Infosys McCamish Systems, LLC

Independent Auditor's Report

To the Board of Directors of Infosys McCamish Systems, LLC.

Report on the Special Purpose Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of INFOSYS MCCAMISH SYSTEMS LLC ("the Company"), which comprise the Balance Sheet as at December 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements gives a true and fair view in conformity with the basis of preparation referred to in Note 1.2 of the special purpose financial statements, of the state of affairs of the Company as at December 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's Responsibilities for the Special Purpose Financial Statements

The Company's Board of Directors are responsible for the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the basis described in Note 1.2 of the special purpose financial statement.

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

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

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

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

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

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

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

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

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

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

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

Basis of Accounting

We draw attention to Note 1.2 to the special purpose financial statements, which describes the basis of accounting. As a result, the special purpose financial statements may not be suitable for another purpose.

Restriction on Use and distribution

Our report is intended solely for the use of Company's management for the above purpose and should not be distributed to or used by any other parties.

For Deloitte Haskins and Sells LLP
Chartered Accountants
(Firm Registration number. No. 117366W/W-100018)

Gurvinder Singh
Partner
Membership Number: 110128

UDIN : 20110128AAAABB9687

Bengaluru, May 13, 2020

Balance Sheet

in US $

Particulars	Note no.	As at December 31, 2019	As at December 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	5,696,605	1,295,055
Capital work-in-progress		–	38,254
Goodwill		696,400	696,400
Other intangible assets	2.3	185,133	927,700
Financial assets			
Loans	2.4	–	–
Other financial assets	2.5	22,738,717	11,927,923
Deferred tax assets (net)	2.15	1,716,045	1,007,054
Other non-current assets	2.8	11,971,125	11,440,112
Total non-current assets		43,004,025	27,332,498
Current assets			
Financial assets			
Trade receivables	2.6	40,706,238	25,702,958
Cash and cash equivalents	2.7	44,019,452	23,518,789
Loans	2.4	9,509	7,902
Other financial assets	2.5	30,904,694	25,387,953
Other current assets	2.8	21,841,938	24,667,964
Total current assets		137,481,831	99,285,566
Total assets		180,485,856	126,618,064
EQUITY AND LIABILITIES			
EQUITY			
Equity capital	2.10	36,070,038	36,070,038
Other equity		16,574,652	(3,017,176)
Total equity		52,644,690	33,052,862
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.11	26,562,969	12,194,146
Other non-current liabilities	2.13	2,089,830	42,581
Total non-current Liabilities		28,652,799	12,236,727
Current liabilities			
Financial liabilities			
Borrowings	2.20	–	5,716,233
Trade payables	2.12	22,251,795	18,088,097
Other financial liabilities	2.11	43,072,901	28,558,192
Other current liabilities	2.13	30,453,695	27,357,245
Provisions	2.14	705,620	941,614
Income tax liabilities (net)	2.15	2,704,356	667,094
Total current liabilities		99,188,367	81,328,475
Total equity and liabilities		180,485,856	126,618,064

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number:117366W/ W-100018

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
May 13, 2020

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

Statement of Profit and Loss

in US $

Particulars	Note no.	Year ended December 31,	
		2019	2018
Revenue from operations	2.16	223,943,567	158,626,992
Other income, net	2.17	395,735	9,179
Total Income		224,339,302	158,636,171
Expenses			
Employee benefit expenses	2.18	37,266,146	31,480,400
Cost of technical sub-contractors and professional charges	2.18	54,353,610	39,908,665
Travel expenses		539,678	528,587
Cost of software packages		97,035,777	60,818,930
Rent	2.2	1,259,864	1,225,796
Depreciation and amortization expense	2.1 & 2.3	2,299,763	1,115,335
Finance cost		4,897	137,499
Other expenses	2.18	6,884,034	6,879,813
Total expenses		199,643,769	142,095,025
Profit before tax		24,695,533	16,541,146
Tax expense			
Current tax	2.15	5,812,696	2,181,285
Deferred tax	2.15	(708,991)	2,621,963
Profit for the year		19,591,828	11,737,898
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		–	–
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income / (loss), net of tax		–	–
Total comprehensive income for the year		19,591,828	11,737,898

The accompanying notes form an integral part of the financial statements

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May 13, 2020

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Statement of Changes in Equity

in US $

Particulars	Equity share capital	Other equity		Total equity
		Retained earnings	Other comprehensive income	
Balance as at January 1, 2018	36,070,038	(14,755,074)	–	21,314,964
Changes in equity for the year ended December 31, 2018				–
Total comprehensive income for the year	–	11,737,898	–	11,737,898
Balance as at December 31, 2018	36,070,038	(3,017,176)	–	33,052,862
Balance as at January 1, 2019	36,070,038	(3,017,176)	–	33,052,862
Changes in equity for the year ended December 31, 2019				
Total comprehensive income for the year	–	19,591,828	–	19,591,828
Balance as at December 31, 2019	36,070,038	16,574,652	–	52,644,690

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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Bengaluru
May 13, 2020

Thothathri V
Director

Statement of Cash Flows

in US $

Particulars	Note no.	Year ended December 31,	
		2019	2018
Cash flow from operating activities:			
Profit for the period		19,591,828	11,737,898
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.15	5,103,705	4,803,248
Depreciation and amortization	2.1 & 2.3	2,299,763	1,115,335
Exchange difference on translation of assets and liabilities	2.17	5,597	16,471
Allowance for credit losses, doubtful loans and advances		806,315	111,829
Provision for service level risk on revenue contracts		125,835	8,551
Interest expense	2.20	4,897	137,500
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(31,742,813)	(3,205,549)
Loans and other financial assets and other assets		1,592,216	(24,375,669)
Trade payables		4,163,697	5,046,416
Other financial liabilities, other liabilities and provisions		33,592,543	18,261,308
Cash generated by operations		35,543,583	13,657,338
Income taxes paid		(3,775,433)	(1,493,581)
Net cash generated by operating activities		31,768,150	12,163,757
Cash flow from investing activities:			
Expenditure on property, plant and equipment including intangible assets net of sale proceeds, including changes in retention money and capital creditors		(5,546,357)	(2,096,059)
Net cash used in investing activities		(5,546,357)	(2,096,059)
Cash flow from financing activities:			
Loan repaid		(5,721,130)	–
Net cash used in financing activities		(5,721,130)	–
Net increase in cash and cash equivalents		20,500,663	10,067,698
Cash and cash equivalents at the beginning		23,518,789	13,451,091
Cash and cash equivalents at the end	2.7	44,019,452	23,518,789
Supplementary information:			
Restricted cash balance	2.7	5,000	5,000

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
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Firm's registration number:117366W/ W-100018

for and on behalf of Infosys McCamish Systems, LLC

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Bengaluru
May 13, 2020

Thothathri V
Director

1. Overview

1.1 Company overview

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

The Company was formed in December 1994 as a limited liability company under the provisions of the Georgia Limited Liability Company Act ("the Act"), limited by member's interest. The Company was acquired by Infosys BPM Limited (formerly Infosys BPO Limited), a subsidiary of Infosys Limited, on December 4, 2009.

The financial statements are approved by the Company's Board of Directors on May 13, 2020.

1.2 Basis of preparation of financial statements

These special purpose financial statements are prepared for inclusion in the annual report of the Holding Company Infosys BPM Limited and Ultimate Holding Company Infosys Limited under the requirements of section 129 (3) of the Companies Act 2013.

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

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operate (i.e. the "functional currency"). The functional currency of the Company is United States Dollars and the financial statements are also presented in US Dollars. All amounts included in the financial statements are reported in US Dollars, unless otherwise stated.

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

1.3 Use of estimates and judgments

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

1.4 Critical accounting estimates

a. Revenue recognition

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgment.

Fixed-price business process management services revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed-price business process management services contract is recognized ratably using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the business process management revenues services requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract. Also, refer to Note 2.16.

b. Income taxes

The Company's tax jurisdiction is the United States of America. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions. Also, refer to Note 2.15.

c. Property, plant and equipment

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

1.5 Recent accounting pronouncements

Ind AS 116, Leases: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17, Leases and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

A. Full retrospective: Retrospectively to each prior period presented applying Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

B. Modified retrospective: Retrospectively, with the cumulative effect of initially applying the standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right-of-use asset either as:

i. Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application. or

ii. An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. The Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (January 1, 2020). Upon adoption of the new standard, the Company anticipates recording lease-related assets and liabilities of approximately US $ 10-12 million on its Balance Sheet.

2.1 Property, plant and equipment

Accounting policy

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

Computer equipment (1)	3-5 years
Furniture and fixtures (1)	5 years
Office equipment (1)	5 years
Leasehold improvements	Over the lease term or 5 years whichever is lower

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

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2019 are as follows :

in US $

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2019	394,481	340,732	6,798,992	869,933	8,404,138
Additions	3,435,002	10,639	1,841,787	671,318	5,958,746
Deletions	–	–	(42,573)	–	(42,573)
Gross carrying value as at December 31, 2019	3,829,483	351,371	8,598,206	1,541,251	14,320,311
Accumulated depreciation as at January 1, 2019	193,634	217,436	5,888,341	809,672	7,109,083
Depreciation	515,157	43,656	890,733	107,650	1,557,196
Accumulated depreciation on deletions	–	–	(42,573)	–	(42,573)
Accumulated depreciation as at December 31, 2019	708,791	261,092	6,736,501	917,322	8,623,706
Carrying value as at December 31, 2019	3,120,692	90,279	1,861,705	623,929	5,696,605
Carrying value as at January 1, 2019	200,847	123,296	910,651	60,261	1,295,055

The changes in the carrying value of property, plant and equipment for the year ended December 31, 2018 were as follows :

in US $

Particulars	Leasehold improvement	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as at January 1, 2018	394,481	330,907	7,037,929	860,602	8,623,919
Additions	–	9,825	437,396	9,331	456,552
Deletions	–	–	(676,333)	–	(676,333)
Gross carrying value as at December 31, 2018	394,481	340,732	6,798,992	869,933	8,404,138
Accumulated depreciation as at January 1, 2018	111,907	175,372	5,999,940	755,148	7,042,367
Depreciation	81,727	42,064	564,720	54,524	743,035
Accumulated depreciation on deletions	–	–	(676,319)	–	(676,319)
Accumulated depreciation as at December 31, 2018	193,634	217,436	5,888,341	809,672	7,109,083
Carrying value as at December 31, 2018	200,847	123,296	910,651	60,261	1,295,055
Carrying value as at January 1, 2018	282,574	155,535	1,037,989	105,454	1,581,552

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

2.2 Leases

Accounting policy

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

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

in US $

Particulars	Year ended December 31,	
	2019	2018
Lease rentals recognized during the period	1,259,864	1,225,796

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

in US $

Lease obligations payable	As at December 31, 2019
Not later than 1 year	1,587,217
Later than 1 year and not later than 5 years	5,829,436
Later than 5 years	2,356,757

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

2.3 Other intangible assets

Accounting policy

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Impairment

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

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

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2019 are as follows:

in US $

Particulars	Software
Gross carrying value as of January 1, 2019	1,300,000
Additions during the year	–
Deletions during the year	–
Gross carrying value as of December 31, 2019	1,300,000
Accumulated amortization as of January 1, 2019	372,300
Amortization expense	742,567
Deletion during the year	–
Accumulated amortization as of December 31, 2019	1,114,867
Carrying value as of December 31, 2019	185,133
Carrying value as of January 1, 2019	927,700
Total estimated useful life (in years)	2

The changes in the carrying value of acquired intangible assets for the year ended December 31, 2018 were as follows:

in US $

Particulars	Software
Gross carrying value as of January 1, 2018	–
Additions during the year	1,300,000
Deletions during the year	–
Gross carrying value as of December 31, 2018	1,300,000
Accumulated amortization as of January 1, 2018	–
Amortization expense	372,300
Deletion during the year	–
Accumulated amortization as of December 31, 2018	372,300
Carrying value as of December 31, 2018	927,700
Carrying value as of January 1, 2018	–
Total estimated useful life (in years)	2

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

2.4 Loans

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Unsecured, considered doubtful		
Loans to employees	18,075	12,166
Less: Allowance for doubtful loans to employees	(18,075)	(12,166)
Total non-current loans	–	–
Current		
Unsecured, considered good		
Loans to employees	9,509	7,902
Total current loans	9,509	7,902
Total loans	9,509	7,902

2.5 Other financial assets

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Security deposits [1]	127,260	89,760
Unbilled revenues [1] *	22,611,457	11,838,163
Total non-current other financial assets	22,738,717	11,927,923
Current		
Security deposits [1]	–	37,500
Unbilled revenues [1] *	30,789,931	25,310,624
Others [1] [2]	114,763	39,829
Total current other financial assets	30,904,694	25,387,953
Total other financial assets	53,643,411	37,315,876

(1) Financial assets carried at amortized cost

(2) Includes dues from related parties (Refer to Note 2.20)

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

2.6 Trade receivables

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Unsecured		
Considered good [1]	40,706,238	25,702,958
Considered doubtful	458,616	136,685
	41,164,854	25,839,643
Less: Allowances for credit losses	(458,616)	(136,685)
Total trade receivables	40,706,238	25,702,958

(1) Includes dues from related parties (Refer to Note 2.20)

2.7 Cash and cash equivalents

in US $

Particulars	As at December 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	44,019,452	23,518,789
	44,019,452	23,518,789

Cash and cash equivalents as at December 31, 2019 and December 31, 2018 include restricted bank balances of US $ 5,000 each. This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

2.8 Other assets

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Capital advances	–	301,270
Prepaid expenses	11,971,125	11,138,842
Total non-current other assets	11,971,125	11,440,112
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	11,470	23,552
Others		
Prepaid expenses	20,837,602	23,331,688
Withholding taxes and others	905	1,690
Unbilled revenues[1]	990,337	1,309,410
Others[2]	1,624	1,624
Total current other assets	21,841,938	24,667,964
Total other assets	33,813,063	36,108,076

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

(2) Includes dues from related parties (Refer to Note 2.20)

2.9 Financial instruments

Accounting policy

2.9.1 Initial recognition

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

2.9.2 Subsequent measurement

(i)Financial assets carried at amortized cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.9.3 Derecognition of financial instruments

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

2.9.4 Fair value of financial instruments

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

2.9.5 Impairment

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

Financial instruments by category

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

in US $

Particulars	As at December 31,	
	2019	2018
Assets		
Cash and cash equivalents (Refer to Note 2.7)	44,019,452	23,518,789
Trade receivables (Refer to Note 2.6)	40,706,238	25,702,958
Loans (Refer to Note 2.4)	9,509	7,902
Other financial assets (Refer to Note 2.5)	53,643,411	37,315,876
Total	138,378,610	86,545,525
Liabilities		
Borrowings (Refer to Note 2.20)	–	5,716,233
Trade payables (Refer to Note 2.12)	22,251,795	18,088,097
Other financial liabilities (Refer to Note 2.11)	69,070,366	40,368,029
Total	91,322,161	64,172,359

All the above financial assets and financial liabilities are carried at amortized cost and the carrying values approximates their fair values.

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to US $ 40,706,238 and US $ 25,702,958 as at December 31, 2019 and December 31, 2018, respectively. Trade receivables are typically unsecured. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses ECL model to assess the impairment loss or gain. The Company uses a provision matrix to compute the ECL allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top ten customers:

in %

Particulars	Year ended December 31,	
	2019	2018
Revenue from top customer	22	21
Revenue from top ten customers	68	66

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances is US $ 458,616 crore and US $ 136,685 for the year ended December 31, 2019 and December 31, 2018, respectively.

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

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents. The Company has no outstanding borrowings as at December 31, 2019. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2019, the Company had a working capital of US $ 38,293,464 including cash and cash equivalents of US $ 44,019,452. As of December 31, 2018, the Company had a working capital of US $ 17,957,091 including cash and cash equivalents of US $ 23,518,789.

2.10 Equity

At December 31, 2019, the Company had one member, Infosys BPM Limited ("the Member"). The Member owns 100% of the interests of the Company. Upon liquidation, dissolution or winding-up of the Company, the Member is entitled to receive 100% of the available net assets of the Company. No contribution was made during the year ended December 31, 2019

2.11 Other financial liabilities

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Accrued expenses [1]	26,562,969	12,194,146
Total non-current other financial liabilities	26,562,969	12,194,146
Current		
Accrued compensation to employees [1]	2,505,805	1,828,543
Accrued expenses [1]	39,760,190	26,218,850
Compensated absences	565,504	384,309
Capital creditors [1]	132,458	59,590
Other payables [1] [2]	108,944	66,900
Total current other financial liabilities	43,072,901	28,558,192
Total other financial liabilities	69,635,870	40,752,338

(1) Financial liability carried at amortized cost

(2) Includes dues to related parties (Refer to Note 2.20)

2.12 Trade payables

in US $

Particulars	As at December 31,	
	2019	2018
Current		
Trade payables [1]	22,251,795	18,088,097
Total trade payables	22,251,795	18,088,097

(1) Includes dues to related parties (Refer to Note 2.20)

2.13 Other liabilities

in US $

Particulars	As at December 31,	
	2019	2018
Non-current		
Deferred rent[1]	2,089,830	42,581
Total non-current other liabilities	2,089,830	42,581
Current		
Unearned revenue	29,932,512	27,036,183
Others		
Withholding taxes and others	241,180	299,511
Deferred rent[1]	280,003	21,551
Total current other liabilities	30,453,695	27,357,245
Total other liabilities	32,543,525	27,399,826

(1) Includes unamortized leasehold improvement allowance of US $ 1,702,402 received in respect of Cumberland, Atlanta lease, of which US $ 258,593 is classified as current as on December 31, 2019.

