the Company acquires and sells derivatives.

a) Currency risk

The Company is exposed to currency risk related to sales, purchases and loans in foreign currencies, mainly US$ and EUR. The Company mitigates the currency risk with FX purchase and sale forwards.

b) Interest rate risk

The Company is exposed to the risk of fluctuations in the fair value due to fixed-interest-rate assets.

25.2 Description of financial instruments

in PLN

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
Cash	in hand and at bank	13,791,090.40	not applicable
Cash	deposits	45,150,793.15	interest of 1.51%; maturing by 2018-05-02
		25,005,958.90	interest of 1.45%; maturing by 2018-07-04
		30,147,780.82	interest of 1.55%; maturing by 2018-04-03
		25,133,698.63	interest of 1.60%; maturing by 2018-04-03
		60,093,698.63	interest of 1.50%; maturing by 2018-06-04
Other short-term financial assets — forwards	derivatives	104,900.00	maturing from 04.2018 to 03.2018
Financial assets	Investment in Vertex Venture	30,780,990.00	
available for sale	Tidalscale investment	6,125,550.00	

25.3 Carrying amount of financial instruments measured at fair value

The carrying amount of financial instruments measured at fair value is PLN 53,700.00 (positive value). The Profit and Loss Account for the reporting period (specifically, other financial revenue) was increased by PLN 1,498,000.00.

25.4 Interest rate risk

in PLN

Financial instruments:	31.03.2018 carrying amount	31.03.2017 carrying amount
Fixed interest rate		
Financial assets including:	205,929,000.49	157,149,621.96
loans	20,397,070.36	2,845,352.09
deposits	185,531,930.13	154,304,269.87

Changes in the effective interest rates of financial instruments with floating interest rates follow changes in the market interest rates, e.g. 1M WIBOR and 3M WIBOR or other reference interest rates.

25.5 Credit risk

The Company's maximum exposure to the credit risk is expressed as the carrying amount of the following financial assets:

in PLN

Financial assets:	31.03.2018 carrying amount	31.03.2017 carrying amount
Loans	20,397,070.36	2,845,352.09
Trade receivables	62,548,643.89	69,495,195.31
Other short-term financial assets : Deposits	25,005,958.90	45,121,561.65
Cash : Deposits	160,525,971.23	109,182,708.22
Cash : Other	13,791,090.40	9,333,409.17
Financial assets available for sale	36,906,540.00	33,360,975.00
	319,175,274.78	269,339,201.44

As at the Balance Sheet date, there was no significant concentration of credit risk in relation to the above financial assets, except for cash which has been deposited in two financial institutions. The Company deems its overall exposure to credit risk as low due to high and stable credit ratings of the institutions (Baa2 and A3).

26. Fair value of financial assets and liabilities

The fair value of instruments which are not measured at fair value is similar to their carrying amount.

Anantha Radhakrishnan
CEO

Kapil Jain
Member of the Board

Anup Kapoor
Member of the Board

Nishit Ajitkumar Shah
Member of the Board

Management Board
Person in charge of the accounting records

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April 27, 2018

PORTLAND GROUP PTY. LIMITED

ABN: 48 086 842 597

Independent Auditors' Report to the Board of Directors

Opinion

We have audited the financial report of Portland Group Pty. Limited (the 'Company') which comprises the statement of financial position as at March 31, 2018, the Statement of Profit and Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company financial position as at March 31, 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations, 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act, 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this Auditors' report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended March 31, 2018, but does not include the financial report and our Auditors' report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Act, 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

Harsh Shah
Partner

Chartered Accountants

Sydney

April 26, 2018

Balance Sheet

in AU$

Particulars	Note no.	As at March 31,	
		2018	2017
ASSETS			
Cash and cash equivalents	12a	20,874,003	19,800,726
Trade and other receivables	10	2,701,272	4,100,631
Other current assets	12c	584,341	550,924
Income tax assets		584,028	853,672
Prepayments	11	157,472	144,725
Total current assets		24,901,116	25,450,678
Deferred tax assets	16a	567,111	707,148
Property, plant and equipment	13	182,954	253,088
Total non-current assets		750,065	960,236
Total assets		25,651,181	26,410,914
LIABILITIES			
Trade and other payables	14	86,968	109,205
Other current liabilities	15	993,704	1,625,827
Provisions	17	88,888	53,126
Employee benefit obligations	18	1,852,900	3,071,465
Total current liabilities		3,022,460	4,859,623
Employee benefit obligations	18	581,108	180,248
Other non-current liabilities		246,720	–
Total non-current liabilities		827,828	180,248
Total liabilities		3,850,288	5,039,871
Net assets		21,800,893	21,371,043
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		18,411,844	17,981,994
Total equity		21,800,893	21,371,043

Statement of Profit or Loss and Other Comprehensive Income

in AU$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue	5	17,866,462	22,677,187
Cost of sales	6	(15,539,564)	(19,042,939)
Gross profit		2,326,898	3,634,248
Selling and distribution expenses		(72,291)	(219,704)
Administrative expenses		(1,789,666)	(1,965,729)
Operating profit		464,941	1,448,815
Finance income	7	254,376	268,587
Net finance income		254,376	268,587
Profit before tax		719,317	1,717,402
Income tax expense	16b	(289,467)	(549,075)
Profit after tax		429,850	1,168,327
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		429,850	1,168,327

Statement of Changes In Equity

in AU$

	Share capital	Retained earnings	Total equity
Balance as on April 1, 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 March 31, 2017	3,389,049	17,981,994	21,371,043
Balance as on April 1, 2017	3,389,049	17,981,994	21,371,043
Total other comprehensive income	–	–	–
Profit for the year	–	429,850	429,850
Total comprehensive income	–	429,850	429,850
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2018	3,389,049	18,411,844	21,800,893

Statement of Cash Flows

in AU$

Particulars	Note no.	Years ended March 31,	
		2018	2017
Cash flows from operating activities			
Cash receipts from customers		21,052,467	26,991,276
Cash paid to suppliers and employees		(18,371,697)	(24,725,845)
Cash generated from operations		2,680,770	2,265,431
Interest received		220,616	252,055
Net Income taxes and GST received / (paid)		(1,806,469)	(1,719,032)
Net cash from operating activities	12b	1,094,917	798,454
Cash flows from investing activities			
Investment in security deposit		–	–
Purchase of plant equipment	13	(21,640)	(240,795)
Net cash used in investing activities		(21,640)	(240,795)
Cash flows 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		1,073,277	557,659
Cash and cash equivalents at 1st April		19,800,726	19,243,067
Cash and cash equivalents as at March 31	12a	20,874,003	19,800,726

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 and principal place of business 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 Limited, India. The Company is a for–profit entity and primarily is involved in provision of project based consultancy support and ongoing management services to improve the Company's profitability in the long term.

2. Basis of preparation

(a) Statement of Compliance

The Company is for profit entity and the financial statements have been prepared as a general purpose financial report to satisfy the directors' reporting requirements under Corporations Act, 2001. Reduced disclosure regime has been adopted in the preparation of these financial statements.