2.14 Provisions

Accounting policy

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

a. Post-sales client support

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

b. Onerous contracts

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

The provision for post sales client support and others as at December 31, 2019 and December 31, 2018 is as follows:

in US $

Particulars	As at December 31,	
	2019	2018
Others		
Post-sales client support and others	705,620	941,614
Total provisions	705,620	941,614

Provision for post-sales client support and others

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

in US $

Particulars	As at December 31,	
	2019	2018
Balance at the beginning	941,614	817,281
Provision recognized / (reversed)	(229,642)	149,008
Provision utilized	(6,352)	(24,675)
Balance at the end	705,620	941,614

2.15 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

Income tax expense in the statement of profit and loss comprises:

in US $

Particulars	Year ended December 31,	
	2019	2018
Current taxes	5,812,696	2,181,285
Deferred taxes	(708,991)	2,621,963
Income tax expense	5,103,705	4,803,248

Entire deferred income tax for the year ended December 31, 2019 relates to origination and reversal of temporary differences.

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

in US $

Particulars	Year ended December 31,	
	2019	2018
Profit before incomes taxes	24,695,533	16,541,146
Statutory tax rate	21%	21%
Computed expected tax expense	5,186,062	3,473,641
State taxes	1,369,569	732,900
Withholding taxes	50,505	–
Disallowed items	11,661	12,797
Base erosion and anti-abuse tax (BEAT) liability[1]	(1,477,520)	1,375,596
Deferred tax – change in tax rates	–	174,739
Effect of true up of previous year taxes	67,574	21,968
Other adjustments	(104,146)	(988,393)
Income tax expense	5,103,705	4,803,248

[1] Internal Revenue Service ("IRS") issued final regulation on December 6, 2019 providing further clarification on Base Erosion and Anti-abuse Tax (BEAT) computation. Consequent to the issuance of the final regulation, there has been reversal of tax expenses pertaining to the prior period.

The applicable US federal tax rates for 2019 and 2018 is 21% and 21% respectively.

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

in US $

Particulars	Year ended December 31,	
	2019	2018
Deferred tax assets:		
Carry forward business losses	–	1,359,923
Accruals	598,908	412,268
Accrued compensation	233,840	146,010
Deferred rent	253,423	16,033
Property, plant and equipment and intangible assets	553,016	1,102,349
Accrued vacation	141,376	96,078
Unearned revenue	2,245,082	–
Others	90,400	274,393
	4,116,045	3,407,054
Deferred tax liability:		
Accruals including contingent consideration reversal	(2,400,000)	(2,400,000)
Total deferred tax liability	(2,400,000)	(2,400,000)
Deferred tax asset / (liability), net	1,716,045	1,007,054

The ultimate realization of deferred tax assets is dependent upon the Management's assessment of the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. The Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.

In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Management believes that it is more likely than not the Company will realize the benefit of any deductible differences at December 31, 2019.

2.16 Revenue from operations

Accounting policy

The Company is a leading developer of solutions and services in the insurance industry. The Company offers flexible solutions through business process management, software-as–a-service, and license models. The Company leverages its proprietary VPAS®, PMACS®, NGIN and Deferral+® platforms, as well as VPAS® BPA, to offer the retirement and financial services industries integrated sales and administration support solutions. The Company is also a software reseller for various industry-specific clients.

Arrangements with customers are either on a fixed-timeframe or on a time-and-material basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

Revenue on time-and-material contracts are recognized as the related services are performed. Fixed-price business process management services revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or using a percentage-of-completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive.

Revenue from other fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the lives of the contracts and are recognized in profit or loss in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance-based billing and / or milestone-based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (referred to as unearned revenues).

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for year ended December 31, 2019 and December 31, 2018 by offerings. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

in US $

Particulars	Year ended December 31,	
	2019	2018
Revenue by offerings		
Core services	67,284,889	54,821,174
Sale of third-party software and services	156,658,678	103,805,818
Total	223,943,567	158,626,992

Trade receivables and contract balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price business process management services are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed-time frame contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed timeframe contracts are classified as non-financial asset (contract asset) because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

2.17 Other income, net

Accounting policy

2.17.1 Other income

Other income is comprised primarily of interest income, exchange gain/loss on translation of other assets and liabilities.

2.17.2 Foreign currency

a. Functional currency

The functional currency of the Company is the United States Dollars. The financial statements are presented in United States Dollars.

b. Transactions and translations

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

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

Other income for the year ended December 31, 2019 and December 31, 2018 is as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Interest on deposits with banks	393,112	–
Exchange gains / (losses) on translation of other assets and liabilities	(5,597)	(16,471)
Miscellaneous income	8,220	25,650
	395,735	9,179

2.18 Expenses

in US $

Particulars	Year ended December 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	37,157,691	31,427,497
Staff welfare	108,455	52,903
	37,266,146	31,480,400
Cost of technical sub-contractors and professional charges		
Cost of technical sub-contractors	53,189,334	37,620,951
Legal and professional	848,618	2,114,726
Recruitment and training	315,658	172,988
	54,353,610	39,908,665
Other expenses		
Consumables	67,058	12,571
Brand building and advertisement	45,032	16,453
Rates and taxes	192,731	187,211
Communication expenses	565,794	1,729,180
Power and fuel	10,399	21,059
Office maintenance	1,184,946	1,144,857
Bank charges and commission	75,049	26,253
Impairment loss recognized / (reversed) under expected credit loss model	800,406	111,379
Provision for doubtful loans and advances	5,909	450
Provision for post-sales client support and others	125,835	8,551

Particulars	Year ended December 31,	
	2019	2018
Postage and couriers	2,867,155	3,376,053
Insurance	67,742	126,422
Auditor's remuneration		
Statutory audit fees	35,000	33,273
Reimbursement of expenses	5,447	2,428
Donations	775,000	10,000
Professional membership and seminar participation fees	43,224	56,552
Others	17,307	17,121
	6,884,034	6,879,813

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

in US $

Particulars	Year ended December 31,	
	2019	2018
Contingent liabilities*	–	–
Commitments :		
Estimated amount of contacts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	489,370	767,962

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

2.20 Related party transactions

List of related parties:

Name of subsidiaries	Country	Holding as at December 31,	
		2019	2018
Ultimate Holding			
Infosys Limited	India	Ultimate Holding Company	Ultimate Holding Company
Holding			
Infosys BPM Limited	India	Holding company	Holding company

Fellow subsidiaries	Country
Infosys BPO Americas LLC [(1)]	US
Infosys Public Services Inc	US
Brilliant Basics Limited [(2)]	UK
Kallidus Inc. (Kallidus)	US
WDW Communications, Inc [(3)]	US
WongDoody, Inc [(3)]	US

[(1)] Wholly-owned subsidiary of Infosys BPM

[(2)] Wholly-owned subsidiary of Brilliant Basics Holding Limited.

[(3)] Wholly-owned subsidiary of WongDoody

The details of amounts due to or due from related parties as at December 31, 2019 and December 31, 2018 are as follows:

in US $

Particulars	As at December 31,	
	2019	2018
Loan taken		
Infosys Public Services Inc. [(1)]	–	5,716,233
	–	5,716,233
Trade payables		
Infosys Limited	16,462,101	8,950,854
Infosys BPM Limited	293,016	330,313
	16,755,117	9,281,167
Trade receivables		
Infosys Limited	61,743	94,214

Particulars	As at December 31,	
	2019	2018
Infosys BPM Limited	1,516,756	842,431
	1,578,499	936,645
Other financial assets		
Infosys Limited	18,640	3,071
Infosys BPM Limited	23,360	1,312
Infosys BPO Americas LLC	25,211	–
	67,211	4,383
Other assets		
Infosys Limited	1,624	1,624
	1,624	1,624
Other financial liabilities		
Infosys Limited	102,250	57,915
Infosys BPM Limited	312	5,472
	102,562	63,387

(1) On May 16, 2017, Company entered into a loan agreement with Infosys Public Services Inc. 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 and extended by written consent of both the parties for further period of twelve months. The interest is payable at repayment of loan or anniversary date each year, whichever is earlier.The Company has repaid the entire loan along with the accrued interest to Infosys Public Services Inc in January, 2019.

The details of the related parties transactions entered into by the Company for year ended December 31, 2019 and December 31, 2018 are as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Capital transactions:		
Repayment of loan to Infosys Public Services Inc.	5,716,233	–
Purchase of software (Skytree) from Kallidus Inc.	–	1,300,000
	5,716,233	1,300,000
Revenue transactions		
Purchase of services		
Infosys Limited	45,376,237	29,686,913
Infosys BPM Limited	4,023,670	4,318,977
Brilliant Basics Limited.	–	103,836
WDW Communications, Inc.	89,351	–
WongDoody Inc.	119,981	–
	49,609,239	34,109,726
Sale of services		
Infosys Limited	883,063	893,669
Infosys BPM Limited	13,059,159	5,083,604
	13,942,222	5,977,273
Finance cost		
Infosys Public Services Inc.	4,897	137,500
	4,897	137,500

List of key management personnel

Name of the related party	Designation
Richard Magner	Chief Executive Officer and Director
Kapil Jain	Director
Thothathri V	Director

Transaction with key management personnel

The compensation to key managerial personnel which comprise directors and executive officers is as follows:

in US $

Particulars	Year ended December 31,	
	2019	2018
Salaries and other employee benefits to whole-time directors and executive officers	561,807	527,555
Commission and other benefits to non-executive / independent directors	–	–
Total	561,807	527,555

2.21 Compensated absences

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

2.22 Segment reporting

Based on the 'management approach', as defined in Ind AS 108, Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of the performance of the Company as a whole. The Company's operations are considered to constitute a single segment in the context of Ind AS 108 Segment Reporting.

for and on behalf of Infosys McCamish Systems, LLC

Rich Magner
Chief Executive Officer

Kapil Jain
Director

Thothathri V
Director

Bengaluru
May 13, 2020

Infosys Poland Sp. z o.o.

Financial statements for the financial year ended March 31, 2020

Independent Auditor's Report

To the Shareholder of Infosys Poland Sp. z o. o.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Infosys Poland Sp. z o.o. (the "Company"), which comprise the Balance Sheet as at March 31, 2020, 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 (the "financial statements").

In our opinion, the accompanying financial statements:

- give a true and fair view of the economic and financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the applicable provisions of the Accounting Act of 29 September 1994 (the "Accounting Act", Journal of Laws of 2019, item 351, as amended) and the adopted accounting policies;
- comply, as regards their form and content, with the applicable laws and the articles of association of the Company;
- have been prepared based on properly kept accounting records, in accordance with Section 2 of the Accounting Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") in a version adopted by the National Council of Statutory Auditors as the Polish Standards on Auditing ("PSAs") and in compliance with the Act on Statutory Auditors, Audit Firms and Public Oversight of 11 May 2017 (the "Act on Statutory Auditors", Journal of Laws of 2019, item 1421, as amended). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants ("IFAC Code"), adopted by resolution of the National Council of Statutory Auditors, together with the ethical requirements that are relevant to the audit of the financial statements in Poland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IFAC Code. Throughout the audit, both the key statutory auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors.

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

Responsibilities of the Management Board for the Financial Statements

The Company's Management Board is responsible for the preparation – based on properly kept accounting records – of financial statements which give a true and fair view of the economic and financial position of the Company and of its financial performance in accordance with the provisions of the Accounting Act, the adopted accounting policies as well as the applicable laws and articles of association, and for such internal control as the Management Board 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 Board 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 Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs 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.

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

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

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

- obtain an understanding of internal 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 Company's Management Board;
- conclude on the appropriateness of the Company's Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We provide the Company's persons exercising supervision with information regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

Other Information, Including the Report on the Activities

Other information includes a report on the Company's activities in the financial year ended March 31, 2020 (the "Report on the Activities").

Responsibilities of the Management Board

The Company's Management Board is responsible for the preparation of the Report on the Activities in accordance with the applicable laws.

The Management Board of the Company is obliged to ensure that the Report on the Activities, meet the requirements of the Accounting Act.

Auditor's Responsibilities

Our opinion on the financial statements does not cover the Report on the Activities. In connection with our audit of the financial statements, our responsibility is to read the Report on the Activities and, in doing so, consider whether the Report on the Activities is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Report on the Activities, we are required to report that fact in our auditor's report. Additionally, under the Act on Statutory Auditors we are obliged to express an opinion on whether the Report on the Activities has been prepared in accordance with the applicable laws and whether it is consistent with the information contained in the financial statements.

Opinion on the Report on the Activities

Based on our work performed during the audit, we are of the opinion that the Report on the Activities:

- has been prepared in accordance with Article 49 of the Accounting Act;
- is consistent with the information contained in the financial statements.

Furthermore, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements of the Report on the Activities.

The key statutory auditor on the audit resulting in this independent auditor's report is Emilia Ostrowska.

Acting on behalf of Deloitte Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered seat in Warsaw, entered under number 73 on the list of audit firms, in the name of which the financial statements have been audited by the key statutory auditor:

Emilia Ostrowska

Registered under number: 12507

Warsaw, June 03, 2020

This document is a foreign language version of the original Independent Auditor's Report issued in Polish version and only the original version is binding. This document has been prepared for information purposes and could be used only for company's internal purposes. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Introduction to the Financial Statements

Financial statements for the financial year ended March 31, 2020

Details of the Company

1.1 Company's name

Infosys Poland Sp. z o.o., hereinafter referred to as the 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, 20th Division of the National Court Register
Date:	August 3, 2007
Register 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:

- accounting, bookkeeping and auditing activities; tax consultancy (PKD 69, 20, Z)
- computer programming activities (PKD 62, 01, Z)
- computer consultancy activities (PKD 62, 02, Z)
- computer facilities management activities (PKD 62, 03, Z)
- other information technology and computer service activities (PKD 62, 09, Z)
- data processing, hosting and related activities (PKD 63, 11, Z)
- other information service activities not elsewhere classified (PKD 63, 99, Z)
- business and other management consultancy activities (PKD 70, 22, Z)
- research and experimental development on social sciences and humanities (PKD 72, 20, Z)
- other professional, scientific and technical activities not elsewhere classified (PKD 74, 90, 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 2019 to March 31 2020 and the comparative information is for the period from April 1 2018 to March 31 2019.

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. Events after the Balance Sheet date do not affect the validity of the going concern assumption. Events after the Balance Sheet date are described in Note 31.

2. Major accounting principles

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

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting principles applicable in the Republic of Poland, as set forth in the Polish Accountancy Act of September 29, 1994. (Journal of Laws of 2019, Item 351) and implementing regulations issued on its basis.

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 by nature of expense and prepares the profit and loss account in single-step variant.

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 reliable amount, if they are probable. Revenue based on the unit price for a given activity are recognized as transactions based on measurable deliverables. Provisions for expected losses, if any, on unfulfilled contracts are recognized in the period in which the loss is probable, based on current estimates.

2.3 Interest income

Interest income is recognized using the effective interest rate.

2.4 Dividends

Dividends due are included in financial income as at the date of adoption by the General Meeting of Shareholders of the Company in which the undertaking has invested, of a resolution on profit distribution, unless the resolution specifies other dates for the right to dividend.

2.5 Cash Flow Statement

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

2.6 Intangible assets

Intangible assets are valued in the books at their purchase prices or costs incurred for their generation, 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.

2.7 Fixed assets

Fixed assets are valued in the books at purchase price or production cost (initial value) taking into account the effects of revaluation (update), less depreciation write-offs, as well as write-offs for permanent loss of value.

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 remodeling, 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:

Computers	33.33%
Furniture	20.00%
Office equipment	20.00%
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.

2.8 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.

2.9 Financial leasing

When the Company is a party to lease agreements, on the basis of which it has accepted for use foreign fixed assets and intangible assets, under which substantially all risks and benefits resulting from the possession of assets being the subject of the agreement are transferred, the subject of the lease is included in the Balance Sheet.

When the Company is a party to lease agreements, based on which it gives away its own fixed assets and intangible assets for use, under which substantially all risks and benefits resulting from the possession of assets being the subject of the agreement are transferred, the subject of the lease ceases to be recognized in the Balance Sheet. However, a receivable equal to the current value of the lease instalments is recognized. Lease payments are apportioned between finance income and reduction of the receivable balance in such a way as to obtain a constant rate of return on the outstanding receivable.

2.10 Stocks

Inventories are valued at their purchase prices or manufacturing costs not higher than their net selling prices as at the Balance Sheet date.

Stocks are evaluated on the basis of:

Materials — purchase price, where the expenditure is valued using the [weighted average; first in, first out; last in, first out] method.

Goods — purchase price, where the outflow is valued using the [weighted average; first in, first out; last in, last in, first out] method

Finished products — manufacturing costs, which include costs directly related to a given product and a reasonable part of costs indirectly related to the manufacture of that product. A reasonable part of indirect costs, appropriate to the period of manufacture of the product, includes variable production overheads and that part of fixed, indirect production costs which correspond to the level of those costs under normal use of the production capacity. The normal level of capacity utilization shall be considered to be the average, as expected under normal conditions, of production volumes for a given number of periods or seasons, taking into account planned renovations.

Work in progress — direct manufacturing costs [direct material costs].

Stocks are recognized in the Balance Sheet at net value, i.e. less the value of write-offs. Revaluation write-offs are recognized in other operating costs.

2.11 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.

In the case of receivables outstanding for more than 180 days after the date of invoice issuance, the Company makes an additional revaluation write-off, which is included in other operating expenses respectively.

Liabilities are recognized in the books 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.

2.12 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.

2.13 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.

2.14 Provisions for liabilities

Provisions are liabilities with an uncertain due date or amount.

Provisions for liabilities resulting from the restructuring of the Company are established when the Company has formally adopted a detailed restructuring plan and the restructuring has begun or information about the restructuring has been publicly disclosed. And restructuring plans allow to reliably determine the value of these future liabilities. No reserves are established for future operational costs.

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.

2.15 Economic activity in Łódź Special Economic Zone

On July 4, 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 labor costs is calculated based on the cost of labor 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)
3. Research and experimental development services in social sciences and humanities (kategoria 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 December 30, 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.

2.16 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.

The assets and reserves for deferred income tax 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 reserve for deferred income tax is established in the amount of income tax that will be payable in the future, due to the occurrence of positive temporary differences, i.e. differences that will increase the basis for calculating income tax in the future.

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

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

2.17 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 rate differences arising in connection with the valuation as at the Balance Sheet date of long-term investments expressed in foreign currencies are settled as follows:

- positive exchange differences increase revaluation reserve

- negative exchange rate differences reduce the revaluation reserve to the amount by which the revaluation reserve was increased on that account. In other cases, negative exchange rate differences are included in financial costs. An increase in the value of a given investment resulting from positive exchange rate differences from assets, the value of which was reduced by negative exchange rate differences included in financial costs, is included in the amount of these costs as financial income.

Exchange rates applied to the measurement of items denominated in foreign currencies as follows:

Balance Sheet

in PLN

Particulars	2020	2019
AUD	2.5481	2.7174
CHF	4.3001	3.8513
CZK	0.1665	0.1666
EUR	4.5523	4.3013
DKK	0.6096	0.5761
GBP	5.1052	4.9960
INR	0.0550	0.0554
NOK	0.3953	0.4433
HRK	0.5976	0.5789
MXN	0.1734	0.1986
SEK	0.4114	0.4130
USD	4.1466	3.8365
ZAR	0.2306	0.2639
RON	0.9429	0.9029
SGD	2.9087	2.8292
HUF	0.0127	0.0134
NOK	0.3953	0.4433
RUB	0.0528	0.0593
TRY	0.6314	0.6802

2.18 Financial instruments

2.18.1 Classification of financial instruments

Financial instruments are recognized and measured in line with the Ordinance of the Minister of Finance of December 12, 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.

Breakdown of financial 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

2.18.2 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.

Transactions to buy and sell financial instruments made in regulated trading shall be recorded in the books on the date of their conclusion.

2.18.3 Financial assets held for trading

Financial assets held for trading include assets acquired for the purpose of obtaining economic benefits resulting from short-term price changes and fluctuations in other market factors or the short duration of the acquired instrument, as well as other financial assets, regardless of the intentions behind the conclusion of the contract, if they are part of a portfolio of similar financial assets which are highly probable to derive the expected economic benefits in a short term.

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.

2.18.4 Financial assets held to maturity

Financial assets held to maturity include financial assets not recognized as loans granted and receivables, for which the concluded contracts set the maturity date for repayment of the nominal value and define the right to receive economic benefits at agreed time limits, for example interest, in a fixed or determinable amount, provided that the Company intends and may hold these assets until they become due.

Financial assets held to maturity are measured at amortized cost using the effective interest rate method.

2.18.5 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.

2.18.6 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.

2.18.7 Short-term financial assets

Deposits with a maturity over three months from the date when they are made are recognized as short-term financial assets.

2.18.8 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.

Financial liabilities held for trading also include the obligation to deliver borrowed securities and other financial instruments in the case the Company concludes a short sale contract.

Other financial liabilities are measured at adjusted purchase price, calculated using the effective interest rate method.

2.19 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 estimation methods.

- the valuation of a financial instrument at a price set on an active regulated market where financial instruments are publicly traded, and information on that price is publicly available,
- valuation of debt financial instruments by a specialized, independent entity providing such services, and it is possible to reliably estimate the cash flows associated with these instruments,
- application of an appropriate financial instrument pricing model, and the inputs introduced to that model are taken from an active regulated market,
- estimation of the price of a financial instrument for which there is no active market on the basis of a publicly announced, quoted on an active regulated market price that does not differ materially from a similar financial instrument or prices of components of a complex financial instrument,

Arindam Roy Chowdhury
Member of the Board

Anup Kapoor
Member of the Board

Management Board

Person in charge of the accounting records

Łódź, June 3, 2020 .

Balance Sheet

in PLN

No.	Item	As at March 31, 2020	As at March 31, 2019
	ASSETS		
	TOTAL ASSETS	370,486,231.27	350,799,079.46
A	FIXED ASSETS	98,357,469.56	43,928,413.47
I	Intangible assets	–	–
1	Cost of research and development	–	–
2	Goodwill	–	–
3	Other intangible assets	–	–
4	Advances for intangibles	–	–
II	Tangible assets	4,306,940.49	5,190,308.06
1	Fixed assets	4,306,940.49	5,190,308.06
a	land (of which: perpetual usufruct of land)	–	–
b	buildings, premises, rights to premises and civil engineering structures	317,579.76	565,998.34
c	plant and machinery	3,758,123.67	4,151,615.65
d	means of transport	–	–
e	other fixed assets	231,237.06	472,694.07
2	Fixed assets under construction	–	–
3	Advances on fixed assets under construction	–	–
III	Long term receivables	–	11,407,178.00
3	Amounts due from other undertakings	–	11,407,178.00
IV	Long-term investments	79,610,770.73	12,974,676.25
1	Immovable property	–	–
2	Intangible assets	–	–
3	Long-term financial assets	79,610,770.73	12,974,676.25
a	in related undertakings	61,800,000.00	–
	– shares	61,800,000.00	–
	– loans	–	–
c	in other undertakings	17,810,770.73	12,974,676.25
	– other long-term financial assets	17,810,770.73	12,974,676.25
4	Other long-term investments	–	–
V	Long-term prepayments and accruals	14,439,758.34	14,356,251.16
1	Deferred income tax assets	14,439,758.34	14,356,251.16
2	Other prepayments and accruals	–	–
B	CURRENT ASSETS	272,128,761.71	306,870,665.99
I	Stocks	–	–
1	Materials	–	–
2	Semi-finished products and work in progress	–	–
3	Finished products	–	–
4	Goods	–	–
5	Advances on supplies	–	–
II	Short-term receivables	85,714,424.63	51,426,644.26
1	Amounts due from related undertakings	5,968,395.98	985,616.13
a	trade receivables with a maturity of:	5,968,395.98	985,616.13
	– up to 12 months	5,953,734.20	985,373.09
	– over 12 months	14,661.78	243.04
b	other	–	–
3	Amounts due from other undertakings	79,746,028.65	50,441,028.13
a	trade receivables with a maturity of:	59,489,874.13	39,988,719.48
	– up to 12 months	59,389,417.76	39,988,719.48
	– over 12 months	100,456.37	–
b	receivables relative to taxes, subsidies, customs duties, social and health insurance, and other benefits	5,337,875.31	2,208,372.20
c	other	14,918,279.21	8,243,936.45
d	receivables under litigation	–	–
III	Short-term investments	185,521,113.65	254,741,815.45
1	Short-term financial assets	185,521,113.65	254,741,815.45

No.	Item	As at March 31,	
		2020	2019
a	in related undertakings	48,251,030.41	43,157,865.78
	- loans	48,251,030.41	43,157,865.78
b	in other undertakings	76,667,638.12	45,148,130.14
	– other short term financial assets	76,667,638.12	45,148,130.14
c	other cash and cash equivalents	60,602,445.12	166,435,819.53
	– cash in hand and at bank	10,547,979.12	10,947,029.13
	– other cash and cash equivalents	50,054,466.00	155,488,790.40
	– other money assets	–	–
2	Other short-term investments	–	–
IV	Short-terms prepayments and accruals	893,223.43	702,206.28

Balance Sheet

in PLN

No.	Item	As at March 31, 2020	2019
	LIABILITIES	370,486,231.27	350,799,079.46
A	EQUITY (OWN FUNDS)	296,251,028.03	284,808,052.18
I	Primary capital (fund)	2,500,000.00	2,500,000.00
II	Capital reserve (fund), of which:	287,827,329.70	276,103,333.02
III	Revaluation reserve (fund), of which:	–	–
IV	Other capital reserves (funds), of which:	–	–
	– for own shares	–	–
V	Profits (losses) brought forward	(5,519,277.52)	(5,519,277.52)
VI	Net profit (loss)	11,442,975.85	11,723,996.68
VII	Write-offs from net profit during the financial year (negative amount)	–	–
B	LIABILITIES AND RESERVES FOR LIABILITIES	74,235,203.24	65,991,027.28
I	Reserves for liabilities	31,625,664.74	25,001,456.34
1	Reserves for deferred income tax	1,500,711.51	714,050.69
2	Reserves for pensions and similar benefits	26,258,965.23	21,073,717.65
	– long-term	1,015,441.00	826,101.00
	– short-term	25,243,524.23	20,247,616.65
3	Other reserves	3,865,988.00	3,213,688.00
	– long-term	–	–
	– short-term	3,865,988.00	3,213,688.00
II	Long-term liabilities	–	–
1	Amounts due to related undertakings	–	–
3	Amounts due to other undertakings	–	–
a	credits and loans	–	–
b	relative to debt securities issued	–	–
c	other financial liabilities	–	–
e	other	–	–
III	Short-term creditors	27,646,369.96	22,358,727.67
1	Related undertakings	237,451.81	278,426.04
a	trade liabilities with maturity of:	237,451.81	278,426.04
	– up to 12 months	237,451.81	278,426.04
b	other	–	–
3	Amounts due to other undertakings	27,510,439.89	22,008,977.65
a	credits and loans	–	–
b	relative to debt securities issued	–	–
c	other financial liabilities	930,000.00	548,900.00
d	trade liabilities with maturity of:	8,820,700.07	3,875,415.07
	– up to 12 months	8,820,700.07	3,875,415.07
e	advances received for supplies	–	–
f	commitments under bills of exchange	–	–
g	taxes, subsidies, customs duties, social and health insurance, and other public liabilities	5,417,443.58	9,172,254.51
h	wages and salaries	12,325,889.55	8,412,408.07
i	other	16,406.69	–
4	Special funds	(101,521.74)	71,323.98
IV	Accruals	14,963,168.54	18,630,843.27
1	Negative goodwill	–	–
2	Other accruals	14,963,168.54	18,630,843.27
	– long-term	5,160,018.17	6,990,214.89
	– short-term	9,803,150.37	11,640,628.38

Profit and Loss Account

in PLN

No.	Item	As at March 31,	
		2020	2019
A	Net income from sales and equivalent oncome, of which:	282,268,148.16	269,013,692.06
	– from related undertakings	25,624,109.37	19,663,688.02
I	Net income from sale of products	282,268,148.16	269,013,692.06
II	Change in stocks of products (increase – positive figure, decrease — negative figure)	–	–
III	Costs of work performed by the undertaking for its own purposes	–	–
IV	Net income from sale of goods and materials	–	–
B	Operating costs	(263,444,693.77)	(239,630,196.28)
I	Amortization and depreciation	(2,654,364.16)	(3,322,446.99)
II	Consumption of materials and energy	(768,449.83)	(752,670.56)
III	Outsourcing	(38,746,653.91)	(31,565,682.36)
IV	Taxes and charges, of which:	(3,731,938.73)	(2,985,946.92)
	- excise duty	–	–
V	Wages and salaries	(171,495,980.46)	(163,227,322.46)
VI	Social insurance and other benefits, of which:	(39,808,919.26)	(33,384,593.24)
VII	Other costs	(6,238,387.42)	(4,379,833.89)
VIII	Value of goods and materials sold	–	(11,699.86)
C	Profit (loss) on sale (A-B)	18,823,454.39	29,383,495.78
D	Other operating income	1,956,742.03	136,283.70
I	Profit on sale of non-financial fixed assets	–	1,080.00
III	Revaluation of non-financial assets	–	–
IV	Other operating income	1,956,742.03	135,203.70
E	Other operating charges	(505,750.38)	(943,483.93)
I	Loss on sale of non-financial fixed assets	–	–
II	Revaluation of non-financial assets	–	–
III	Other operating costs	(505,750.38)	(943,483.93)
F	Operating profit (loss) (C+D-E)	20,274,446.04	28,576,295.55
G	Financial income	10,126,687.11	7,033,284.32
I	Dividends and shares in the profits, of which:	–	–
a	from related undertakings, of which:	–	–
II	Interest received, of which:	3,798,686.00	3,797,162.11
	- from related undertakings	1,609,283.85	1,071,765.41
III	Profit on sale of financial fixed assets, of which:	–	–
IV	Revaluation of financial assets	–	–
V	Other	6,328,001.11	3,236,122.21
H	Financial costs	(13,841,074.27)	(16,857,980.62)
I	Interest, of which:	(22,817.55)	(15,658.67)
II	Loss on sale of financial fixed assets, of which:	(12,360,656.72)	(12,818,021.95)
III	Revaluation of financial assets	–	–
IV	Other	(1,457,600.00)	(4,024,300.00)
I	Gross profit (loss) (F+G-H)	16,560,058.88	18,751,599.25
J	Income tax	5,117,083.03	7,027,602.57
K	Other obligatory reductions of profit (increase of loss)	–	–
L	Net profit (loss) (I-J-K)	11,442,975.85	11,723,996.68

Funds flow statement

in PLN

No.	Item	As at March 31, 2020	As at March 31, 2019
A	Equity (own funds) at the beginning of period (opening balance)	284,808,052.18	278,603,333.02
-	changes in adopted accounting principles (policies)	–	–
-	adjustments for basic errors	–	–
	Equity (own funds) at the beginning of the period (opening balance) after adjustments	284,808,052.18	278,603,333.02
I	Primary capital (own funds) at the beginning of the period	2,500,000.00	2,500,000.00
1	Changes in primary capital (fund)	–	–
a	increase (as a result of)	–	–
-	issue of shares	–	–
b	increase (as a result of)	–	–
-	redemption of shares	–	–
2	Primary capital (own funds) at the end of period	2,500,000.00	2,500,000.00
II	Capital reserve (fund) at the beginning of period	276,103,333.02	241,336,404.63
1	Changes in capital reserve (fund)	11,723,996.68	34,766,928.39
a	increase (as a result of)	11,723,996.68	34,766,928.39
-	issue of shares at a premium	–	–
-	distribution of profits (statutory)	–	–
-	distribution of profits (above the minimum statutory value)	11,723,996.68	34,766,928.39
b	decrease (as a result of)	–	–
-	coverage of losses	–	–
2	Capital reserve (fund) at the end of period	287,827,329.70	276,103,333.02
III	Revaluation reserve (fund) at the beginning of period - changes in adopted accounting principles (policies)	–	–
1	Changes in revaluation reserve (fund)	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
-	sale of fixed assets	–	–
2	Revaluation reserve (fund) at the end of period	–	–
IV	Other reserve capitals (funds) at the beginning of the period	–	–
1	Changes in other reserves (funds)	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
2	Other reserves (funds) at the end of period	–	–
V	Profit (loss) brought forward at the beginning of period	(5,519,277.52)	–
2	Profit brought forward at the beginning of period, after adjustments	–	–
a	increase (as a result of)	–	–
b	decrease (as a result of)	–	–
3	Profit brought forward at the end of period	–	–
4	Loss brought forward at the beginning of period	(5,519,277.52)	–
-	changes in adopted accounting principles (policies)	–	–
-	error corrections	–	–
5	error correction Loss brought forward at the beginning of the period, after adjustments	(5,519,277.52)	–
a	changes in accounting policy	–	(5,519,277.52)
6	Loss brought forward at the end of period	(5,519,277.52)	(5,519,277.52)
7	Profit (loss) brought forward at the end of period	(5,519,277.52)	(5,519,277.52)
VI	Net result	11,442,975.85	11,723,996.68
a	net profit	11,442,975.85	11,723,996.68
b	net loss	–	–
c	write-offs from profit	–	–
B	Equity (own funds) at the end of period (closing balance)	296,251,028.03	284,808,052.18
C	Equity (own funds) after adjustments for the proposed distribution of profit (coverage of loss)	296,251,028.03	284,808,052.18

Cash flow statement

in PLN

No.	Item	As at March 31, 2020	2019
A	Operating cash flows		
I	Net profit (loss)	11,442,975.85	11,723,996.68
II	Total adjustments	(2,380,795.13)	24,577,564.06
1	Amortization and depreciation	2,654,364.16	3,322,446.99
2	Foreign exchange gains (losses)	1,496,104.30	(3,220,450.10)
3	Interest and profit sharing (dividends)	(3,798,686.34)	(3,742,409.23)
4	Investment profits (losses)	12,521,608.00	12,817,055.57
5	Movements in reserves	6,624,208.41	4,781,653.83
6	Movements in stock	–	–
7	Movements in receivables	(22,880,602.37)	19,320,000.05
8	Movements in short-term liabilities, with the exception of loans and credits	5,287,642.29	(1,421,666.51)
9	Movements in prepayments and accruals	(3,942,199.06)	(1,759,789.01)
10	Other adjustments	(343,234.52)	(5,519,277.53)
III	Net operating cash flows (I ± II)	9,062,180.72	36,301,560.74
B	Investment cash flows		
I	Inflows	45,615,428.51	34,329,605.14
1	Sale of intangible assets and tangible fixed assets	–	1,080.00
2	Sale of investments in immovable property and intangible assets	–	–
3	From financial assets, of which:	45,615,428.51	34,328,525.14
a	in related undertakings	–	959,049.29
b	in other undertakings	45,615,428.51	33,369,475.85
	– sale of financial assets	–	–
	– repayment of long-term loans	43,711,730.14	25,000,000.00
	– interest	1,903,698.37	2,670,643.82
4	Other investment inflows	–	–
II	Outflows	(160,510,983.64)	(79,010,107.98)
1	Purchase of intangible assets and tangible fixed assets	(1,770,996.59)	(2,849,449.43)
2	Investments in immovable property and intangible assets	–	–
3	On financial assets, of which:	(157,243,882.75)	(76,160,658.55)
a	in related undertakings	(61,800,000.00)	(19,907,524.58)
b	in other undertakings	(95,443,882.75)	(56,253,133.97)
	– purchase of financial assets	(90,350,718.12)	(56,253,133.97)
	– long-term loans	(5,093,164.63)	–
4	Other investment outlays	(1,496,104.30)	–
III	Net cash flows from investing activities (I-II)	(114,895,555.13)	(44,680,502.84)
C	Financial cash flows		
I	Inflows	–	497,700.00
1	Net inflows from issue of shares and other instruments, and additional contributions to equity	–	–
3	Issue of debt securities	–	–
4	Other financial inflows	–	497,700.00
II	Outflows	–	–
1	Purchase of own shares	–	–
2	Dividends and other payments to shareholders	–	–
5	Redemption of debt securities	–	–
6	Other financial liabilities	–	–