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

The financial report has been prepared in accordance with the recognition, measurement and classification aspects of all applicable Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The annual financial statements were approved by the Board of Directors on the April 26, 2018.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

e) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending March 31, 2018 are :

- Recognition of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets : availability of future taxable profit against which carry forward tax losses can be used.
- The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

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/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/ 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 that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(c) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Other long-term employee benefits

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

(iv) Termination benefits

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

(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.

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

(iii) Tax exposures

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

(e) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Particulars	2018
Plant and machinery	5 Years
Computer equipment	3–5 years
Furniture and fixtures	5 years

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

(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, loans and receivables.

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

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

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

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

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

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

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

(iii) Non-derivative financial liabilities – measurement

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

(iv) Share capital

Ordinary shares

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

(g) Impairment

(i) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes :

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;

The disappearance of an active market for a security.

(ii) Financial assets measured at amortized cost

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

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

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

(iii) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or 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 weighting 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 flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(k) Leases

(i) 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.

(ii) 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.

(iii) 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 January 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, including for AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, 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 brought on to the statement of financial position, these standards become mandatory for the Companies in 2018 or 2019 financial statements. The Company does not plan to adopt this standard early. The Company is currently evaluating the effects of AASB 15 & AASB 9 on its financial statements. The Company is yet to evaluate the impact of AASB 16 on its financial statement.

5. Revenue

in AU$

Particulars	Years ended March 31,	
	2018	2017
Related party revenue	3,873,811	2,282,743
Third party revenue	13,992,651	20,394,444
	17,866,462	22,677,187

At March 31, 2018 the company has deferred revenue of $108,105 (2017 :$62,957), which represents the fair value of that portion of the revenue.

6. Cost of sales

in AU$

Particulars	Years ended March 31,	
	2018	2017
Travel	786,260	1,601,882
Employee benefit expense	12,455,822	14,807,760
External contractor expense and others	2,297,482	2,633,297
	15,539,564	19,042,939

7. Finance income

in AU$

Particulars	Years ended March 31,	
	2018	2017
Interest income from deposits with banks	254,376	268,587
	254,376	268,587

8. Auditors' remuneration

in AU$

Particulars	Years ended March 31,	
	2018	2017
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – KPMG Australia	–	20,000
Audit of financial statements – B S R & Co. LLP	–	23,296
Audit of financial statements – Deloitte Touche Tohmatsu	21,000	–
	21,000	43,296

9. Expenses by nature

in AU$

Particulars	Years ended March 31,	
	2018	2017
Depreciation	91,774	124,643
Employee benefits	13,320,024	15,594,309

10. Trade and other receivables

in AU$

Particulars	2018	2017
Current		
Trade receivables	2,147,102	3,311,466
Unbilled revenue	327,514	254,411
	2,474,616	3,565,877
Amounts due from related party	226,656	534,754
	2,701,272	4,100,631

11. Prepayments

in AU$

Particulars	2018	2017
Prepaid expenses	53,634	60,197
Loans and advances to employees	31,420	1,597
Advances paid for suppliers	72,418	82,931
	157,472	144,725

12. Cash and cash equivalents

a. Cash and cash equivalents

in AU$

Particulars	2018	2017
Cash at Bank	20,874,003	19,800,726
	20,874,003	19,800,726

b. Cash flows from operating activities

in AU$

Particulars	Years ended March 31,	
	2018	2017
Reconciliation of cash flow from operations with profit after income tax	429,850	1,168,327
Adjustments for :		
Depreciation	91,774	124,643
Loss on sale of fixed assets	–	93
	521,624	1,293,063
Changes in		
Trade and other receivables	1,399,359	2,046,370
Other current assets	(33,417)	–
Prepayments	(12,747)	(130,825)
Trade and other payables	(22,237)	28,316
Other liabilities	(632,123)	502,577
Deferred tax assets	140,037	422,322
Provisions	35,762	(113,270)
Employee benefits obligation	(570,985)	(1,657,820)
Net tax assets (liabilities)	269,644	(1,592,279)
Net cash from operating activities	1,094,917	798,454

c. Other current assets

in AU$

Particulars	2018	2017
Cash on deposit as security	500,000	500,000
Interest accrued but not received	84,341	50,924
	584,341	550,924

13. Property, plant and equipment

in AU$

Property, plant and equipment	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at April 1, 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 at March 31, 2017	74,702	317,834	510,379	902,915
Balance at April 1, 2017	74,702	317,834	510,379	902,915
Additions	–	–	21,640	21,640
Disposals	–	–	–	–
Balance at March 31, 2018	74,702	317,834	532,019	924,555
Accumulated Depreciation				
Balance at April 1, 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 at March 31, 2017	52,077	278,152	319,598	649,827
Balance at April 1, 2017	52,077	278,152	319,598	649,827
Depreciation	3,769	9,447	78,558	91,774
Disposals	–	–	–	–
Balance at March 31, 2018	55,846	287,599	398,156	741,601
Carrying Amounts				
At April l, 2016	18,618	32,914	85,497	137,029
At March 31, 2017	22,625	39,682	190,781	253,088
At April 1, 2017	22,625	39,682	190,781	253,088
At March 31, 2018	18,856	30,235	133,863	182,954

14. Trade and other payables

in AU$

Particulars	2018	2017
Trade payables	16,787	51,472
Amounts due to related party	70,181	57,733
	86,968	109,205

15. Other current liabilities

in AU$

Particulars	2018	2017
Accrued expenses	720,479	1,356,591
Deferred revenue	108,105	62,957
Withholding taxes payable	165,120	206,279
	993,704	1,625,827

16. Tax assets and liabilities

(a) Deferred tax assets

in AU$

Particulars	2018	2017
Deferred tax assets - timing differences	567,111	707,148
Deferred tax liabilities	–	–
Net deferred tax assets	567,111	707,148

(b) Reconciliation of effective tax rate

in AU$

Particulars	Years ended March 31,	
	2018	2017
Profit before tax	719,317	1,717,402
Tax using the Company's domestic tax rate of 30% (2017 : 30%)	215,795	515,221
Non-deductible expenses	73,672	33,854
Recognized in previously unrecognized tax losses	–	–

Particulars	Years ended March 31,	
	2018	2017
Change in recognized temporary differences	–	–
Income tax expense for the period	289,467	549,075

17. Provisions

in AU$

Particulars	2018	2017
Provision for post service client support	88,888	53,126
	88,888	53,126

18. Employee benefit obligations

in AU$

Particulars	2018	2017
Current		
Provision for employee bonuses	1,215,417	1,801,267
Annual leave	478,303	474,731
Long service leave	159,180	795,467
	1,852,900	3,071,465
Non-Current		
Long service leave	581,108	180,248
	581,108	180,248

19. Operating Leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

in AU$

Particulars	2018	2017
Less than one year	639,125	651,744
Between one and five years	1,191,425	1,830,519
Total	1,830,550	2,482,264

20. Key management personal compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors of the Company are considered as key management personnel of the Company.

The employee compensation is as follows:

in AU$

Particulars	2018	2017
Short term employee benefits	746,235	646,452

21. Financial instruments

Financial instruments by category

in AU$

Financial Assets	2018	2017
Cash and cash equivalents	20,874,003	19,800,726
Trade and other receivables	2,701,272	4,100,631
Other current assets	584,341	550,924
Financial liabilities		
At Amortized cost		
Trade and other payables	86,968	109,205
Other current liabilities	782,702	1,562,870

22. Contingent liabilities and financing facilities

a. Contingent liabilities

In the opinion of the Management, there are no contingent liabilities as at the Balance Sheet.

b. Financing facilities

in AU$

Particulars	2018	2017
Unsecured bank guarantee facility reviewed annually and payable at call		
Amount used	403,317	421,838
Amount unused	96,683	78,162
	500,000	500,000

23. Related party transactions

The details of the related party transactions entered into by the Company is as follows:

in AU$

Particulars	Years ended March 31,	
	2018	2017
Purchase of services		
Infosys BPM Limited	281,493	982,166
	281,493	982,166
Purchase of shared services including facilities and personnel		
Infosys Limited	134,722	12,366
	134,722	12,366
Sale of services		
Infosys Limited	1,804,191	650,967
Infosys BPM Limited	2,116,258	885,953
Infosys Poland Sp.z.o.o	(46,638)	741,352
Infosys Consulting Pte Ltd.	–	4,471
	3,873,811	2,282,743
Sale of shared services		
Infosys Limited	67,155	31,474
	67,155	31,474

The details of the amount due to or due from the related parties as at 31st March 2018 and 31st March 2017 as as follows

in AU$

Particulars	2018	2017
Trade receivables		
Infosys Limited	29,369	48,155
Infosys BPM Limited	191,033	81,112
Infosys Poland Sp.z.o.o	–	70,929
Infosys Consulting Pte Ltd.	–	303,085
	220,402	503,281
Other receivables		
Infosys Limited	5,358	31,474
Infosys BPM Limited	896	–
	6,254	31,474
Trade payables		
Infosys BPM Limited	33,248	45,782
	33,248	45,782
Other payables		
Infosys Limited	36,933	11,950
	36,933	11,950

24. Capital risk management

The Company manages its capital to ensure it continues as a going concern. The capital structure comprises issued capital, cash and retained earnings. There are no externally imposed capital requirements on the company.

25. Capital and reserves

(a) Share capital

Particulars	Ordinary shares	
	2018	2017
On issue at April 1,il (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at March 31, (17,450,000 number of shares)	3,389,049	3,389,049

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

Ordinary shares

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

(b) Dividends

in AU$

Particulars	Years ended March 31,	
	2018	2017
Dividend paid	–	–
	–	–
Dividend franking account		
30 per cent franking credits available to shareholders of Portland Group Pty. Limited for subsequent financial years	7,936,109	7,207,217
	7,936,109	7,207,217

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

a. franking credits / debits that will arise from the payment/ receipts of the current tax liabilities/ assets;

b. franking debits that will arise from the payment of dividends recognized as a liability at the year-end;

c. franking credits that will arise from the receipt of dividends recognized as receivables by the tax consolidated company at the year-end; and

d. franking credits that the entity may be prevented from distributing in subsequent years.

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

26.Events subsequent to reporting date

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

Directors' declaration

In the opinion of the directors of the Portland Group Pty. Limited ('the Company') and :

(a) The Company is not publicly accountable nor a reporting entity;

(b) The financial statements and notes, set out on page 364 to 376, are in accordance with the Corporations Act 2001, including :

  (i) giving a true and fair view of the financial position of the Company as at March 31, 2018 and of its performance for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 2, and the Corporations Regulations 2001; and

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

Andrew Jarvis
Managing Director and Chief Executive officer

Sydney
April 26, 2018

INFOSYS (CZECH REPUBLIC) LIMITED s.r.o

Introduction

The nature of the services (business process outsourcing) provided by the Company Infosys (Czech Republic) Limited s.r.o. is 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 the related activities and web portals;
- Advisory and consulting activities, preparation of expert studies and opinions;
- Research and development in the field of natural and technical sciences, and social sciences;
- Mediation of trade and services; and
- Translation and interpretation activities.

2. Activities of accounting advisors, book-keeping and tax record keeping

Description of activities :

Technical contact center

Providing technical support to Infosys clients' personnel and/or customers via telephone, e-mail, and chat.

Support provided in most of the European languages.

Finance and accounting

Providing expert accounting support in the following areas :

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

Insurance services

Processes :

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

Banking services

Provision of support to European clients of an American Bank in the transition to a new reporting software.

Digital content management

Analysing, updating, and reporting of digital content for a major American hi-tech manufacturer.

Sales Support

Support of sales and quoting activities in the European region for an American hi-tech manufacturer.

Other services

Small client operations with the following processes :

- Translation and interpretation support;
- Remote logistic software support;
- Remote quality control
- Transition and due-diligence support
- Project management support
- Process and operation management consulting
- Application development and maintenance
- IT services management

Information according to Section 21(2) of Act No. 563/1991, the Accounting Act

About facts which occurred after the Balance Sheet date and are material for the fulfilment of the purpose of this Annual Report :

none

No such facts occurred after the Balance Sheet date.

Change of the executive director :

As of October 1, 2017, Mr. Nishit Ajitkumar Shah was recalled from the position of the executive director. On October 1, 2017, Mr. Kapil Jain became the executive director.

Changes in the Supervisory Board :

As of October 1, 2017, Mr. Anantha Radhakrishnan, Mr. Anup Kapoor and Mr. Kapil Jain were recalled from the Supervisory Board.

On October 1, 2017, Mr. Ritesh Gandhi become a member of the Supervisory Board.

The change of the executive director, the recall of three Supervisory Board members and the appointment of Mr. Ritesh Gandhi to the Supervisory Board were registered in the Commercial Register on March 9, 2018.

About the forecasted development in the activities of the reporting unit

The turnover for 2017-18 amounted to 274,496 TCZK compared with 228,251 TCZK for 2016-17. The number of employees as of March 31, 2018 (including employees on maternity and parental leave) amounted to 383 (March 31, 2017 – 319 employees).

It is expected that in 2018-19 there will be 570 (excluding employees on maternity and parental leave) employees and a turnover of 364,328 TCZK

About the R&D activities :

none

About the acquisition of the treasury shares or own ownership interests

The Company acquired no own shares or ownership interests.

About the activities in the area of environmental protection

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

About the labour relations

The Company fulfils and meets all conditions and duties stipulated by the Czech Labour Code.

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

Enclosures :

- Audit Report
- Financial statements as of and for the period ended March 31, 2018.
- Report on Relations for the period ended March 31, 2018.

Independent Auditors' Report

To the partner of

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

Having its registered office at : Holandská 872/9, Štýřice, 639 00 Brno

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o. (hereinafter also the 'Company') prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the Balance Sheet as of March 31, 2018, and the Profit and Loss Account, Statement of Changes in Equity, and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Infosys (Czech Republic) Limited s.r.o. as of March 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the 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 matter

The financial statements of Infosys (Czech Republic) Limited s.r.o. for the year ended March 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on May 9, 2017.