No.	Item	As at March 31,	
		2020	2019
7	Payments under finance lease contracts	–	–
8	Interest	–	–
9	Other financial outflows	–	–
III	Net cash flows from financial activities (I-II)	–	497,700.00
D	Total net cash flows (A.III ± B.III ± C.III)	(105,833,374.41)	(7,881,242.10)
E	Balance Sheet movements in cash and cash equivalents, of which:	(105,833,374.41)	(7,881,242.10)
	movements due to foreign exchange gains/losses	–	–
F	Cash and cash equivalents at the beginning of period	166,435,819.53	174,317,061.63
G	Cash and cash equivalents at the end of period (F±D), of which:	60,602,445.12	166,435,819.53
	not fully disposable	–	–

Tax note

in PLN

No.	Title	Legal grounds				Current year			Previous year		
		Legal basis				Amount			Value		
		art.	item	point	let.	Total	from profit on capital	from other income sources	Total	from profit on capital	from other income sources
A.	Gross profit (loss) for a given year					16,560,058.88			18,751,599.25		
B.	Tax-exempt income (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes), of which:					–	–	–	–	–	–
C.	Non-taxable income in the current year, of which:					(26,069,293.28)	–	(26,069,293.28)	(12,332,543.05)	–	(12,332,543.05)
-	provisions for income	12				(16,194,418.00)		(16,194,418.00)			
-	provisions for rent free period	12				(8,616,807.49)		(8,616,807.49)			
-	unrealized interest	12				(1,258,067.79)		(1,258,067.79)			
D.	Taxable income in the current year, recognized in the accounting books of previous years, of which:					–	–	–	(5,892,036.57)	–	(5,892,036.57)
E.	Non-deductible costs (permanent differences between profit/loss for accounting purposes and profit/loss for tax purposes), of which:					5,303,071.11	–	5,303,071.11	5,342,570.88	–	5,342,570.88
-	State Fund of Rehabilitation of Handicapped People	15				2,931,028.89		2,931,028.89			
-	Non-deductible VAT	15				2,664.00		2,664.00			
-	Employee shares	15				69,089.00		69,089.00			
-	statutory interest	15				21,617.00		21,617.00			
-	other non-deductible	15				2,278,672.22		2,278,672.22			
F.	Costs not recognized as tax deductible in the current year, of which:					22,630,085.65	–	22,630,085.65	30,763,411.73	–	30,763,411.73
-	movements in reserves for bonuses	15				711,009.87		711,009.87			
-	wages and salaries for March 2020	15				15,794,342.45		15,794,342.45			
-	reserve for after-sales service	15				(1,235,872.49)		(1,235,872.49)			
-	holiday reserve	12				1,627,571.06		1,627,571.06			
-	provision for expenses	0				5,733,034.76		5,733,034.76			

No.	Title	Legal grounds				Current year			Previous year		
		Legal basis				Amount			Value		
		art.	item	point	let.	Total	from profit on capital	from other income sources	Total	from profit on capital	from other income sources
G.	Costs considered as tax-deductible costs in the current year and reported in the books of previous years, of which:					13,441,545.98	–	13,441,545.98	(20,602,772.68)	–	(20,602,772.68)
-	wages and salaries for March 2019	12				13,441,545.98		13,441,545.98			
H.	Loss brought forward, of which:					–					
I.	Other changes to the tax base, of which:					(29,938,461.76)	(10,575,041.00)	(19,363,420.76)	4,469,576.06	14,572,988.21	(10,103,412.15)
-	SEZ benefit repayment	PDOP				(19,330,029.48)		(19,330,029.48)			
-	difference in depreciation	PDOP				(33,391.28)		(33,391.28)			
-	capital gains / losses	PDOP				(10,575,041.00)	(10,575,041.00)				
J.	Income tax base					23,077,088.86			20,500,805.62		
K.	Income tax					4,384,646.88			3,895,153.08		

Notes

1. Intangible assets

Change in the balance of intangible assets

in PLN

Particulars	Cost of research and development	Goodwill	Other intangible assets	Advances for intangibles	Total
Gross value					
April 1, 2019	–	21,445,874.68	462,667.52	–	21,908,542.20
March 31, 2020	–	21,445,874.68	462,667.52	–	21,908,542.20
Accumulated amortization					
April 1, 2019	–	(21,445,874.68)	(462,667.52)	–	(21,908,542.20)
March 31, 2020	–	(21,445,874.68)	(462,667.52)	–	(21,908,542.20)
		–	–		
Impairment write-offs					
April 1, 2019	–	–	–	–	–
Increases	–	–	–	–	–
Internal transfer	–	–	–	–	–
Decreases	–	–	–	–	–
March 31, 2020	–	–	–	–	–
Net value					
April 1, 2019	–	–	–	–	–
March 31, 2020	–	–	–	–	–

2. Tangible assets

2.1 Change in fixed assets

in PLN

Particulars	Buildings, premises, civil engineering structures	Plant and machinery	Other tangible assets	Total
Gross value				
April 1, 2019	10,980,591.26	23,360,618.62	5,424,611.00	39,765,820.88
Increases	–	1,770,996.59	–	1,770,996.59
Internal transfer				–
Decreases	–	(2,990,178.91)	(32,125.12)	(3,022,304.03)
March 31, 2020	10,980,591.26	22,141,436.30	5,392,485.88	38,514,513.44
Accumulated amortization				
April 1, 2019	(10,414,592.92)	(19,209,002.96)	(4,951,916.93)	(34,575,512.81)
Increases	(248,418.58)	(2,164,615.31)	(241,330.27)	(2,654,364.16)
Internal transfer				–
Decreases	–	2,990,305.64	31,998.38	3,022,304.02
March 31, 2020	(10,663,011.50)	(18,383,312.63)	(5,161,248.82)	(34,207,572.95)
	–	–	–	
Impairment write-offs				
April 1, 2019	–	–	–	–
Increases	–	–	–	–
Internal transfer	–	–	–	–
Decreases	–	–	–	–
March 31, 2020	–	–	–	–
Net value				
April 1, 2019	565,998.34	4,151,615.65	472,694.07	5,190,308.06
March 31, 2020	317,579.76	3,758,123.67	231,237.06	4,306,940.49

2.2 Value of land in perpetual usufruct

Not applicable

2.3 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 964,500 (PLN 964,500 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	As at March 31,	
	2020	2019
Maturing:		
up to 90 days	280,386.27	–
from 91 to 180 days	5,673,347.93	985,373.09
from 181 to 360 days	–	–
over 360 days	14,661.78	243.04
	5,968,395.98	985,616.13
Balance of gross receivables	5,968,395.98	985,616.13
Impairment write-offs on receivables	–	–
Balance of net receivables	5,968,395.98	985,616.13

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

in PLN

Particulars	As at March 31,	
	2020	2019
Maturing:		
up to 90 days	56,261,350.48	39,690,354.04
from 91 to 180 days	3,128,067.28	298,365.44
from 181 to 360 days	–	–
over 360 days	100,456.37	–
	59,489,874.13	39,988,719.48
Balance of gross receivables	60,055,787.59	41,368,531.97
Impairment write-offs on receivables	(565,913.46)	(1,379,812.49)
Balance of net receivables	59,489,874.13	39,988,719.48

3.3 Impairment losses on short-term trade receivables

in PLN

Particulars	Other entities
April 1, 2019	1,379,812.49
Increases	565,913.46
Reversed	(1,379,812.49)
March 31, 2020	565,913.46

3.4 Receivables from other entities

in PLN

Particulars	As at March 31,	
	2020	2019
due to tax, grants, customs duty, social security, health insurance and other benefits	5,337,875.31	2,208,372.20
VAT	2,319,524.82	939,651.91
CIT	3,018,350.49	1,268,720.29
Other	14,918,279.21	8,243,936.45
	20,256,154.52	10,452,308.65

4. Short-term investments

4.1 Short-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2020	2019
Shares	–	–
Other securities		
Originated loans:	48,251,030.41	43,157,865.78
Other short term financial assets		
	48,251,030.41	43,157,865.78

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

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

Under agreement dated November 12, 2018, on November 15, 2018 the Company disbursed a loan to Infosys Technologies to Brasil Ltda., a related company, of US$ 5,000,000.00.

4.2 Short-term financial assets in other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Shares	–	–
Deposits maturing in more than three months	75,231,238.12	45,148,130.14
Originated loans	–	–
Other short-term financial assets — forwards	1,436,400.00	–
	76,667,638.12	45,148,130.14

4.3 Cash and other monetary assets

in PLN

Particulars	As at March 31,	
	2020	2019
Cash in hand and at bank	10,547,979.12	10,947,029.13
other cash	50,054,466.00	155,488,790.40
Cash at VAT accounts	–	–
	60,602,445.12	166,435,819.53

5. Short-term prepayments

in PLN

Particulars	As at March 31,	
	2020	2019
Car insurance	–	–
Gifts/vouchers not handed out	25,600.00	18,870.00
Service contracts	832,156.41	337,008.98
Accident and civil liability insurance	–	40,524.11
Subscription/access to databases	–	305,803.19
Prepayments	35,467.02	–
	893,223.43	702,206.28

6. Long-term financial assets in related parties

in PLN

Particulars	As at March 31,	
	2020	2019
Infosys Consulting Sp. z o.o.	61,800,000.00	–
	61,800,000.00	–

Under a share purchase agreement dated February 20, 2020 the Company acquired shares of Infosys Consulting Sp zoo amounting to PLN 61.800.000.

7. Long-term investments in other entities

in PLN

Particulars	As at March 31,	
	2020	2019
Financial assets available for sale	–	–
Tidalscale investment	4,693,951.20	12,974,676.25
House of Funds investment	13,116,819.53	–
	17,810,770.73	12,974,676.25

The Company invested US$ 2,300,000 on May 14, 2019 and US$ 1,625,000 on March 04, 2020 in the House of Funds. The valuation method is fair value through profit or loss.

8. Equity

8.1 Ownership structure of the share capital

in PLN

Shareholder	Number of shares	Face value of shares	% interest
Infosys BPM Limited (formerly: Infosys BPO Limited)	5,000.00	2,500,000.00	100%
	5,000.00	2,500,000.00	100%

8.2 Proposed distribution of profit for the financial year

The Company's Management Board proposes to allocate the profit for the financial year to finance the loss from the previous year and increase the reserve capital.

9. Provisions

9.1 Provisions for retirement and similar benefits

in PLN

Particulars	Retirement benefits	Other	Total
April 1, 2019	826,101.00	20,247,616.65	21,073,717.65
Increases	1,062,230.00	25,196,735.23	26,258,965.23
Used	–	(20,247,616.65)	(20,247,616.65)
Reversed	(826,101.00)	–	(826,101.00)
March 31, 2020	1,062,230.00	25,196,735.23	26,258,965.23
of which:			
long-term	1,015,441.00	–	1,015,441.00
short-term	46,789.00	25,196,735.23	25,243,524.23

Other short-term provisions for employee benefits include (by basis):

in PLN

provision for unused annual leave	12,835,156.00
provisions for bonuses	6,481,310.28
provision for retirement and disability benefits	735,214.76
provision for overtime	5,145,054.19
	25,196,735.23

9.2 Other short-term provisions

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

in PLN

Particulars	Other	Total
April 1, 2019	3,213,688.00	3,213,688.00
Increases	652,300.00	652,300.00
Used	–	–
Reversed	–	–
March 31, 2020	3,865,988.00	3,865,988.00

10. Long-term liabilities

10.1 Age distribution of long-term liabilities to related undertakings

Not applicable

10.2 Age distribution of long-term liabilities to other undertakings

Not applicable

10.3 Liabilities to the state budget or local government bodies on account of obtaining ownership rights to buildings and facilities

Not applicable

11. Short-term liabilities

11.1 Short-term trade liabilities to related parties of PLN 237,451.81 are due within 12 months from the Balance Sheet date.

11.2 Short-term trade liabilities to other entities of PLN 8,820,700.07 are due within 12 months from the Balance Sheet date.

11.3 Short-term liabilities due to taxes, customs duty, insurance and other benefits

in PLN

Particulars	As at March 31,	
	2020	2019
PIT-4 settlements	930,540.97	1,222,337.62
Social security settlements	4,280,642.11	7,949,918.27
ECP budget settlements	206,493.07	–
SFRHP budget settlements	(232.57)	–
WHT settlements	–	(1.38)
	5,417,443.58	9,172,254.51

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

in PLN

Particulars	As at March 31,	
	2020	2019
Measurement of financial instruments	930,000.00	548,900.00
	930,000.00	548,900.00

The Company uses forward contracts to hedge its foreign exchange risk.

12. Other accruals

12.1 Long-term accruals

in PLN

Particulars	As at March 31,	
	2020	2019
Deferred discount received due to a rent — long-term portion	5,160,018.17	6,990,214.89
	5,160,018.17	6,990,214.89

12.2 Short-term accruals

in PLN

Particulars	As at March 31,	
	2020	2019
Provision for the costs of business trips	13,166.00	4,625.00
Deferred discount received due to a rent — short-term portion	1,659,423.96	1,695,247.59
Deferred income — EU subsidy	8,130,452.55	8,130,452.55
Other	107.86	1,810,303.24
	9,803,150.37	11,640,628.38

13. Sales revenue

in PLN

Particulars	As at March 31,	
	2020	2019
Geographic information		
Revenue from sales of services		
Domestic	29,641,863.04	30,652,518.81
Exports	252,626,285.12	238,361,173.29
	282,268,148.16	269,013,692.10

Revenue by type

Revenue from sales of products

in PLN

Particulars	As at March 31,	
	2020	2019
Services	282,268,148.16	288,238,979.55
	282,268,148.16	288,238,979.55

14. Other operating income

This item includes the performance of the contract with Cloudyn in the amount of PLN 1,785,615.44. The Company sold the investment in Cloudyn in the year ended March 31, 2018. On May 23, 2020 we received PLN 1,782,389.49 for the issue of an escrow account. The remaining part includes mainly the performance of loyalty agreements with employees.

15. Other operating costs

This item includes provisions for potential income losses in the amount of PLN 385,368.74, and other provisions for receivables.

16. Interest income

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

from April 1, 2019 to March 31, 2020

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Loans and receivables	1,903,698.37	662,364.12	1,232,623.51	–	3,798,686.00
	1,903,698.37	662,364.12	1,232,623.51	–	3,798,686.00

from April 1, 2018 to March 31, 2019

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Loans and receivables	2,620,406.29	(37,180.83)	1,213,936.65	–	3,797,162.11
	2,620,406.29	(37,180.83)	1,213,936.65	–	3,797,162.11

17. Other financial income

Other financial income in the amount of PLN 6,328,001.11 results from currency valuation.

18. Interest cost

(including those arising from financial obligations contracted)

from April 1, 2019 to March 31, 2020

in PLN

Particulars	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Other	22,817.55	–	–	–	22,817.55
	22,817.55	–	–	–	22,817.55

from April 1, 2018 to March 31, 2019

in PLN

Receivables, claims and liabilities other than those categorised as financial assets and liabilities	Realized interest	Unrealized interest, due within			Total
		Up to 3 months	3–12 months	Over 12 months	
Other	15,658.67	–	–	–	15,658.67
	15,658.67	–	–	–	15,658.67

19. Other financial costs

The loss in the amount of PLN 12,360,656.72 results from valuation of the Tidalscale investment.