Other information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditors' report thereon. The Statutory Executive is responsible for the other information.

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

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

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

Responsibilities of the Company's Statutory Executive and Supervisory Board for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

Prague

April 27, 2018

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o. Registration number: 079	Vratislav Moša Registration number: 2330

Balance Sheet

in Czech crown thousand

	Particulars	As at March 31,			
		2018			2017
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	342,928	59,476	283,452	277,094
B.	Fixed assets	127,063	59,408	67,655	63,642
B.II.	Tangible fixed assets	76,156	59,408	16,748	9,423
B.II.1.	Land and structures	10,358	9,644	714	366
B.II.1.2.	Structures	10,358	9,644	714	366
B.II.2.	Tangible movable assets and sets of tangible movable assets	64,397	49,764	14,633	9,057
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1,401		1,401	
B.II.5.2.	Tangible fixed assets under construction	1,401		1,401	
B.III.	Non-current financial assets	50,907		50,907	54,219
B.III.5.	Other non-current securities and investments	50,907		50,907	54,219
C.	Current assets	215,210	68	215,142	212,742
C.II.	Receivables	74,311	68	74,243	33,844
C.II.1.	Long-term receivables	10,169		10,169	10,015
C.II.1.4.	Deferred tax asset	5,563		5,563	5,409
C.II.1.5.	Receivables - other	4,606		4,606	4,606
C.II.1.5.2.	Long-term prepayments made	4,606		4,606	4,606
C.II.2.	Short-term receivables	64,142	68	64,074	23,829
C.II.2.1.	Trade receivables	53,624	68	53,556	23,148
C.II.2.4.	Receivables - other	10,518		10,518	681
C.II.2.4.3.	State - tax receivables	6,528		6,528	474
C.II.2.4.4.	Short-term prepayments made	560		560	173
C.II.2.4.5.	Estimated receivables	3,410		3,410	
C.II.2.4.6.	Sundry receivables	20		20	34
C.IV.	Cash	140,899		140,899	178,898
C.IV.2.	Cash at bank	140,899		140,899	178,898
D.	Other assets	655		655	710
D.1.	Deferred expenses	655		655	710

in Czech crown thousand

	Particulars	As at March 31,	
		3/31/2018	3/31/2017
	TOTAL LIABILITIES AND EQUITY	283,452	277,094
A.	Equity	223,129	227,773
A.I.	Share capital	18,750	18,750
A.I.1.	Share capital	18,750	18,750
A.II.	Share premium and capital funds	(3,312)	
A.II.2.	Capital funds	(3,312)	
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	(3,312)	
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	207,148	151,809
A.IV.1.	Accumulated profits brought forward	249,180	193,841
A.IV.2.	Accumulated losses brought forward (-)	(42,032)	(42,032)
A.V.	Profit or loss for the current period (+/-)	(1,332)	55,339
B.+C.	Liabilities	60,323	49,321
B.	Reserves	10,413	7,559
B.II.	Income tax reserve		3,667
B.IV.	Other reserves	10,413	3,892
C.	Payables	49,910	41,762
C.II.	Short-term payables	49,910	41,762
C.II.4.	Trade payables	3,340	2,667
C.II.8.	Other payables	46,570	39,095
C.II.8.3.	Payables to employees	17,362	6,991
C.II.8.4.	Social security and health insurance payables	4,531	3,760
C.II.8.5.	State - tax payables and subsidies		1,261
C.II.8.6.	Estimated payables	24,677	27,083

Profit and Loss Account

in Czech crown thousand

	Particulars	Years ended March 31,	
		2018	2017
I.	Sales of products and services	274,496	228,251
A.	Purchased consumables and services	47,029	47,269
A.2.	Consumed material and energy	3,669	3,046
A.3.	Services	43,360	44,223
D.	Staff costs	188,047	147,026
D.1.	Payroll costs	139,057	107,778
D.2.	Social security and health insurance costs and other charges	48,990	39,248
D.2.1.	Social security and health insurance costs	45,751	36,585
D.2.2.	Other charges	3,239	2,663
E.	Adjustments to values in operating activities	5,664	4,705
E.1.	Adjustments to values of intangible and tangible fixed assets	5,663	4,950
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	5,663	4,950
E.3.	Adjustments to values of receivables	1	(245)
III.	Other operating income		22,386
III.1.	Sales of fixed assets		299
III.3.	Sundry operating income		22,087
F.	Other operating expenses	7,039	(5,995)
F.1.	Net book value of sold fixed assets		102
F.3.	Taxes and charges	7	19
F.4.	Reserves relating to operating activities and complex deferred expenses	6,522	(7,434)
F.5.	Sundry operating expenses	510	1,318
*	Operating profit or loss (+/-)	26,717	57,632
VI.	Interest income and similar income	3	192
VI.2.	Other interest income and similar income	3	192
VII.	Other financial income	1,974	12,050
K.	Other financial expenses	30,026	5,689
*	Financial profit or loss (+/-)	(28,049)	6,553
**	Profit or loss before tax (+/-)	(1,332)	64,185
L.	Income tax		8,846
L.1.	Due income tax	154	11,115
L.2.	Deferred income tax (+/-)	(154)	(2,269)
**	Profit or loss net of tax (+/-)	(1,332)	55,339
***	Profit or loss for the current period (+/-)	(1,332)	55,339
*	Net turnover for the current period	276,473	262,879

Statement of Changes in Equity

in Czech crown thousand

Particulars	Share capital	Capital funds	Funds from profit, reserve fund	Profit or loss of prior years (+/-)	Profit or loss for the current period	TOTAL EQUITY
Balance at March 31, 2016	18,750		1,875	150,804	1,005	172,434
Distribution of profit or loss				1,005	(1,005)	
Profit or loss for the current period					55,339	55,339
Balance at March 31, 2017	18,750		1,875	151,809	55,339	227,773
Distribution of profit or loss				55,339	(55,339)	
Gains or losses from the revaluation of assets and liabilities		(3,312)				(3,312)
Profit or loss for the current period					(1,332)	(1,332)
Balance at March 31, 2018	18,750	(3,312)	1,875	207,148	(1,332)	223,129

Cash Flow Statement

in Czech crown thousand

		Years ended March 31,	
		2018	2017
P.	Opening balance of cash and cash equivalents	178,898	152,629
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	1,332	64,185
A.1.	Adjustments for non-cash transactions	12,181	(3,252)
A.1.1.	Depreciation of fixed assets	5,663	4,950
A.1.2.	Change in provisions and reserves	6,521	(7,813)
A.1.3.	Profit / (loss) on the sale of fixed assets		(197)
A.1.5.	Interest expense and interest income	(3)	(192)
A.*	Net operating cash flow before changes in working capital	10,849	60,933
A.2.	Change in working capital	(26,036)	24,503
A.2.1.	Change in operating receivables and other assets	(34,199)	27,398
A.2.2.	Change in operating payables and other liabilities	8,163	(2,895)
A.**	Net cash flow from operations before tax	(15,187)	85,436
A.5.	Income tax paid from ordinary operations	(9,824)	(1,504)
A.***	Net operating cash flows	(25,011)	83,932
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(12,988)	(57,721)
B.2.	Proceeds from fixed assets sold		299
B.***	Net investment cash flows	(12,988)	(57,422)
	Cash flow from financial activities		
C.1.	Change in payables from financing		(241)
C.***	Net financial cash flows		(241)
F.	Net increase or decrease in cash and cash equivalents	(37,999)	26,269
R.	Closing balance of cash and cash equivalents	140,899	178,898

Notes to the financial statements (unconsolidated)

Year ended March 31, 2018 (in CZK thousand).

1. General information and description of the business

Incorporation and description of the Company

Infosys (Czech Republic) Limited s.r.o. (hereinafter the 'Company') was incorporated on February 4, 2004 following its registration in the Register of Companies held by the Regional Court in Brno, Insert No. 45386, File C. The principal business activities of the Company include the production, trade and services not listed in Appendices 1 to 3 of the Trade Licencing Act, and accounting advisory, book-keeping and tax records keeping.

Reporting period

April 1, 2017 – March 31, 2018

Company owners

The Company's shareholder as of March 31, 2018:
Infosys BPM Limited 100 %
560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6
India

Registered office of the Company

Infosys (Czech Republic) Limited s.r.o.
Holandská 872/9
Postcode 639 00 Štýřice, Brno

Corporate ID

269 18 757

Statutory body

The sole Executive Director of the Company as of March 31, 2018:
Kapil Jain

Acting on behalf of the Company

The Executive Director acts independently on behalf of the Company

Members of the Supervisory Board as of March 31, 2018:

Ritesh Gandhi

The consolidated financial statements of the broadest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys Limited, based in Electronics City, Hosur Road, Bengaluru, 560 100, India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

The consolidated financial statements of the narrowest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys BPM Limited based at Plot Nos. 26/3, 26/4, 26/6, Electronics City, Hosur Road, Bengaluru, 560100 India. The consolidated financial statements can be obtained in the consolidating entity's registered office.

Changes in the Corporate records made in the Register of Companies:

In the year ended March 31, 2018, the following changes were recorded:

Executive Director:

Nishit Ajitkumar Shah, born on December 11, 1972
560100 Electronic City Phase I, Bengaluru South, Electronics City, Bengaluru, Karnataka, Q 1802,
Ajmera Infinity, Neeladri Road, Near Wipro Gate 16, India
Position origination date: July 19, 2016
Position expiry date: October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Executive Director:

Kapil Jain, born on March 3, 1967
SW197PB London, 12 The Oaks, 84-86 Wimbledon Hill Road, United Kingdom
Position origination date: 1 October 2017
Recorded on 9 March 2018

Chairman of the Supervisory Body:

Anantha Radhakrishnan, born on June 17, 1967
560064 Bengaluru, Mims Espacio 62, India
Position origination date: July 19, 2016
Position expiry date: October 1, 2017
Membership origination date: June 8, 2012
Membership expiry date: October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Member of the Supervisory Board:

Anup Kapoor, born on November 14, 1965
110017 Saket, New Delhi, D 16, Second Floor, Block D, India
Membership origination date: 19 July 2016
Membership expiry date: 1 October 2017
Recorded on 26 September 2016
Deleted on 9 March 2018

Member of the Supervisory Board:

Kapil Jain, born on March 3, 1967
SW197PB London, 12 The Oaks, 84-86 Wimbledon Hill Road, United Kingdom
Membership origination date: July 19, 2016
Membership expiry date: October 1, 2017
Recorded on September 26, 2016
Deleted on March 9, 2018

Member of the Supervisory Board:

Ritesh Gandhi, born on April 23, 1975
GU151HD Camberley, 216 Upper Chobham Road, United Kingdom
Membership origination date: October 1, 2017
Recorded on March 9, 2018

Number of Members of the Supervisory Board: three (3)
Recorded on May 24, 2016

Deleted on March 9, 2018
Number of Members of the Supervisory Board: two (2)
Recorded on March 9, 2018

Shareholder:

Infosys BPO Limited
560100 Bengaluru, Electronics City, Hosur Road, Plot Nos. 26/3, 26/4, 26/6, India
Recorded on February 19, 2007

Deleted on January 22, 2018

Shareholding :

Investment made : CZK 18,750,000.00

Paid in : 100 %

Equity interest : 100 %

Recorded on October 20, 2015

Deleted on January 22, 2018

Shareholder :

INFOSYS BPM LIMITED

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

Corporate ID : U72200KA2002PLC030310

Recorded on January 22, 2018

Shareholding :

Investment made : CZK 18,750,000.00

Paid in : 100 %

Equity interest : 100 %

Recorded on January 22, 2018

Organizational Structure

The Company is managed by the Executive Director.

2. Significant accounting policies applied by the Company

The financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended (hereinafter the 'Accounting Act') and the Regulation 500/2002 Coll. of the Ministry of Finance of the Czech Republic, which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended (hereinafter the 'Regulation'). The comparative figures for the year ended March 31, 2017 are presented in line with the structure and classification of items in the Balance Sheet and Profit and Loss Account as stipulated by the Regulation, as amended for 2017.

The financial statements were prepared under the assumption of the Company's ability to operate as a going concern.

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost. Tangible and intangible fixed assets with the acquisition cost of less than CZK 2.5 thousand are not presented on the face of the Balance Sheet and are expensed in the year of acquisition. The following table shows the depreciation methods and periods by asset type :

Asset	Depreciation method	Time of depreciation
Office equipment	straight-line	60 months
Computers	straight-line	36 - 60 months

Technical improvements on tangible assets held under a lease (buildings) are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

(b) Non-current financial assets

Non-current financial assets are valued in line with Sections 25 and 27 of the Accounting Act and Sections 48 and 51 of the Regulation.

In line with the Act and the Regulation, the Company states securities and equity investments at cost. Impaired financial assets are provided for.

(c) Provisions and reserves

Receivables

The Company establishes provisions against doubtful receivables based on an analysis of individual debtor's solvency.

Reserves

Reserve for outstanding vacation days

The reserve for outstanding vacation days at the Balance Sheet date is established based on an analysis of the outstanding vacation days and the average payroll costs, including the costs of social security and health insurance payments per employee.

Income tax reserve

The income tax reserve is established due to the fact that the date of preparing the financial statements precedes the date at which the tax liability is determined. In the subsequent reporting period, the reserve is released and the identified tax liability is recognized.

Reserve for warranty claims

The Company establishes a reserve for the risk of warranty claims arising from projects and engagements implemented in the prior reporting period.

Reserve for other risks

The reserve for other risks is established for sundry risks arising from other matters identified by the Company as of the Balance Sheet date.

(d) Foreign currency translation

Transactions denominated in foreign currencies are translated using a fixed monthly exchange rate determined based on the daily exchange rate promulgated by the Czech National Bank as of the first business day of each calendar month. The exchange rate is applicable for all transactions occurring in the relevant month. Customer invoices are translated using the exchange rate promulgated by the Czech National Bank as of the date of the invoice issuance. Payments denominated in CZK made from bank accounts maintained in other currencies (EUR, USD) are translated using the internal exchange rates determined by Citi Bank, a.s. and Deutsche Bank. During the reporting period, solely realized foreign exchange rate gains and losses are reported.