Other financial costs in the amount of PLN 1,457,600, result from exchange rate differences realized under forward contracts

20. Income tax

in PLN

Particulars	As at March 31,	
	2020	2019
Current income tax	4,413,929.39	5,385,216.48
Deferred tax	703,153.65	1,642,386.09
	5,117,083.03	7,027,602.57

21. Deferred income tax

in PLN

Particulars	As at March 31,	
	2020	2019
Deductible temporary differences:		
Provision for annual leave	12,835,156.00	11,207,584.94
Provision for bonuses, overtime, retirement and disability benefits	6,297,617.80	6,920,296.39
Accrued exchange losses	–	316,269.74
Provisions for other costs	19,960,466.15	15,760,024.07
Fixed assets	670,438.44	2,167,521.60
Measurement of derivatives	–	648,900.00
SEZ tax credit	16,059,202.11	31,103,402.85
Reserve for additional after-sales services	1,869,725.26	933,343.04
Provision for unfinished services	18,306,122.41	6,501,874.01
	75,998,728.17	75,559,216.64
Gross deferred tax assets	14,439,758.35	14,356,251.16
Net deferred tax assets	14,439,758.34	14,356,251.16

in PLN

Particulars	As at March 31,	
	2020	2019
Taxable temporary differences:		
Accrued exchange gains	–	1,090,426.26
Measurement of derivatives	–	636,920.54
Interest accrued on deposits	–	2,030,814.70
Provisions for income	7,898,481.71	–
	7,898,481.71	3,758,161.50
Deferred tax liability	1,500,711.51	714,050.69
Deferred tax assets recognized in the Balance Sheet	14,439,758.34	14,356,251.16
Deferred tax liability recognized in the Balance Sheet	1,500,711.51	714,050.69

in PLN

Particulars	As at March 31,	
	2020	2019
Net Balance Sheet change in deferred tax assets/liability	(703,153.65)	(1,642,386.09)
Value of deferred tax recognized in capitals in the period	–	–
Change in deferred tax charged to profit or loss	(703,153.65)	(1,642,386.09)

22. Expenditure on non-current non-financial assets

in PLN

Particulars	As at March 31,	
	2020	2019
Expenditure on non-current non-financial assets:		
– incurred in the current year	1,770,996.59	2,849,460.30
– planned	3,366,274.81	3,606,310.00

23. Explanations to the cash flow statement

23.1 Gain/loss on investments

in PLN

Particulars	As at March 31,	
	2020	2019
Other — gain/loss on forwards	12,521,608.00	12,817,055.57
	12,521,608.00	12,817,055.57

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

in PLN

Particulars	As at March 31,	
	2020	2019
Change in short-term liabilities	5,287,642.29	(1,421,666.51)
	5,287,642.29	(1,421,666.51)

23.3 Acquisition of intangible assets and property, plant and equipment

in PLN

Particulars	As at March 31,	
	2020	2019
Increases in fixed assets	(1,770,996.59)	(2,808,618.91)
Change in liabilities due to acquisition of property, plant and equipment	–	(40,830.52)
	(1,770,996.59)	(2,849,449.43)

24. Information on the nature and economic purpose of agreements concluded by the Company not included in the Balance Sheet

Not applicable

25. Related party transactions

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

in PLN

Particulars	Liabilities	Receivables	Loans to
Infosys Shanghai	–	–	23,169,553.52
Lodestone Brazil	–	–	21,819,528.46
Infosys China	–	–	3,261,948.43
Infosys Limited	202,416.40	1,489,326.12	–
Infosys Consulting Sp. zoo	–	505,843.63	–
Infosys Consulting GmbH	–	1,258,676.82	–
Infosys BPM Limited	35,015.09	2,715,380.82	–
Infosys (Czech Republic) Limited s.r.o.	20.32	(831.41)	–
	237,451.81	5,968,395.98	48,251,030.41

25.2 Revenue from related party transactions in the financial year

in PLN

Particulars	Sales revenue
Infosys Limited	16,195,335.10
Infosys BPM Limited	7,659,101.12
Lodestone Germany	1,258,676.82
Infosys Consulting Sp. z o.o.	505,843.63
Infosys (Czech Republic) Limited s.r.o.	5,152.70
	25,624,109.37

25.3 Cost of related party transactions in the financial year

in PLN

Particulars	Purchase of services
Infosys China	109,173.54
Infosys Brazil	(287,312.63)
Infosys Shanghai	779,548.16
Lodestone Brazil	1,007,874.78
Infosys BPM Limited	(45,110.82)
Infosys (Czech Republic) Limited s.r.o.	(28,637.39)
	1,535,535.64

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

There were no material related-party transactions that would be concluded on non-arm's length terms.

27. Staff

in PLN

Average number of staff in the financial year:	2020	2019
Office employees	2,211.00	2,117.00

28. 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 administrative bodies did not receive any loans or similar benefits. Moreover, these persons did not receive any remuneration in the financial year ended March 31, 2020.

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

in PLN

Particulars	2020	2019
Fee for the audit of annual financial statements	64,527.00	58,067.55

30. Events related to previous years disclosed in the financial statements of the financial year

There were no events related to previous years, which were recognized in the financial statements for the financial year.

31. Post Balance Sheet events not recognized in the financial statements

The COVID-19 pandemic caused the Company to have a minimal influence on revenues, but only at the end of the fourth quarter of the financial year ended March 31, 2020.

The Company has adapted its service management, in close cooperation with its customers, so that the impact of COVID-19 on their operations is limited. As a result, disruptions to operations were kept to a minimum and employees supported the customers' operations via a remote operation system.

The Company analyzed the possible effects of the COVID-19 pandemic and its impact on the carrying amounts of receivables, provisions for revenue, loans, investments and other assets. In developing its business assumptions as regards uncertainty in the global economic environment resulting from the pandemic, the Company used all available information to assess the recoverability of its assets. In view of the said uncertainty, the Management is aware that the pandemic may affect the carrying value of assets and financial results for the next financial year. However, at the date of preparation of these financial statements, the net working capital and the net asset item are positive and, based on current estimates, the Management expects that the carrying value of the assets will be recovered. Therefore, no adjustments to the financial statements as at March 31, 2020 deem necessary.

There are a number of measures to protect revenue, including continuous evaluation of cost optimization measures, and the Management will continue to monitor closely any significant changes in future economic conditions.

32. Changes in accounting rules / adjustment for error

not applicable

33. Information on non-consolidated joint ventures

Not applicable

34. Consolidated financial statements

The consolidated financial statements will be prepared separately in accordance with the Accounting Act.

35. 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 December 10, 2012.

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

36. Asset collaterals established by the Company

Not applicable

37. Discontinued operations

Not applicable

38. Mergers of companies

Not applicable

39. Continuation of operations

The financial statements were prepared on a going concern basis. The impact of events described in note "Events after the Balance Sheet date not included in the financial statements" has been assessed by the Management of the undertaking as not posing any significant threat to the continuation of its business activity with no material changes.

40. Financial instruments

40.1 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 40.6.

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 USD 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.

40.2 Description of financial instruments

in PLN

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
Cash	in hand and at bank	10,547,979.12	Not applicable
Cash	deposits	20,117,321.00	Interest of 1.17%, maturing by March 3, 2020
		55,113,918.00	Interest of 1.05%, maturing by April 30, 2020

Portfolio	Quantity	Carrying amount	Terms and conditions affecting future cash flows
		30,032,219.00	Interest of 1.4%, maturing by May 4, 2020
		20,022,247.00	Interest of 1.45%, maturing by June 3, 2020
Financial assets available for sale			
	Tidalscale investment	4,693,951.20	
	House of Funds investment	13,116,819.53	

40.3 Carrying amount of financial instruments measured at fair value

Not applicable

40.4 Changes in revaluation reserve in respect of financial instruments

Not applicable

40.5 Interest rate risk

in PLN

Financial instruments:	2020	2019
	Carrying amount	Carrying amount
– Fixed interest rate		
Financial assets	173,536,734.53	243,794,786.32
Including:		
Loans	48,251,030.41	43,157,865.78
Deposits	125,285,704.12	200,636,920.54

As at the Balance Sheet date, the Company did not have any financial instruments for which the redemption date falls earlier than the date originally specified in the contract.

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.

40.6 Credit risk

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

in PLN

Particulars	As at March 31,	
	2020	2019
Financial assets:	Carrying amount	Carrying amount
Loans	48,251,030.41	43,157,865.78
Trade receivables	65,458,270.11	40,974,335.61
Other short-term financial assets — deposits	75,231,238.12	45,148,130.14
Other short-term financial assets - Futures contracts	1,436,400.00	–
Cash — deposits	50,054,466.00	155,488,790.40
Cash — other	10,547,979.12	10,947,029.13
Financial assets available for sale	17,810,770.73	12,974,676.24
	268,790,154.49	308,690,827.30

in PLN

Particulars	As at March 31,	
	2020	2019
Financial liabilities:	Carrying amount	Carrying amount
Valuation of financial instruments	930,000.00	548,900.00

40.7 Impairment losses on financial assets

Not applicable

40.8 Impossible to determine the fair value

Not applicable

40.9 Fair value of financial assets and liabilities

Not applicable

40.10 Transactions where financial assets have been converted into securities or repurchase contracts

Not applicable

41. Information on costs related to research and development work which have not been recognized as intangible assets pursuant to Article 33 item 2.

Not applicable

42. Interest and exchange rate differences which increased the acquisition price or cost of manufacture in the financial year

Not applicable

43. Fixed assets write-offs for long-term financial and non-financial assets

Not applicable

44. List of companies (name, registered office) in which the entity has an interest in the capital

Infosys Consulting Sp. z o.o.

ul. Strzegomska 142A 54-429 Wrocław

in PLN

Equity as at December 31, 2019	8,187,806.94
Profit gained in the year ended December 31, 2019	7,127,826.27
% share in the capital	100%

Arindam Roy Chowdhury
Member of the Board

Anup Kapoor
Member of the Board

Łódź, June 3, 2020

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Infosys (Czech Republic) Limited s.r.o

Introduction

Company: Infosys (Czech Republic) Limited s.r.o.,

Vlněna 526/1, Trnitá, 602 00 Brno,

Czech Republic

Corporate ID No.: 269 18 757

(Hereinafter "the Company")

Period: April 1, 2019 to March 31, 2020

Introduction

The nature of the services (business process outsourcing) provided by 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 to the Trade Licensing Act

Fields of activity:

- Services in the area of administration and services of an organizational and economic nature
- Provision of software, information technology consulting, data processing, hosting and related activities and web portals
- Guidance and consulting activities, production of expert studies and opinions
- Research and development in the field of natural and technical sciences or social sciences
- Intermediation in trade and services
- Translation and interpretation activities

2. Activities of accounting advisors and accounts keeping, tax record keeping

Description of activities:

Technical Contact Center

Providing technical support to Infosys clients' personnel and / or customers via phone, mail, or chat

Support provided in most European languages

Finance and accounting

Providing expert accounting support in the following areas:

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

Insurance services

Processes:

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

Banking services

Providing services to European clients of an American banking institution during the transition to a new reporting software

Digital content management services

Analyzing, updating, and reporting on digital content for a major American hi-tech manufacturer

Sales support

Support of sales and quoting activities in the European 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 support and quality control
- Transition and due-diligence support
- Project management support
- Process and operation consulting
- Application development and maintenance
- IT services management

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

- 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.

Changes in the Supervisory Board:

On July 9, 2019, Narayanan Sampath ceased to be a member of the Supervisory Board.

On July 9, 2019, Jan Skoták became a member of the Supervisory Board.

Both changes in the Supervisory Board were registered in the Commercial Register on August 26, 2019.

Change of the registered office of the Company:

On February 24, 2020, the registered office of the Company changed to Vlněna 526/1, Trnitá, 602 00 Brno. This change was registered in the Commercial Register on February 24, 2020.

- about a forecasted development in activities of the reporting unit

  Estimation of uncertainties concerning the COVID-19 global pandemic in the area of health

  The Company assessed possible impacts on the carrying amounts of receivables and unvoiced revenues that may arise from the COVID-19 pandemic. In developing assumptions concerning potential future uncertainties in the global economic conditions, due to this pandemic the Company used both internal and external information sources and related information and economic forecasts as of the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets and will continue to thoroughly monitor all significant changes of future economic conditions.

The turnover for 2019-20 amounted to 512,708 TCZK compared to 386,724 TCZK for 2018-19. The number of employees as of March 31, 2020 (including employees on maternity and parental leave) amounted to 702 (March 31, 2019 – 593 employees).

It is expected that in fiscal 2020-21 there will be 782 (excluding employees on maternity and parental leave) employees and turnover of 571,600 TCZK

- about any R&D activities: none
- about acquisition of own shares or own ownership interests

The Company has acquired no own shares or ownership interests.

- about any activities in the area of environmental protection

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

- about labor-law relations

The Company meets all conditions arising from labor-law relations stipulated by the Labor Code.

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

Enclosures:

1. Balance Sheet as of March 31, 2020
2. Profit and Loss Account for the period from April 1, 2019 to March 31, 2020
3. Notes to the financial statements
4. Report on Relations 2019-20
5. Auditor's report

Date: May 18, 2020

Signature

KAPIL JAIN
Company Executive Director

Independent Auditor's Report

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

Having its registered office at: Vlněna 526/1, Trnitá, 602 00 Brno

Opinion

We have audited the accompanying financial statements of Infosys (Czech Republic) Limited s.r.o. (hereinafter also the "Company") prepared on the basis of accounting regulations applicable in the Czech Republic, which comprise the Balance Sheet as of March 31, 2020, 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, 2020, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Basis for Opinion

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

Other Information in the Annual Report

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

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

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

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

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

Responsibilities of the Company's Statutory Executive and Supervisory Board for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

In Prague on May 18, 2020

Audit firm:	Statutory auditor:
Deloitte Audit s.r.o.	Miroslav Zigáček
Registration number : 079	Registration number : 2222

Balance Sheet

(in CZK thousand)

	Particulars	As of March31,			
		2020			2019
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	441,656	75,147	366,509	337,981
B.	Fixed assets	128,523	75,016	53,507	59,053
B.I.	Intangible fixed assets	3,092	756	2,336	2,954
B.I.2.	Valuable rights	3,092	756	2,336	2,954
B.I.2.1.	Software	3,092	756	2,336	2,954
B.II.	Tangible fixed assets	125,431	74,260	51,171	21,647
B.II.1.	Land and structures	32,770	11,372	21,398	345
B.II.1.2.	Structures	32,770	11,372	21,398	345
B.II.2.	Tangible movable assets and sets of tangible movable assets	91,260	62,888	28,372	19,902
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	1,401	–	1,401	1,400
B.II.5.2.	Tangible fixed assets under construction	1,401	–	1,401	1,400
B.III.	Non-current financial assets	–	–	–	34,452
B.III.5.	Other non-current securities and investments	–	–	–	34,452
C.	Current assets	311,661	131	311,530	277,346
C.II.	Receivables	100,319	131	100,188	117,168
C.II.1.	Long-term receivables	16,180	–	16,180	16,672
C.II.1.4.	Deferred tax asset	3,123	–	3,123	9,416
C.II.1.5.	Receivables - other	13,057	–	13,057	7,256
C.II.1.5.2.	Long-term prepayments made	13,057	–	13,057	7,256
C.II.2.	Short-term receivables	84,139	131	84,008	100,496
C.II.2.1.	Trade receivables	65,887	131	65,756	81,491
C.II.2.4.	Receivables - other	18,252	–	18,252	19,005
C.II.2.4.3.	State - tax receivables	3,344	–	3,344	1,415
C.II.2.4.4.	Short-term prepayments made	7,683	–	7,683	
C.II.2.4.5.	Estimated receivables	7,222	–	7,222	17,579
C.II.2.4.6.	Sundry receivables	3	–	3	11
C.IV.	Cash	211,342	–	211,342	160,178
C.IV.1.	Cash on hand	1,050	–	1,050	2
C.IV.2.	Cash at bank	210,292	–	210,292	160,176
D.	Other assets	1,472	–	1,472	1,582
D.1.	Deferred expenses	1,472	–	1,472	1,582

Liabilities

(in CZK thousand)

	Particulars	As of March31,	
		2020	2019
	TOTAL LIABILITIES AND EQUITY	366,509	337,981
A.	Equity	252,472	215,704
A.I.	Share capital	18,750	18,750
A.I.1.	Share capital	18,750	18,750
A.II.	Share premium and capital funds	–	(19,767)
A.II.2.	Capital funds	–	(19,767)
A.II.2.2.	Gains or losses from the revaluation of assets and liabilities (+/-)	–	(19,767)
A.III.	Funds from profit	1,875	1,875
A.III.1.	Other reserve funds	1,875	1,875
A.IV.	Retained earnings (+/-)	214,846	205,816
A.IV.1.	Accumulated profits or losses brought forward (+/-)	214,846	205,816
A.V.	Profit or loss for the current period (+/-)	17,001	9,030
B.+C.	Liabilities	105,907	100,001
B.	Reserves	18,797	51,715
B.II.	Income tax reserve	4,135	4,323
B.IV.	Other reserves	14,662	47,392
C.	Payables	87,110	48,286
C.II.	Short-term payables	87,110	48,286
C.II.4.	Trade payables	32,193	9,688
C.II.8.	Other payables	54,917	38,598
C.II.8.3.	Payables to employees	23,506	22,062
C.II.8.4.	Social security and health insurance payables	9,746	6,013
C.II.8.6.	Estimated payables	21,385	10,509
C.II.8.7.	Sundry payables	280	14
D.	Other liabilities	8,130	22,276
D.1.	Accrued expenses	1,801	14,394
D.2.	Deferred income	6,329	7,882

Profit and Loss Account

(in CZK thousand)