At the Balance Sheet date, the relevant assets and liabilities denominated in foreign currencies are translated at the Czech National Bank's exchange rate prevailing as of that date. Unrealized foreign exchange rate gains and losses are recognized in the profit or loss for the reporting period.

(e) Assets held under leases

The Company reports leasehold assets by including the lease payments in expenses on a straight-line basis over the lease period. Upon the expiry of the lease and exercise of the option to purchase the leased asset, the subject of the lease is reported as part of the Company's assets at purchase (replacement) cost.

(f) Income taxation

The tax payable for the given period includes the tax currently payable and the change in the deferred tax balance.

The tax currently payable includes the estimate of the tax calculated from the tax base using the tax rate applicable on the last day of the reporting period and all additional taxes and tax refunds for prior periods.

The deferred tax is based on all temporary differences between the accounting and tax values of assets and liabilities, using the anticipated tax rate valid for the period in which the tax asset will be realized or the liability settled.

A deferred tax asset is recognized only if it is likely that it will be realized in the following reporting periods.

(g) Classification of payables

The Company classifies a portion of long-term payables, bank loans and financial borrowings maturing within less than one year from the Balance Sheet date as short-term payables.

(h) Other operating income

The Company reports income arising from received grants in the reporting period in which the relevant authorities rule to provide the funding under the grants.

3. Changes in accounting principles and policies

In the year ended March 31, 2018, no changes were made in the accounting principles and policies.

4. Tangible fixed assets

Particulars	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Cost				
Balance at 1 April 2017	9 767	53 401	54 219	117 387
Additions	591	12 397	–	12 988
Disposals	–	–	–	–
Foreign exchange rate gains / losses				
Reclassification	–	–	(3 312)	(3 312)
Balance at March 31, 2018	10 358	65 798	50 907	127 063
Accumulated depreciation				
Balance at 1 April 2017	9 401	44 344	–	53 745
Depreciation	242	5 420	–	5 662
Accumulated depreciation on disposals	–	–	–	–
Reclassification	–	–	–	–
Balance at March 31, 2018	9 644	49 764	–	59 408
Net book value at 1 April 2017	366	9 057	54 219	63 642
Net book value at March 31, 2018	714	16 034	50 907	67 655

Major additions to fixed assets in the reporting period included the purchase of IT equipment and computers.

Financial assets include an equity investment of 9.1 % in Unsilo A/S, with its registered office at: Inge Lehmannsgade 10, 8000 Aarhus C, Denmark.

None of the Company's assets have been pledged as security.

Particulars	Buildings	Machinery and equipment	Fixed assets under construction	Total
Cost				
Balance at 1 April 2016	9 650	52 470	–	62 120
Additions	177	3 325	54 219	57 721
Disposals	(60)	(2 394)	–	(2 454)
Reclassification	–			–
Balance at March 31, 2017	9 767	53 401	54 219	117 387
Accumulated depreciation				
Balance at 1 April 2016	9 274	41 873	–	51 147
Depreciation	187	4 763	–	4 950
Accumulated depreciation on disposals	(60)	(2 292)	–	(2 352)
Reclassification	–	–	–	–
Balance at March 31, 2017	9 401	44 344	–	53 745
Net book value at 1 April 2016	376	10 597	–	10 973
Net book value at March 31, 2017	366	9 057	54 219	63 642

5. Assets held under leases

Operating leases

In the reporting period, the Company held non-residential premises under leases; the premises were located at the following address: Holandská 9 and 10, Brno, Postcode 639 00 (lease agreement valid until March 2023, with the option of extension). The total lease expenses amounted to CZK 18,183 thousand and CZK 19,709 thousand in the years ended March 31, 2018 and 2017, respectively.

6.Off Balance Sheet tangible and intangible fixed assets

In line with the accounting policies specified in Note 2 (a) above, the Company expensed low value tangible and intangible fixed assets in the year of their acquisition. The total accumulated cost of such low value tangible and intangible fixed assets, which have been put into use, was as follows:

Particulars	Balance at March 31, 2018	Balance at March 31, 2017
Tangible fixed assets	0	0

7. Trade receivables and payables

(a) Short-term trade receivables amounted to CZK 53,624 thousand (March 31, 2017 – CZK 23,215 thousand), of which CZK 33,590 thousand (March 31, 2017 – CZK 6,133 thousand) included past-due receivables. Provisions against doubtful receivables amounted to CZK 68 thousand and CZK 67 thousand as of March 31, 2018 and 2017, respectively.

(b) Short-term trade payables amounted to CZK 3,340 thousand (March 31, 2017 – CZK 2,667 thousand), of which CZK 2,742 thousand (March 31, 2017 – CZK 2,549 thousand) included past-due payables.

8. Advance payments made

Short-term advance payments made include prepayments for the lease of residential and non-residential premises in the amount of CZK 560 thousand (as of March 31, 2017 – CZK 173 thousand). Long-term advance payments made include prepayments for the lease of office premises in the amount of CZK 4,606 thousand (as of March 31, 2017 – CZK 4,606 thousand).

9. Adjustments or provisions against receivables

Particulars	Provision against receivables	Total
Balance at 1 April 2017	67	67
Change in provisions	1	1
Balance at March 31, 2018	68	68

10. Statement of changes in equity

As of the date of the signing of the financial statements, no decision was made on the settlement / transfer of the loss incurred for the year ended March 31, 2018. The Company's Management anticipates transferring the loss incurred in the reporting period to accumulated losses brought forward.

11.Reserves

Particulars	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at 1 April 2017	2 176	0	3 667	1 716	7 559
Change in reserves	118	0	(3 667)	6 403	2 854
Balance at March 31, 2018	2 294	0	0	8 119	10 413

The income tax reserve in the amount of CZK nil (March 31, 2017 – CZK 11,051 thousand), the advance payments made in the amount of CZK 6,439 thousand (March 31, 2017 – CZK 7,384 thousand), and the relevant payable are reported in the line 'Reserve for income tax' in the amount of CZK nil (March 31, 2017 – CZK 3,667 thousand).

12. Sales

In the reporting period, the sales of services were as follows:

Particulars	Years ended March 31, 2018				Year ended March 31, 2017			
	In-country	Europe + USA	India	Total	In-country	Europe + USA	India	Total
Advisory, HW and SW consulting	22 440	113 066	138 990	274 496	2 833	112 566	112 852	228 251
Total	22 440	113 066	138 990	274 496	2 833	112 566	112 852	228 251

In the years ended March 31, 2018 and 2017, the Company reported other operating income in the amount of CZK nil and CZK 22,087 thousand, respectively, which principally included income arising from grants for the business activities

13. Related party transactions

(a) Trade receivables and payables

Particulars	Receivables at March 31, 2018	Receivables at March 31, 2017	Receivables at March 31, 2018	Receivables at March 31, 2017
Infosys Poland Sp.z.o.o	309	244	–	–
Infosys BPM Ltd	1 625	–	17	–
Infosys Technologies Limited	10 639	9 762	30	–
Balance at March 31, 2018	12 573	10 006	47	–

(b) Sales of goods and services and purchases thereof

Year ended March 31, 2018	Sales	Purchases
Infosys Poland Sp. z o.o.	4 085	0
Infosys BPM Ltd	1 645	17
Infosys Limited	137 345	128
Total	143 075	145

Year ended March 31, 2017	Sales	Purchases
Infosys Poland Sp. z o.o.	3 766	–
Infosys BPM Ltd	114	–
Infosys Limited	112 738	590
Total	116 618	590

(c) Benefits and loans provided to the members of Statutory and Supervisory Bodies

In the years ended March 31, 2018 and 2017, the Company did not provide any benefits and loans to the members of its statutory bodies.