	Particulars	Year ended March 31,	
		2020	2019
I.	Sales of products and services	512,708	386,724
A.	Purchased consumables and services	74,578	67,631
A.2.	Consumed material and energy	5,953	5,936
A.3.	Services	68,625	61,695
D.	Staff costs	363,664	265,435
D.1.	Payroll costs	266,119	193,142
D.2.	Social security and health insurance costs and other charges	97,545	72,293
D.2.1.	Social security and health insurance costs	89,988	66,922
D.2.2.	Other charges	7,557	5,371
E.	Adjustments to values in operating activities	12,500	8,461
E.1.	Adjustments to values of intangible and tangible fixed assets	12,448	8,449
E.1.1.	Adjustments to values of intangible and tangible fixed assets - permanent	12,448	8,449
E.3.	Adjustments to values of receivables	52	12
F.	Other operating expenses	10,794	38,674
F.1.	Net book value of sold fixed assets	76	–
F.3.	Taxes and charges	59	34
F.4.	Reserves relating to operating activities and complex deferred expenses	(32,730)	36,978
F.5.	Sundry operating expenses	43,389	1,662
*	Operating profit or loss (+/-)	51,172	6,523
IV.	Income from non-current financial assets - equity investments	17,929	–
IV.2.	Other income from equity investments	17,929	–
G.	Costs of equity investments sold	54,219	–
VI.	Interest income and similar income	2	247
VI.2.	Other interest income and similar income	2	247
VII.	Other financial income	21,713	14,026
K.	Other financial expenses	7,279	4,201
*	Financial profit or loss (+/-)	(21,854)	10,072
**	Profit or loss before tax (+/-)	29,318	16,595
L.	Income tax	12,317	7,565
L.1.	Due income tax	6,024	11,418
L.2.	Deferred income tax (+/-)	6,293	(3,853)
**	Profit or loss net of tax (+/-)	17,001	9,030
***	Profit or loss for the current period (+/-)	17,001	9,030
*	Net turnover for the current period	552,352	400,997

Statement of Changes in Equity

(in CZK thousand)

	Share capital	Gains or losses from the revaluation of assets and liabilities (+/-)	Funds from profit, reserve fund	Accumulated profits or losses brought forward	Profit or loss for the current period	TOTAL EQUITY
Balance at 31 March 2018	18,750	11,832	1,875	207,148	(1,332)	238,273
Distribution of profit or loss	–	–	–	(1,332)	1,332	–
Gains or losses from the revaluation of assets and liabilities	–	(31,599)	–	–	–	(31,599)
Profit or loss for the current period	–	–	–	–	9,030	9,030
Balance at 31 March 2019	18,750	(19,767)	1,875	205,816	9,030	215,704
Distribution of profit or loss	–	–	–	9,030	(9,030)	–
Gains or losses from the revaluation of assets and liabilities	–	19,767	–	–	–	–
Profit or loss for the current period	–	–	–	–	17,001	17,001
Balance at March 31, 2020	18,750	–	1,875	214,846	17,001	252,472

Cash Flow Statement

(in CZK thousand)

	Particulars	Year ended March 31,	
		2020	2019
P.	Opening balance of cash and cash equivalents	160,178	140,899
	Cash flows from ordinary activities (operating activities)		
Z.	Profit or loss before tax	29,318	16,595
A.1.	Adjustments for non-cash transactions	16,134	51,975
A.1.1.	Depreciation of fixed assets	12,448	8,449
A.1.2.	Change in provisions and reserves	(32,678)	43,773
A.1.3.	Profit/(loss) on the sale of fixed assets	36,366	–
A.1.5.	Interest expense and interest income	(2)	(247)
A.*	Net operating cash flow before changes in working capital	45,452	68,570
A.2.	Change in working capital	35,425	(31,898)
A.2.1.	Change in operating receivables and other assets	10,747	(45,768)
A.2.2.	Change in operating payables and other liabilities	24,678	13,870
A.**	Net cash flow from operations before tax	80,877	36,672
A.5.	Income tax paid from ordinary operations	(6,212)	(1,091)
A.***	Net operating cash flows	74,665	35,581
	Cash flows from investing activities		
B.1.	Fixed assets expenditures	(41,430)	(16,302)
B.2.	Proceeds from fixed assets sold	17,929	
B.***	Net investment cash flows	(23,501)	(16,302)
	Cash flow from financial activities		
C.***	Net financial cash flows		
F.	Net increase or decrease in cash and cash equivalents	51,164	19,279
R.	Closing balance of cash and cash equivalents	211,342	160,178

Year ended March 31, 2020

(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 Licensing Act, and accounting advisory, book-keeping and tax records keeping.

Reporting Period

April 1, 2019 –March 31, 2020

Company owners

The Company's shareholder as of March 31, 2020:

Infosys BPM Limited 100 %

561229 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.

Vlněna 526/1, Trnitá

Postcode 602 00, Brno

Corporate ID

269 18 757

Statutory Body

The sole Executive Director of the Company as of March 31, 2020:

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, 2020:

Chairman of the Board of Directors:

RITESH GANDHI

Member of the Board of Directors

JAN SKOTÁK

The consolidated financial statements of the broadest group of reporting entities, the part of which the Company as a consolidated entity is, are prepared by Infosys Limited, based in Electronics City, Hosur Road, 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, Bangalore, 560 100 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, 2020, the following changes were recorded:

Registered office of the Company

Vlněna 526/1, Trnitá,

602 00, Brno

Member of the Supervisory Board:

NARAYANAN SAMPATH,

born on May 11, 1959

560070 Bengaluru, F 301, Adarsh Residency, 47th Cross, 8th Block, Jayanagar, Republic of India

Membership origination date: July 18, 2018

Recorded on: July 9, 2019

Member of the Supervisory Board:

JAN SKOTÁK,

born on September 19, 1974

Sochorova 3214/44, Žabovřesky, 616 00 Brno

Membership origination date: July 9, 2019

Organizational structure

The Company is managed by the Executive Director.

2. Significant accounting policies applied by the Company

The financial statements were prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended (hereinafter "the Accounting Act") and Regulation No. 500/2002 Coll. of the Ministry of Finance of the Czech Republic, which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are businesses maintaining double-entry accounting records, as amended (hereinafter "the Regulation").

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

Estimation of uncertainties concerning the COVID-19 global pandemic in the area of health

The Company assessed possible impacts on the carrying amounts of receivables and unvoiced revenues that may arise from the COVID-19 pandemic. In developing assumptions concerning potential future uncertainties in the global economic conditions due to this pandemic, the Company used both internal and external information sources and related information and economic forecasts as of the date of approval of these financial statements. The Company expects to recover the carrying amount of these assets and will continue to thoroughly monitor all significant changes of future economic conditions.

(a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at cost. Tangible and intangible fixed assets with the acquisition cost of less than CZK 2,500 are not presented on the face of the Balance Sheet and are expensed in the year of acquisition. The following table shows the depreciation methods and periods by asset type:

Asset	Depreciation method	Time of depreciation
Office equipment	straight-line	60 months
PC equipment	straight-line	30 - 60 months

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

(b) Non-current financial assets

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

In line with the Act and the Regulation, securities and equity investments are measured at acquisition cost. In the event of impairment of the financial assets, the Company recognizes a provision.

(c) Provisions and reserves

Receivables

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

Reserves

Reserve for outstanding vacation days

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

Income tax reserve

The income tax reserve is established due to the fact that the date of preparing the financial statements precedes the date at which the tax liability is determined. In the subsequent reporting period, the reserve is released and the identified tax liability is recognized. The Company recognizes the income tax reserve in an amount corresponding to the created reserve net of income tax prepayments made if these are lower than the anticipated tax. If such prepayments are higher than or equal to the anticipated tax liability, no income tax reserve is recognized by the Company.

Reserve for warranty claims

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

Reserve for other risks

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

(d) Foreign currency translation

Transactions denominated in foreign currencies are translated using a fixed monthly exchange rate determined based on the daily exchange rate promulgated by the Czech National Bank as of the first business day of each calendar month. The exchange rate is applicable for all transactions occurring in the relevant month. Customer invoices are translated using the exchange rate promulgated by the

Czech National Bank as of the date of the invoice issuance. Payments in CZK from a bank account maintained in a foreign currency (EUR, USD) are translated using an internal exchange rate of Citi Bank a.s., Deutsche Bank. During the reporting period, solely realized foreign exchange rate gains and losses are reported.

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

(e) Assets held under leases

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

(f) Income taxation

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

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

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

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

(g) Classification of payables

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

Accrued expenses and deferred income are recognized in Balance Sheet item D 'Other liabilities' as long-term. The presentation treatment corresponds to that of deferred expenses and accrued income in both the current and previous periods.

(h) Other operating income

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

(i) Accruals and deferrals accounts

Deferred expenses include expenses relating to the costs of future reporting periods.

Accrued expenses include expenses relating the current reporting period but the respective cost has not yet been incurred. This principally relates to the impacts of rental/ operating lease payments distributed evenly over the contract term on an accrual basis.

Deferred income consists of income relating to future reporting periods. Income from accrual contracts is recognized when the relating services are realized and the income from the latest billing as of the recognition date is recognized as unbilled income.

(j) Revenue recognition

Revenues are recognized as of the date of realizing sales net of discounts and income taxes. With regard to long-term contracts for which the course of billing precedes the course of delivering services defined based on the proportion of the time spent to the total contract term, the Company recognizes a proportionate part of such billing on an accrual basis in the form of deferred income. Otherwise, when services are delivered prior to billing, the Company recognizes a proportionate part of such billing on an accrual basis in the form of estimated receivables.

Reserves for potential losses arising from contracts in progress are recognized in the period in which they are likely to be incurred based on estimated contracts as of the Balance Sheet date.

(k) Cash and cash equivalents

Cash on hand includes cash on hand and stamps and vouchers, or cash in transit relating to this item.

Cash on bank accounts relates to balances on accounts, especially bank accounts, or cash relating to this item.

Cash flows are recognized using the indirect method, with the profit for the period being adjusted by the impacts of non-cash transactions, deferrals, accruals or deferrals of past or future operating income or payments, and income and expense items relating to the investments of cash flows. Cash flows from the Company's operating, investment and financial activities are separated. All highly-liquid investments that are easily convertible into cash are considered known cash equivalents.

(l) Employee benefits

The Company has prepared a policy on compensated cumulated absence. The estimated costs of cumulated absence are determined based on an actuarial valuation conducted by an independent actuary as of each Balance Sheet date using the method of estimated unit time period.

(m) Related party transactions

The Company's Related Parties refer to:

- Parties that may exercise, directly or indirectly, a material or controlling influence over the Company and their subsidiaries; and
- Members of the statutory, supervisory and management bodies of the Company or its parent company and close persons of the aforementioned parties, including associates and subsidiaries of those members or persons.

The Company has entered into a transfer pricing agreement with the parent company and fellow subsidiaries. All related party transactions are recorded in line with this transfer pricing agreement.

(n) Subsequent events

The impact of events which occurred between the Balance Sheet date and the date of preparing the financial statements is presented in the financial statements when these events provided additional information on facts that existed as of the Balance Sheet date.

When significant post-Balance Sheet events occurred between the Balance Sheet date and the date of preparing the financial statements, the impacts of those events are disclosed in the notes to the financial statements but are not presented in the financial statements.

3. Changes in accounting principles and policies

In the year ended March 31, 2020, 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 April 1, 2019	10 358	77 574	34 452	122 384
Additions	23 377	17 992		41 369
Disposals	965	2 905	34 452	38 322
Exchange rate difference				
Reclassification	–	–	–	–
Balance at March 31, 2020	32 770	92 660	–	125 431
Accumulated depreciation				
Balance at April 1, 2019	10 013	56 272	–	66 285
Depreciation	2 324	9 521	–	11 845
Accumulated depreciation on disposals	965	2 905	–	3 870

Particulars	Buildings	Machinery and equipment, Account No. 042	Financial assets	Total
Reclassification	–	–	–	–
Balance at March 31, 2020	11 372	62 888	–	74 260
Net book value at April 1, 2019	345	21 302	34 452	56 099
Net book value at March 31, 2020	21 398	29 773	–	51 171

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

The most significant disposals of tangible fixed assets included the sale of financial assets (an equity investment 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, Account No. 042	Fixed assets under construction	Total
Cost				
Balance at April 1, 2018	10 358	65 798	50 907	127 063
Additions	–	12 913	–	12 913
Disposals	–	1 137	31 599	32 736
Reclassification	–	–	–	–
Balance at March 31, 2019	10 358	77 574	34 452	122 384
Accumulated depreciation				
Balance at April 1, 2018	9 644	49 764	–	59 408
Depreciation	369	7 645		8 014
Accumulated depreciation on disposals	–	1 137	–	1 137
Reclassification	–	–		
Balance at March 31, 2019	10 013	56 272	–	66 285
Net book value at April 1, 2018	714	16 034	50 907	67 655
Net book value at March 31, 2019	345	21 302	34 452	56 099

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, Brno, Postcode 639 00. The validity of lease agreements was terminated as of March 15, 2020. At the same time, new lease agreements were entered into with the validity from March 15, 2020 with the option of further extension. The total lease expenses amounted to CZK 18,190 thousand and CZK 25,416 thousand in the years ended March 31, 2020 and 2019, respectively.

6. Trade receivables and payables

(a) Short-term trade receivables amounted to CZK 65,887 thousand (March 31, 2019 – CZK 81,570 thousand), of which CZK 49,706 thousand (March 31, 2019 – CZK 56,491 thousand) included past-due receivables. The provision against doubtful receivables amounted to CZK 131 thousand and CZK 79 thousand as of March 31, 2020 and 2019, respectively.

(b) Short-term trade payables amounted to CZK 32,193 thousand (March 31, 2019 – CZK 9,688 thousand), of which CZK 14,055 thousand (March 31, 2019 – CZK 7,017 thousand) included past-due payables. The Company records no payables with maturity of more than five years.

7. Advance payments made

Short-term advance payments made include prepayments for the lease of residential and non-residential premises in the amount of CZK 7,683 thousand (March 31, 2019 – CZK 0 thousand).

Long-term advance payments made include prepayments for the lease of office premises in the amount of CZK 13,057 thousand (March 31, 2019 – CZK 7,256 thousand).

8. Statement of changes in equity

As of the date of signing the financial statements, no decision was made about the transfer of profit for fiscal 2019-2020. The Company's management anticipates transferring the profit generated in the reporting period to retained earnings.

9. Reserves

Particulars	Reserve for outstanding vacation days	Reserve for risks	Reserve for income tax	Reserve for other risks	Total
Balance at April 1, 2019	3 345	43 036	4 323	1 011	51 715
Change in reserves	944	(34 955)	(188)	1 281	(2 918)
Balance at March 31, 2020	4 289	8 081	4 135	2 292	18 797

The income tax reserve in the amount of CZK 9,500 thousand (March 31, 2019 – CZK 10,423 thousand), the advance payments made in the amount of CZK 5,365 thousand (March 31, 2019 – CZK 6,100 thousand), and the relevant payable are reported in the line 'Reserve for income tax' in the amount of CZK 4,135 thousand (March 31, 2019 – CZK 4,323 thousand).

The reserve for risks includes the costs of estimated losses and support subsequent to the sale / generation of income from the sale of services in the amount of CZK 8,081 thousand (March 31, 2019 – CZK 43,036 thousand) and the reserve for other risks amounts to CZK 2,292 thousand. The reserve for outstanding vacation days amounts to CZK 4,289 thousand (March 31, 2019 – CZK 3,345 thousand).

10. Sales

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

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	In-country	Europe and USA	India	Total	In-country	Europe and USA	India	Total
Advisory, HW and SW consulting	59 935	118 248	334 525	512 708	57 138	142 209	187 377	386 724
Total	59 935	118 248	334 525	512 708	57 138	142 209	187 377	386 724

11. Related party transactions

(a) Trade receivables and payables

Particulars	Receivables at March 31, 2020	Receivables at March 31, 2019	Payables at March 31, 2020	Payables at March 31, 2019
Infosys Poland Sp.z.o.o	–	69	5	(1)
Infosys BPM Ltd	402	1 484	–	–
Infosys Technologies Limited	34 472	19 683	–	–
Balance at March 31, 2020	34 874	21 236	5	(1)

Sales of goods and services and purchases thereof

Year ended March 31, 2020	Sales for the year	Purchases for the year
Infosys Poland Sp. z o.o.	170	31
Infosys BPM Ltd	18 763	–
Infosys Limited	315 604	–
Total	334 537	31

Year ended March 31, 2019	Sales for the year	Purchases for the year
Infosys Poland Sp. z o.o.	2 979	870
Infosys BPM Ltd	5 315	2 727
Infosys Limited	177 427	–
Total	185 721	3 597

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

In the years ended March 31, 2020 and 2019, the Company did not provide any benefits and loans to the members of its statutory bodies.

12. Services

The total costs of services amounted to CZK 68,625 thousand (March 31, 2019 – CZK 61,695 thousand), which principally included the lease expenses in the amount of CZK 18,190 thousand (March 31, 2019 – CZK 25,416 thousand).

13. Other operating expenses

In compliance with the decision of the Ministry of Trade on October 30, 2019, in the current reporting period the Company returned a subsidy amount of CZK 41,048 thousand due to a failure to meet several conditions concerning the subsidy provision.

14. Employees and managers

The average re-calculated number of employees and managers, and the staff costs for the years ended March 31, 2020 and 2019 were as follows:

Year ended March 31, 2020	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	598	262 567	89 242	7 545
Managers	1	3 462	746	12
Total	599	266 119	89 988	7 557

Year ended March 31, 2019	Headcount	Payroll costs	Social security and health insurance costs	Social costs
Employees	445	190 630	66 365	5 362
Managers	1	2 512	557	9
Total	446	193 142	66 922	5 371

15. Estimated receivables

Total estimated receivables amounted to CZK 7,222 thousand (March 31, 2019 – CZK 17,579 thousand) and included estimated unbilled services and accrual contracts income.

16. Estimated payables

Total estimated payables amounted to CZK 21,385 thousand (March 31, 2019 – CZK 10,509 thousand) and included estimated unbilled services.

17. Accrued expenses

Total accrued expenses amount to CZK 1,801 thousand (March 31, 2019 – CZK 14,394 thousand). Lease payments under operating leases are charged to expenses on a straight line basis in the profit and loss account over the lease term. An outstanding part of the lease is recorded as an accrued expense.

18. Deferred income

Total deferred income amounts to CZK 6,329 thousand (March 31, 2019 – CZK 7,882 thousand) and represents deferred income from long-term projects with customers.

19. Other financial expenses and income

Other financial expenses in the amount of CZK 7,279 thousand (March 31, 2019 – CZK 4,201 thousand) and other financial income in the amount of CZK 21,713 thousand (March 31, 2019 – CZK 14,026 thousand) principally included realized and unrealized foreign exchange rate gains and losses.

20. Other income from equity investments and costs of equity investments sold

Other income from equity investments in the amount of CZK 17,929 thousand (March 31, 2019 – CZK 0 thousand) and costs of equity investments sold in the amount of CZK 54,219 thousand. (March 31, 2019 – CZK 0 thousand) included reporting of the sale of the equity investment in Unsilo A/S.

21. Due amounts arising from social security and health insurance

The amounts due arising from social security and health insurance amounted to CZK 9,746 thousand (March 31, 2019 – CZK 6,013 thousand), of which the amount of CZK 6,929 thousand (March 31, 2019 – CZK 4,428 thousand) included estimated social security payments and the amount of CZK 2,817 thousand (March 31, 2019 – CZK 1,585 thousand) included estimated health insurance payments. None of these amounts were past their due dates.

22. 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.

23. Income taxation

(a) Tax currently payable

The income tax payable comprises the estimated tax amount for the taxation period ended March 31. 2020 in the amount of CZK 9,500 thousand (taxation period ended March 31, 2019 – CZK 10,423 thousand), and an adjustment of the estimated income tax for the taxation period ended March 31, 2019 of CZK 3,285 thousand (taxation period ended March 31, 2018 – CZK 995 thousand) and an overpayment in the amount of CZK 191 thousand.

(b) Deferred tax

Particulars	Asset		Liabilities	
	Balance at March 31,		Balance at March 31,	
	2020	2019	2020	2019
Fixed assets	312	396	–	–
Receivables	25	–	–	–
Reserves	2 786	9 005	–	–
Other temporary differences	3 123	15	–	–
Deferred tax asset / (liability)	312	9 416	–	–

In line with the accounting policies presented in Note 2 (f) above, the Company recognized a deferred tax asset, as it assumes that the deferred asset will be recovered, with regard to the result for the year ended March 31, 2020. In line with the accounting policies presented in Note 2 (f) above, in calculating deferred tax as of March 31, 2020, the applied tax rate amounted to 19% (2019 – 19%).

24. Off Balance Sheet commitments

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

The Company is not aware of any contingent liabilities.

The Company is not aware of any off-Balance Sheet payables or payables arising from guarantees not reported on the Balance Sheet.

25. 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	
	2020	2019
Total current financial assets	211 342	160 178
Cash and cash equivalents	211 342	160 178

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

26. 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, 2020.

Report on relations

For the accounting period April 1, 2019 – March 31, 2020

The Executive Director of the Company has drawn up the following Report on relations between

the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person in the sense of Section 82 of Act No. 90/2012 Coll., the Act on Business Corporations, for the period April 1, 2019 – March 31, 2020 (hereinafter referred to as "the Decisive Period"). Upon description of the relations, the obligation to keep trade secrets of the Company has been complied with.

1) Structure of the relations

According to the information available to the Executive Director of the Company acting with due managerial care, during the Decisive Period the Company was a member of the Infosys BPM group, in which the controlling person was Infosys BPM Limited (hereinafter referred to as "the Infosys BPM Group"). Infosys BPM Limited is a majority-owned and controlled subsidiary of Infosys Limited. The information about the persons belonging to the Infosys BPM Group is stated as at March 31, 2020 and is based on the information available to the Executive Director of the Company acting with due managerial care. The structure of the relationships in the Infosys BPM Group is shown in the overview which forms Annex No. 1.

Controlling person	Infosys BPM Limited, Plot Nos. 26/3, 26/4 and 26/6, Electronics City,Hosur Road, Bengaluru, 561229 India
Controlled person	Infosys (Czech Republic) Limited s.r.o, Vlněna, 526/1, Trnitá, 602 00 Brno, Czech Republic Corporate ID 269 18 757,

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

2) Role of the Company in the Infosys BPM Group

The Company is a majority-owned and controlled subsidiary of Infosys BPM Limited. Like other companies within the Infosys BPM Group, the Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client business processes and thereby improves their competitive position by managing their business processes in addition to providing increased value. The Company is a leading provider of business process management services to organizations that outsource their business processes. The Company provides services to these organizations (customers) mostly directly, partially also as a subcontractor of Infosys Poland Sp.z.o.o. or as a subcontractor of Infosys Limited or as a subcontractor of Infosys BPM Limited. In the latter cases, Infosys Poland Sp.z.o.o. or Infosys Limited or Infosys BPM Limited acts as the prime contractor to the customer and assumes all major risks in relation to the contract with the customer.

3) Manner and means of control of the Company

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

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

In the Decisive Period, the Company made no actions in the interest or at the initiative of the controlling person or persons controlled by the controlling person which related to property exceeding 10% of the equity of the Company as stated in the most recent set of financial statements.

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

a) Contracts between the controlled and the controlling person:

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

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys BPM Limited	18 763	–
Infosys Limited	315 604	–

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

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

Particulars	Sales for the Decisive Period in TCZK	Purchases for the Decisive Period in TCZK
Infosys Poland Sp.z.o.o.	170	31

6) Assessment of detriment and assessment of its settlement

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

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

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

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

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

On May 18, 2020

KAPIL JAIN
Executive Director
Infosys (Czech Republic) Limited s.r.o.

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Portland Group Pty. Ltd.

Independent Auditor's Report to the Board of Directors

Opinion

We have audited the financial report of Portland Group Pty Ltd (the "Company") which comprises the statement of financial position as at March 31, 2020, 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, 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical 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 auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended March 31, 2020, but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Deloitte Touche Tohmatsu

Harsh Shah
Partner
Chartered Accountants
Sydney, 15 May 2020

Directors' report

For the year ended March 31, 2020

The directors present their report together with the financial report of Portland Group Pty. Ltd. ('the Company'), for the financial year ended March 31, 2020 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr. Andrew James Jarvis

Mr. Andrew Stewart Groth

Mr. Abhay Harigobind Das Chauhan

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. Principal activities

The principal activities of the Company include provision of sourcing and category management service, project-based consultancy support and ongoing management services. The Company offers complete clients procurement and supply chain functions from innovative, high-end strategy to effective, low-cost transactional processing and resale of software.

There were no significant changes in the nature of the activities of the Company during the year. No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

3. Dividends

No dividends were paid during the current year and previous year. The directors do not recommend the payment of a dividend.

4. Operating and financial review

The profit after tax for the year ended March 31, 2020 amounted to $ 1,119,335 (2019: profit after tax of $ 1,548,491). This was primarily a result of decrease of revenue from $ 28,111,982 for the year ended March 31, 2019 to $ 20,634,925 for the year ended March 31, 2020.

5. Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the commonwealth or of a state or territory. However, the Board believes that the Company has adequate systems in place for the Management of its environmental requirements, and is not aware of any breach of those environmental requirements as they apply to the Company.

6. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7. Likely developments

The Company will continue to pursue its policy of increasing the profitability and market share of its major business sectors during the next financial year.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

8. Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

9. Lead auditor's independence declaration

The Lead auditor's independence declaration forms part of the directors' report for the financial year ended March 31, 2020

10. Estimation of uncertainties relating to the global pandemic COVID-19 (COVID-19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information, and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the company, the results of those operations or the state of affairs of the Company in subsequent financial years.

This report is made with a resolution of the directors:

Andrew Jarvis

Managing Director and Chief Executive officer

Dated at Sydney this 13th day of May 2020

Statement of financial position

In Australian dollars

Particulars	Note	As at March 31,	
		2020	2019
Assets			
Current assets			
Cash and cash equivalents	12a	28,229,346	25,819,060
Trade and other receivables	10	9,508,458	7,536,093
Other current assets	12c	25,771	39,610
Prepayments	11	1,899,737	433,348
Total current assets		39,663,312	33,828,111
Non-current assets			
Deferred tax assets	16a	537,910	3,712,014
Property, plant and equipment	13	149,496	134,089
Right-of-use assets	19	705,342	–
Other receivables	10	–	4,869,603
Prepayments	11	251,940	628,310
Total non-current assets		1,644,688	9,344,016
Total assets		41,308,000	43,172,127
Liabilities			
Current liabilities			
Trade and other payables	14	1,578,202	1,358,687
Lease liabilities	19	430,792	–
Other current liabilities	15	8,478,289	4,700,176
Current tax liabilities		396,579	3,560,516
Provisions	17	74,930	190,460
Employee benefit obligations	18	3,023,373	2,117,421
Total current liabilities		13,982,165	11,927,260
Non-current liabilities			
Lease liabilities	19	411,694	–
Employee benefit obligations	18	602,220	519,103
Other non-current liabilities	15	1,922,100	7,376,380
Total non-current liabilities		2,936,014	7,895,483
Total liabilities		16,918,179	19,822,743
Net assets		24,389,821	23,349,384
Equity			
Share capital	25a	3,389,049	3,389,049
Retained earnings		21,000,772	19,960,335
Total equity		24,389,821	23,349,384
Non-controlling interests		–	–
Total equity		24,389,821	23,349,384
Total liabilities and equity		41,308,000	43,172,127

The accompanying notes form an integral part of the financial statements

Statement of Profit or Loss and other comprehensive income

In Australian dollars

Particulars	Note	For the year ended March 31,	
		2020	2019
Revenue	5	20,634,925	28,111,982
Cost of sales	6	(17,620,378)	(24,696,787)
Gross profit		3,014,547	3,415,195
Selling and distribution expenses		(27,278)	(8,567)
Administrative expenses		(1,584,246)	(1,472,605)
Operating profit		1,403,023	1,934,023
Finance income	7	282,473	307,352
Finance costs	19	(32,187)	–
Net finance income		250,286	307,352
Profit before tax		1,653,309	2,241,375
Income tax expense	16b & c	(533,974)	(692,884)
Profit after tax		1,119,335	1,548,491
Other comprehensive income			
Items that will never be reclassified to profit or loss:		–	–
Items that are or may be reclassified subsequently to profit or loss:		–	–
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,119,335	1,548,491

The accompanying notes form an integral part of the financial statements

Statement of changes in equity

In Australian dollars

Particulars	Share capital	Retained earnings	Total equity
Balance as on April 1, 2018	3,389,049	18,411,844	21,800,893
Total other comprehensive income	–	–	–
Profit for the year	–	1,548,491	1,548,491
Total comprehensive income	–	1,548,491	1,548,491
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2019	3,389,049	19,960,335	23,349,384
Balance as on April 1, 2019	3,389,049	19,960,335	23,349,384
Impact on account of adoption of AASB 116	–	(78,898)	(78,898)
Balance as on April 1, 2019 (Restated)	3,389,049	19,881,437	23,270,486
Profit for the year	–	1,119,335	1,119,335
Total comprehensive income	3,389,049	21,000,772	24,389,821
Transactions with owners of the Company			
Issue of ordinary shares	–	–	–
Dividends	–	–	–
Total transactions with owners of the Company	–	–	–
Balance at March 31, 2020	3,389,049	21,000,772	24,389,821

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

In Australian dollars

Particulars	Note	For the year ended March 31, 2020	2019
Cash flows from operating activities			
Cash receipts from customers		20,726,053	26,088,359
Cash paid to suppliers and employees		(12,035,561)	(22,607,792)
Cash generated from operations		8,690,492	3,480,567
Redemption of fixed deposits against bank guarantees		–	500,000
Interest received		250,348	342,226
Net Income taxes and GST received / (paid)		(5,761,403)	640,462
Net cash from operating activities	12b	3,179,437	4,963,255
Cash flows from Investing activities			
Purchase of plant equipment	13	(105,760)	(18,198)
Net cash used in investing activities		(105,760)	(18,198)
Cash flows from financing activities:			
Payment of lease liability		(663,391)	–
Net cash used in financing activities		(663,391)	–
Net increase / (decrease) in cash and cash equivalents		2,410,286	4,945,057
Cash and cash equivalents at April 1		25,819,060	20,874,003
Cash and cash equivalents as at March 31	12a	28,229,346	25,819,060

The accompanying notes form an integral part of the financial statements

1. Reporting entity

Portland Group Pty. Ltd. ("the Company") is a company domiciled in Australia. The Company's registered office and principal place of business is 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 is primarily 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 a 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 13th day of May 2020

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

(e) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending March 31, 2020 are:

- Recognition of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.
- The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.
- AASB 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Company has concluded that no changes are required to lease period relating to the existing lease contracts (Refer to Note no. 19).
- The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information, and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

3. Significant accounting policies

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

(a) Revenue

The Company's main source of income is from provision of sourcing and category management service, project-based consultancy support and ongoing management services. The entity recognizes revenue using the output method i.e. right to invoicing based on the consultants being provided and costs being incurred as per AASB 15.

Fixed price

Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method.

Time and material

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Uncertainty

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Unbilled / unearned

Revenues in excess of invoicing are classified as contract assets (which we refer as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

Licenses

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under AASB 115 to account for revenues from these performance obligations. ATS revenue is recognized ratably over the period in which the services are rendered.

Contract modification

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Tax

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

(b) Contracts in progress

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

Contracts in progress represents the gross amount expected to be collected from customers for contract work performed to date. It is measured at costs plus profits recognized to date less progress billings and recognized losses.

Contracts in progress are presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings and recognized losses. If progress billings and recognized losses exceed costs incurred plus recognized profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position.

(c) Foreign currency transactions

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

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

(d) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Other long-term employee benefits

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

(iv) Termination benefits

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

(e) Income tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

(iii) Tax exposures

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

(f) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Particulars	2020
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years

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

(g) Financial instruments

AASB 9 Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after January 1, 2018) – AASB 9 was issued by the IASB in

November 2009 and amended in November 2013 to include the new requirements for general hedge accounting. Another revised version of AASB 9 was issued in July 2014 mainly to include, a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model. This standard has not impacted the Company's financial position or performance, as the Company does not have any financial instruments which are designated through profit or loss category.

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

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

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

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

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

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

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

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

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

Held-to-maturity financial assets

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

Loans and receivables

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

Cash and cash equivalents

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

(iii) Non-derivative financial liabilities – measurement

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

(iv) Share capital

Ordinary shares

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

(h) Impairment

(i) Non-derivative financial assets

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

Objective evidence that financial assets are impaired includes:

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

(ii) Financial assets measured at amortized cost

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

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

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

(iii) Non-financial assets

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

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

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

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

(i) Other current assets

Other current assets include rental deposits made to lease vendors as per lease agreement and Interest accrued but not due on fixed deposits made to bank. Once the interest amount is received, the asset account is decreased.

(j) Prepayments

Prepaid expenses are future expenses that are paid in advance and hence recognized initially as an asset. As the benefits of the expenses are recognized, the related asset account is decreased and expensed

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. The average credit period on purchases is 30 days from the date of invoice. No interest is charged on overdue payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(l) Other current and non-current liabilities

Other current and non-current liabilities consist of accrued expenses and deferred revenue relating to contract revenue majorly. Other liabilities are classified as current if payment is due within 12 months.

(m) Provisions

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

Post-sales client support

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

(n) Capital management

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

(o) Goods and service tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

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

(p) Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contact involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined as Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition

Effective from April 1, 2019, the Company adopted AASB 16 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the ROU asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual financial statements for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of AUD $1,147,929 and a lease liability of $1,473,690. Further, upon transition, the Company reclassified leasehold land previously accounted as finance lease under "Property, plant and equipment" to ROU asset and deferred rent accounted under "Other liabilities" to retained earnings. The cumulative effect of applying the standard of $78 ,898 was adjusted in retained earnings, net of taxes. AASB 16 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, AASB 16 is applied only to contracts that were previously identified as leases under AASB 17.

The difference between the lease obligation recorded as of March 31, 2019 under AASB 17 disclosed under Note 19 of the 2019 annual financial statements and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised, in measuring the lease liability in accordance with AASB 16.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 2.8%

(q) Finance income

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and reclassifications of amounts previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(r) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

The fair value of trade and other receivables, excluding construction contracts in progress is estimated as the present value of future cash flows, discounted at the market rate of interest. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(ii) Other non-derivative financial liabilities

Fair value, which is calculated based on the present value of future principal and interest cash flows, is discounted at the market rate of interest at the reporting date.

4. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended March 31, 2020. The Company has not yet assessed any material impact of these the new or amended Accounting Standards and Interpretations.

Standards in issue but not yet effective

new or revised requirement	When effective
AASB 2018-7 Amendment to Australian Accounting Standards - Definition of Materia	Effective for annual periods beginning on or after 1 April 2020
AASB 2018-7 Amendment to Australian Accounting Standards - References to the Conceptual Framework	Effective for annual periods beginning on or after 1 April 2020

5. Revenue

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Related party revenue	5,039,913	4,280,939
Third party revenue	15,595,012	23,831,043
	20,634,925	28,111,982

At March 31, 2020 the Company has deferred revenue of $1,642,447 (2019: $66,745), which represents the fair value of that portion of the revenue and the Company has unbilled revenue of $ 6,241,154 (2019: $9,927,206).

Disaggregate revenue Information

The table below presents disaggregated revenues from contracts with customers by contract-type for each of our business segments. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Revenues by contract type

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Fixed price	12,750,795	20,156,361
Time and materials	7,884,130	7,955,621
Total	20,634,925	28,111,982

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivables and unbilled revenues are presented net of impairment in the Balance Sheet.