14. Services

The total costs of services amounted to CZK 43,360 thousand (March 31, 2017 – CZK 44,223 thousand), which principally included the lease expenses in the amount of CZK 18,408 thousand (March 31, 2017 – CZK 20,697 thousand).

15. Employees and managers

The average re-calculated number of employees and managers, and the staff costs for the years ended March 31, 2018 and 2017 were as follows:

Year ended March 31, 2018	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	382	136 514	45 160	3 229
Managers	1	2 543	591	10
Total	383	139 057	45 751	3 239

Year ended March 31, 2017	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	318	105 393	36 048	2 654
Managers	1	2 385	537	9
Total	319	107 778	36 585	2 663

16. Estimated payables

Total estimated payables amounted to CZK 24,677 thousand (March 31, 2017 – CZK 27,083 thousand) and included estimated unbilled services in the amount of CZK 24,677 thousand (March 31, 2017 – CZK 25,696 thousand). The estimated amount of unbilled services principally includes the lease of non-residential premises in the amount of CZK 15,507 thousand (March 31, 2017 – CZK 18,156 thousand).

17. Other financial expenses and income

Other financial expenses in the amount of CZK 30,026 thousand (March 31, 2017 – CZK 5,689 thousand) and other financial income in the amount of CZK 1,974 thousand (March 31, 2017 – CZK 12,050 thousand) principally included realized and unrealized foreign exchange rate gains and losses.

18. Due amounts arising from social security and health insurance

The amounts due arising from social security and health insurance amounted to CZK 4,531 thousand (March 31, 2017 – CZK 3,760 thousand), of which the amount of CZK 3,339 thousand (March 31, 2017 – CZK 2,952 thousand) included estimated social security payments and the amount of CZK 1,192 thousand (March 31, 2017 – CZK 808 thousand) included estimated health insurance payments. None of these amounts were past their due dates.

19. Fees paid to the statutory auditor

This information is presented in the notes to the consolidated financial statements prepared for the consolidation group in which the Company is included.

20. Income taxation

(a) Tax currently payable

The income tax payable comprises the estimated tax amount for the taxation period ended March 31, 2018 in the amount of CZK 435 thousand (taxation period ended March 31, 2017 - CZK 11,051 thousand), and an adjustment of the estimated income tax for the taxation period ended March 31, 2017 of CZK 281 thousand (taxation period ended March 31, 2016 - CZK 64 thousand).

(b) Deferred tax

Particulars	Asset	
	Balance at March 31,	
	2018	2017
Fixed assets	638	1 207
Receivables		–
Reserves	1 979	752
Other temporary differences	2 946	3 450
Deferred tax asset/ (liability)	5 563	5 409

In line with the accounting policies presented in Note 2 (f) above, the Company recognized a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the loss incurred for the year ended March 31, 2018.

In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of March 31, 2018, the applied tax rate amounted to 19% (2016 – 19%).

21. Off Balance Sheet commitments

The Company has no contractual liabilities reported off the Balance Sheet.

22. Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined as cash on hand, cash in transit, cash at bank, and other financial assets, the value of which can be reliably determined and which are easily convertible into cash. The balance of cash and cash equivalents as of the Balance Sheet date was as follows:

Particulars	Balance at March 31,	
	2018	2017
Total current financial assets	140 899	178 898
Cash and cash equivalents	140 899	178 898

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

23. Significant post Balance Sheet events

As of the Balance Sheet date, the Company's Management is not aware of any significant post Balance Sheet events that would have a material impact on the financial statements

as of March 31, 2018.

Signature of the statutory body or an individual on behalf of the reporting entity.

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o.

April 27, 2018

Related party transactions report

The Company's Executive Director has prepared this Report on the Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Other Entities Controlled by the Same Controlling Entity under Section 82 of Act No. 90/2012, on Business Corporations, for the reporting period from 1 April 2017 to March 31, 2018 (hereinafter the 'reporting period'). The description of the transactions was prepared in compliance with the Company's business secrecy obligation.

1) Relationship structure

According to the information available to the Company's Executive Director, acting with due care, in the reporting period the Company was included in the Infosys BPM Group. The Group's parent is Infosys BPM Limited (hereinafter the 'Infosys BPM Group'). Infosys BPM Limited is a subsidiary of Infosys Limited, which is its majority shareholder. The information on the entities included in the Infosys BPM Group is valid as of March 31, 2018 and is presented based on the information available to the Company's Executive Director, acting with due care. The relationship structure in the Infosys BPM Group is presented in Appendix 1.

Controlling Entity: Infosys BPM Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City, Hosur Road, Bengaluru, 561229 India

Controlled Entity: Infosys (Czech Republic) Limited s.r.o., Brno, Holandská 872/9, Postcode 639 00, Corporate ID: 269 18 757, Czech Republic

Infosys BPM Limited is the Company's founder and sole shareholder.

2) Role of the Company in the Infosys BPM group

The majority shareholder and controlling entity of the Company is Infosys BPM Limited. As well as other entities from the Infosys BPM Group, the Company enjoys the advantages of the global provision of services, processes re-design and technologies. As such, it renders effectiveness and cost efficiency to its clients' business processes. Therefore, by way of business process administration, in addition to providing added value, the Company enhances its clients' competitive ability. The Company is a major provider of business process administration services to organizations that outsource their processes.

For the most part, the Company provides its services to such organizations (clients) directly. However, in respect of a certain portion of its activities, it acts as a sub-supplier of Infosys Poland Sp. z o.o., Infosys Limited, and Infosys BPM Limited. In such cases, Infosys Poland Sp. z o.o., Infosys Limited, and Infosys BPM Limited act as the primary supplier towards the customers, and in contractual terms, they assume all major risks related thereto.

3) Method and means of control

The Company is principally controlled by way of the decisions passed by its sole shareholder (Infosys BPM Limited), acting in its capacity as the Company's General Meeting. Infosys BPM Limited is the sole shareholder of the Company.

4) Overview of actions adopted by the controlled entity in the interest or at the initiative of the controlling entity or the entities controlled by the controlling entity

In the reporting period, the Company adopted no measures in the interest or at the initiative of the Controlling Entity or the Entities Controlled by the Controlling Entity, in respect of assets exceeding 10% of the Company's equity as per the most recent set of financial statements.

5) Overview of contracts concluded between the controlled entity and the controlling entity and between the controlled entity and the entities controlled by the same controlling entity

a) Contracts entered into by the controlled entity and the controlling entity:

During the reporting period, the sub-supplier contracts concluded by and between the Company (acting as the seller and supplier) and Infosys BPM Limited and Infosys Limited (acting as the customers) were valid and effective.

Particulars	Sales for the reporting period in CZK thousand	Purchases for the reporting period in CZK thousand
Infosys BPM Limited	1 645	17
Infosys Limited	137 345	128

b) Contracts entered into by the controlled entity and the entities controlled by the same controlling entity:

During the reporting period, the sub-supplier agreement entered into by the Company (acting as the seller and supplier) and Infosys Poland Sp. z. o.o. (acting as the customer) was valid and effective.

	Sales for the reporting period in CZK thousand	Purchases for the reporting period in CZK thousand
Infosys Poland Sp. z o.o.	4 085	0

6) Detriment Incurred and the Compensation thereof

The Company incurred no significant detriment arising from the contracts concluded by and between the Company and the Controlling Entity and by and between the Company and the Entities Controlled by the Same Controlling Entity, and from the acts adopted by the Company in the interest or at the initiative of the Controlling Entity or the Entities Controlled by the Same Controlling Entity.

7) Assessment of advantages, disadvantages and risks arising from the transactions between the controlled entity and the controlling entity and between the controlled entity and other entities controlled by the same controlling entity

The Company's inclusion in the Infosys BPM Group is advantageous for the Company, as both the Infosys Group and the Infosys BPM Group are global concerns with strong brands and reputation among potential customers and employees. The Company uses these benefits in the business negotiations with customers and potential clients, as well as in order to attract qualified and motivated employees.

The Company incurred no detriment arising from its inclusion in the Infosys BPM Group.

The Company is not exposed to any risks arising from its inclusion in the Infosys BPM Group.

Kapil Jain
Executive Director
Infosys (Czech Republic) Limited s.r.o.

April 27, 2018

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INFOSYS BPO AMERICAS LLC

Independent Auditors' Report

To,

The Board of Directors

Infosys BPO Americas, LLC

We have audited the accompanying financial statements of Infosys BPO Americas, LLC (a Delaware Corporation), which comprise the Balance Sheet as of March 31, 2018 and March 31, 2017, and the related statements of operation, changes in member's equity, and cash flows for the year ended March 31, 2018 and 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 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, 2018 and March 31, 2017 and the results of its operations and its cash flows for the years ended March 31, 2018 and 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

Balance Sheet

in US$

Particulars	As at March 31,	
	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	432,033	717,933
Prepayments and other assets	85,312	50,719
Total current assets	517,345	768,652
Total non-current assets	–	–
Total assets	517,345	768,652
LIABILITIES AND EQUITY		
Current liabilities		
Loan from related parties	501,096	–
Trade payables	–	2,030
Other liabilities	270,300	184,090
Total current liabilities	771,396	186,120
Non-current liabilities		
Other non-current liabilities	–	–
Total non-current liabilities	–	–
Total liabilities	771,396	186,120
MEMBER'S EQUITY		
Member's equity	1,000,000	1,000,000
Accumulated deficit	(1,254,051)	(417,468)
Total member's equity	(254,051)	582,532
Total liabilities and member's equity	517,345	768,652

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

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statements of Comprehensive Income

in US$

Particulars	Years ended March 31,	
	2018	2017
Revenue	–	–
Cost of revenue	–	–
Gross profit	–	–
Other expenses		
Selling and marketing expenses	45	–
Administrative expenses	835,448	417,468
Total other expenses	835,493	417,468
Operating loss	(835,493)	(417,468)
Interest expense	1,096	–
Other expenses / (income)		
Miscellaneous income	(6)	–
Loss before income taxes	(836,583)	(417,468)
Income tax expense	–	–
Net loss	(836,583)	(417,468)
Other comprehensive income	–	–
Total comprehensive loss	(836,583)	(417,468)

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statements of Changes in Member's Equity

in US$

Particulars	Member's equity	Additional paid in capital	Accumulated deficit	Total member's equity
Balance as of April 1, 2016	–	–	–	–
Changes in members equity for the year ended March 31, 2017				
Shares issued to member	1,000,000	–	–	1,000,000
Net loss for the year	–	–	(417,468)	(417,468)
Balance as of March 31, 2017	1,000,000	–	(417,468)	582,532
Changes in members equity for the year ended March 31, 2018				
Net loss for the year	–	–	(836,583)	(836,583)
Balance as of March 31, 2018	–	–	(1,254,051)	(254,051)

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

Statement of Cash Flows

in US$

Particulars	Years ended March 31,	
	2018	2017
Cash flows from operating activities		
Net loss for the year	(836,583)	(417,468)
Adjustments to reconcile net loss to net cash provided by operating activities		
Exchange difference	(6)	–
Interest expense	1,096	–
Cash operating loss	(835,493)	(417,468)
Changes in assets and liabilities		
Prepayments and other assets	(34,587)	(50,719)
Trade payables	(2,030)	2,030
Other liabilities and provisions	86,210	184,090
Net cash used in operating activities	(785,900)	(282,067)
Cash flows from investing activities		
Expenditure on property, plant and equipment	–	–
Net cash used in investing activities	–	–
Cash flows from financing activities		
Capital Infusion	–	1,000,000
Loan from related parties	500,000	–
Net cash used in financing activities	500,000	1,000,000
Net changes in cash and cash equivalents	(285,900)	717,933
Cash and cash equivalents at the beginning of the year	717,933	–
Cash and cash equivalents at the end of the year	432,033	717,933

The accompanying notes form an integral part of the financial statements

Nishit Ajit Shah
Authorized Signatory
April 25, 2018

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 BPM Limited (formerly 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 US Generally Accepted Accounting Principles to reflect the financial position and results of operations of the Company. The financial statements have been presented in United States Dollars.

1.3 Use of estimates

The preparation of financial statements is in conformity with US Generally Accepted Accounting Principles (US GAAP) requires 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 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 Management expects to use these assets.

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

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

1.6 Cash and cash equivalents

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

1.7 Accounts receivable

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

The Company maintains an allowance for doubtful accounts to provide coverage for losses from client receivables. In establishing the required allowance, 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, 2018, the Company had one member, Infosys BPM Limited (the"Member"). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

in US$

Particulars	2018	2017
Current account	432,033	717,933

4. Administrative Expenses

in US$

Particulars	Years ended March 31, 2018	Years ended March 31, 2017
Salaries	532,131	189,631
Legal and professional charges	123,340	166,074
Others	179,977	61,763
Total	835,448	417,468

5. Related party transactions

Name of the related party and their relationships :

Holding Company- Infosys BPM Limited (formerly known as IBPO Limited)

There are no transactions with the holding Co. during the year ended March 31, 2018 except as disclosed below :

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

in US$

Name of the party	Nature of transaction	Year ended March 31, 2018	Closing as on March 31, 2018
Infosys Public Services Limited	Loan	500,000	501,096

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 Ajit Shah
Authorized Signatory
April 25, 2018