6. Cost of sales

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Travel	926,385	874,320
Employee benefit expense	11,967,812	10,814,436
Cost of third party software	2,436,259	11,139,397
External contractor expense and others	2,289,922	1,868,634
	17,620,378	24,696,787

7. Finance Income

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Interest income from deposits with banks	227,170	297,496
Other miscellaneous income	55,303	9,856
	282,473	307,352

8. Auditors' remuneration

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Fees paid to auditors of the Company		
Audit of financial statements		
Audit of financial statements – Deloitte Touché Tohmatsu	21,000	21,000
	21,000	21,000

9. Expenses by nature

In Australian dollars

Particulars	Year ended March 31,	
	2020	2019
Depreciation	90,352	67,063
Employee benefits	12,683,012	11,558,811
Rental expenses	1,339	510,905
Amortization on ROU assets	442,587	–
Interest expenses on leases liability	32,187	–

10. Trade and other receivables

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Current		
Trade receivables	2,822,434	2,292,877
Unbilled revenue	6,095,004	5,057,603
	8,917,438	7,350,480
Amounts due from related party (Trade receivables, other receivables and unbilled revenue - Note 23)	591,020	185,613
	9,508,458	7,536,093
Non-current		
Unbilled revenue	–	4,869,603
	–	4,869,603

The average credit period is 30 days. No interest is charged on trade receivables. Based on the Management's best estimate, impairment in trade receivables amounting to AUD 138,964 and AUD 138,365 exist as on March 31, 2020 and March 31, 2019 respectively. Also, an exposure to credit risk from trade receivables and unbilled revenue amounting to AUD 80,916 and AUD 14,436 exist as on March 31, 2020 and March 31, 2019 respectively.

11. Prepayments

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Current		
Prepaid expenses	1,875,867	421,559
Loans and advances to employees	23,870	11,789
	1,899,737	433,348
Non-current		
Prepaid expenses	251,940	628,310
	251,940	628,310

12 Cash and cash equivalents

12.a Cash and cash equivalents

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Cash at Bank	28,229,346	25,819,060
	28,229,346	25,819,060

12.b Cash flows from operating activities

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Reconciliation of cash flow from operations with profit after income tax	1,119,335	1,548,491
Adjustments for:		
Depreciation and amortization	532,939	67,063
Deferred tax assets	3,174,104	(3,144,903)
Net tax assets (liabilities)	(3,163,937)	4,144,544
Finance cost	32,187	–
	1,694,628	2,615,195
Changes in		
Trade and other receivables	(1,972,365)	(4,834,821)
Other current assets	4,883,443	(4,324,872)
Prepayments	(1,090,018)	(904,186)
Trade and other payables	219,515	1,271,719
Other liabilities	4,024,976	3,706,472
Provisions	(115,530)	101,572
Employee benefits obligation	(4,465,212)	7,332,176
Net cash from operating activities	3,179,437	4,963,255

12.c Other current assets

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Current		
Electricity and other deposits	9,338	–
Interest accrued but not received	16,433	39,610
	25,771	39,610

13. Property, plant and equipment

In Australian dollars

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Cost				
Balance at April 1, 2018	74,702	317,834	532,019	924,555
Additions	1,109	–	17,089	18,198
Disposals	–	–	–	–

Particulars	Plant and machinery	Furniture and fixtures	Computer equipment	Total
Balance at March 31, 2019	75,811	317,834	549,108	942,753
Balance at April 1, 2019	75,811	317,834	549,108	942,753
Additions	736	–	105,024	105,760
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	76,547	317,834	568,775	963,156
Accumulated depreciation				
Balance at April 1, 2018	63,369	287,599	390,633	741,601
Depreciation	7,217	9,422	50,424	67,063
Disposals	–	–		–
Balance at March 31, 2019	70,586	297,021	441,057	808,664
Balance at April 1, 2019	70,586	297,021	441,057	808,664
Depreciation	4,397	9,423	76,533	90,353
Disposals	–	–	(85,357)	(85,357)
Balance at March 31, 2020	74,983	306,444	432,233	813,660
Carrying amounts				
At March 31, 2019	5,225	20,813	108,051	134,089
At March 31, 2020	1,564	11,390	136,542	149,496

14. Trade and other payables

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Trade payables	1,472,952	1,263,529
Amounts due to related party	105,250	95,158
	1,578,202	1,358,687

15. Other current liabilities

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Accrued expenses - cost of third party software	5,814,259	3,564,578
Accrued expenses - others	950,245	966,802
Deferred revenue	1,642,447	66,745
Withholding taxes payable	71,338	102,051
	8,478,289	4,700,176
Non-current		
Accrued expenses - cost of third party software	1,685,537	6,546,050
Accrued expenses - others	236,563	830,330
	1,922,100	7,376,380

16. Tax assets and liabilities

(a) Deferred tax assets

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Deferred tax assets due to timing differences		
Provision for doubtful debts	66,424	46,093
Provision for expenses	–	3,222,007
Provision for employee benefits	454,146	386,776
Provision for post-sale customer support	22,270	57,138
Deferred tax liabilities	(4,930)	–
Net deferred tax assets	537,910	3,712,014

(b) Reconciliation of effective tax rate

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Profit before tax	1,653,309	2,241,375
Tax using the Company's domestic tax rate of 30% (2019: 30%)	495,993	672,412
Non-deductible expenses	37,981	20,472
Income tax expense for the period	533,974	692,884

(c) Income tax expense

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Corporation income tax		
Current year	584,733	3,842,253
Adjustments in respect of prior years	(3,224,862)	(4,466)
	(2,640,129)	3,837,787
Deferred tax expense		
Origination and reversal of temporary differences	(186,493)	(3,144,903)
Write down of previously recognized deferred tax assets	3,360,596	–
Income tax expense for the period	3,174,103	(3,144,903)
Total income tax expense	533,974	692,884

17. Provisions

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Provision for post-service client support	74,930	190,460
	74,930	190,460

The movement in provisions is as follows

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	190,460	88,888
Provision recognized / (reversed)	(115,530)	101,572
Balance at the end	74,930	190,460

18. Employee Benefit Obligations

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Current		
Provision for employee bonuses	2,111,775	1,347,271
Annual leave	667,669	555,923
Long service leave	243,929	214,227
	3,023,373	2,117,421
Non-current		
Long service leave	602,220	519,103
	602,220	519,103

19. Leases

Leases as lessee

Following are the changes in the carrying value of right-of-use assets for the year ended March 31, 2020:

In Australian dollars

Particulars	2020
Balance as of April 1, 2019	1,147,929
Reclassified on account of adoption of AASB 116	–
Additions	–
Deletions	–
Amortization	(442,587)
Balance as of March 31, 2020	705,342

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

In Australian dollars

Particulars	2020
Non-current lease liabilities	411,694
Current lease liabilities	430,792
Total	842,486

The following is the movement in lease liabilities during the year ended March 31, 2020

In Australian dollars

Particulars	2020
Balance as of April 1, 2019	1,473,690
Additions	–
Deletions	–
Finance cost accrued during the period	32,187
Payment of lease liabilities	(663,391)
Balance as of March 31, 2020	842,486

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis

In Australian dollars

Particulars	As at March 31,
	2020
Less than one year	448,258
One to five years	349,068
More than five years	94,539
Total	891,865

Operating Leases (Disclosure under previous standard AASB 117)

Leases as lessee

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

In Australian dollars

Particulars	As at March 31,
	2019
Less than one year	661,549
One to five years	529,876
Total	1,191,425

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 managerial personnel of the Company.

The employee compensation is as follows:

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Short term employee benefits	479,472	366,770

21. Financial instruments

Financial instruments by Category

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Financial assets		
Cash and cash equivalents	28,229,346	25,819,060
Trade and other receivables	9,508,458	7,536,093
Other current assets	25,771	39,610
	37,763,575	33,394,763
Financial liabilities		
Trade and other payables	1,578,202	1,358,687
Other current liabilities	8,757,942	10,758,036
	10,336,144	12,116,723

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 date.

b. Financing facilities

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Unsecured bank guarantee facility reviewed annually and payable at call-Amount used	442,104	403,317
	442,104	403,317

23. Related party transactions

The details of the related party transactions entered into by the Company during the years ended March 31, 2020 and March 31, 2019 are as follows:

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Purchase of services		
Infosys BPM Limited	508,241	463,709
Infosys Management Consulting Pty. Limited	–	62,740
	508,241	526,449
Sale of services		
Infosys Limited	4,670,192	3,166,357
Infosys BPM Limited	223,570	1,114,502
HIPUS Co., Ltd.	146,150	–
Infosys Poland Sp.z.o.o	–	80
	5,039,912	4,280,939

The details of the amount due to or due from the related parties as at March 31, 2020 and March 31, 2019 are as follows

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Trade receivables		
Infosys Limited	419,775	171,673
Infosys BPM Limited	–	–
	419,775	171,673
Other receivables		
Infosys Limited	18,845	13,940
Infosys Management Consulting Pty. Limited	1,072	–
Infosys BPM Limited	5,178	–
	25,095	13,940
Unbilled revenues		
HIPUS Co., Ltd.	146,150	–
	146,150	–
Trade payables		
Infosys BPM Limited	36,455	44,229
	36,455	44,229
Other payables		
Infosys Limited	68,795	50,929
	68,795	50,929

Other receivables and other payables consist of cross charges from the related parties mentioned above.

24. Capital risk management

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

25. Capital and reserves

(a) Share capital

Ordinary shares

In Australian dollars

Particulars	As at March 31,	
	2020	2019
On issue at April 1 (17,450,000 number of shares)	3,389,049	3,389,049
Issued for cash	–	–
On issue at March 31 (17,450,000 number of shares)	3,389,049	3,389,049

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

Ordinary shares

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

(b) Dividends

In Australian dollars

Particulars	As at March 31,	
	2020	2019
Dividend paid	–	–
	–	–

Dividend franking account

In Australian dollars

Particulars	As at March 31,	
	2020	2019
30% franking credits available to shareholders of Portland Group Pty. Ltd. for subsequent financial years	8,015,588	7,491,774
	8,015,588	7,491,774

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. Please refer note 2 (e) 'Assumptions and estimation uncertainties' for the COVID-19 pandemic disclosure.

The Directors are not aware of any other matter or circumstance that has occurred since the end of the financial period that has significantly affected or may affect the operations of the company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Directors' declaration

In the opinion of the directors of the Portland Group Pty. Ltd. ("the Company"):

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

(b) The financial statements and notes are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at March 31, 2020 and of its performance for the financial year ended on that date; and

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

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

Signed in accordance with a resolution of directors.

Andrew Jarvis

Managing Director and Chief Executive officer

Dated at Sydney this 13th day of May 2020

Infosys BPO Americas LLC

Independent auditor's report

To,

The Board of Directors

Infosys BPO Americas, LLC

We have audited the accompanying financial statements of Infosys BPO Americas, LLC (a Delaware corporation), which comprise the Balance Sheets as of March 31, 2020 and 2019 and the related statements of operations, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by 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, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sudhir Pai CPA, PLLC

Certified Public Accountants

Irving, TX

Date: May 11, 2020

Infosys BPO Americas, LLC

Balance Sheet

(in US$)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Current assets			
Cash and cash equivalents	3	981,734	2,275,969
Accounts receivables, net of doubtful balances		244,402	116,939
Unbilled revenue		763,424	141,373
Prepayments and other assets		92,951	35,547
Total current assets		2,082,511	2,569,828
Non-current assets			
Plant and equipment		18,080	–
Total non-current assets		18,080	–
Total assets		2,100,591	2,569,828
Liabilities and equity			
Current liabilities			
Loan from related parties		–	513,596
Trade payables		150,204	144,366
Provisions		4,643	5,494
Other liabilities		799,395	487,680
Total current liabilities		954,242	1,151,136
Non-current liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Total liabilities		954,242	1,151,136
Member's equity			
Member's equity		3,000,000	3,000,000
Accumulated deficit		(1,853,651)	(1,581,308)
Total member's equity		1,146,349	1,418,692
Total liabilities and member's equity		2,100,591	2,569,828

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Statements of comprehensive income

(in US$)

	Notes	Year ended March 31,	
		2020	2019
Revenue		3,059,634	1,370,863
Cost of revenue	4	3,082,499	1,296,280
Gross profit / (loss)		(22,865)	74,583
Other expenses:			
Selling and marketing expenses		237	50,855
Administrative expenses		266,285	338,487
Total other expenses	5	266,522	389,342
Operating loss		(289,387)	(314,759)
Interest expense		4,329	12,500
Miscellaneous income		(21,373)	(2)
Loss before income taxes		(272,343)	(327,257)
Income tax expense		–	–
Net Profit / (Loss)		(272,343)	(327,257)
Other comprehensive income		–	–
Total comprehensive loss		(272,343)	(327,257)

The accompanying notes form an integral part of the financial statements

Prem Pereira
Authorized Signatory

Date: May 11, 2020

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, 2018	1,000,000	–	(1,254,051)	(254,051)
Changes in members equity for the year ended March 31, 2019				
Shares issued to member	–	2,000,000	–	2,000,000
Net loss for the period	–	–	(327,257)	(327,257)
Balance as of March 31, 2019	1,000,000	2,000,000	(1,581,308)	1,418,692
Changes in members equity for the period ended March 31, 2020				
Net loss for the period	–	–	(272,343)	(272,343)
Balance as of March 31, 2020	1,000,000	2,000,000	(1,853,651)	1,146,349

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

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Statement of cash flows

(in US$)

Particulars	Year ended March 31,	
	2020	2019
Cash flows from operating activities		
Net loss for the period	(272,343)	(327,257)
Adjustments to reconcile net profit to net cash provided by operating activities:		
Provision for service level risk on revenue contracts	(851)	5,494
Allowance for doubtful accounts	8,103	1,559
Depreciation	4,669	–
Exchange difference	2	(2)
Interest expense	4,328	12,500
Cash operating loss	(256,091)	(307,706)
Changes in assets and liabilities		
Accounts receivable	(129,228)	(117,643)
Prepayments and other assets	(57,404)	49,765
Unbilled revenues	(628,392)	(142,227)
Trade payables	5,838	144,366
Other liabilities and provisions	311,715	217,381
Net cash used in operating activities	(753,562)	(156,064)
Cash flows from investing activities		
Expenditure on property, plant and equipment	(22,749)	–
Net cash used in investing activities	(22,749)	–
Cash flows from financing activities		
Capital Infusion	–	2,000,000
Repayment of loan to related parties	(517,924)	–
Net cash from / (used in) financing activities	(517,924)	2,000,000
Net changes in cash and cash equivalents	(1,294,235)	1,843,936
Cash and cash equivalents at the beginning of the period	2,275,969	432,033
Cash and cash equivalents at the end of the period	981,734	2,275,969
Supplementary information		
Interest paid during the period	17,295	–

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

Prem Pereira
Authorized Signatory

Date: May 11, 2020

Infosys BPO Americas, LLC

Financial statements for the year ended March 31, 2020

Notes to the financial statements for the year ended March 31, 2020

1. Company overview and significant accounting policies

1.1 Company overview

Infosys BPO Americas, LLC, ("the Company") is a mortgage fulfillment services based business that provides end to end mortgage fulfillment services.

The Company was formed in November 2015 as a limited liability company under the provisions of the Delaware Limited Liability Company Act ("the Act"). The Company was formed by Infosys BPM Limited (formerly known as Infosys BPO Limited), a subsidiary of Infosys Limited.

1.2 Basis of preparation of financial statements

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

1.3 Use of estimates

The preparation of financial statements is in conformity with US Generally Accepted Accounting Principles (US GAAP) requires 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.

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

The Company has considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of receivables and unbilled revenues. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information and related information and economic forecasts. The Company expects to recover the carrying amount of these assets and will continue to closely monitor any material changes to future economic conditions.

1.4 Revenue recognition

Revenue from mortgage fulfillment 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. The Company has adopted ASC 606 from April 1, 2019 using the modified retrospective method and does not have major impact on the Company on adoption.

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 31, 2020, the Company had one member, Infosys BPM Limited ("the Member"). The Member owns 100% of the interests of the Company.

3. Cash and cash equivalents

In US$

Particulars	As at March 31,	
	2020	2019
-Current account	981,734	2,275,969

4. Cost of revenue

In US$

Particulars	For the year ended March 31,	
	2020	2019
Salaries	1,587,350	723,344
Subcontractor charges	1,078,110	566,432
Others	417,039	6,504
Total	3,082,499	1,296,280

5. Other expenses

In US$

Particulars	For the year ended March 31,	
	2020	2019
Salaries	72,137	187,358
Legal and professional charges	78,647	33,381
Others(insurance, rates and taxes)	115,738	168,602
Total	266,522	389,342

6. Related party transactions

Name of the related party and their relationships:

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

The details of the related party transactions entered into by the Company during the years ended March 31, 2020 and March 31, 2019 as follows

In US$

Loan Repayment	For the year ended March 31,	
	2020	2019
Infosys Public Services Limited	517,925	–
	517,925	–

in US$

Capital infusion	For the Year ended March 31,	
	2020	2019
Infosys BPM Limited	–	2,000,000
	–	2,000,000

The details of the amount due to or due from the related parties as at March 31, 2020 and March 31, 2019 as follows

in US$

Loans	As at March 31,	
	2020	2019
Infosys Public Services Limited	–	513,596
	–	513,596

7. Subsequent events

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

For Infosys BPO Americas, LLC

Prem Pereira

Authorized Signatory

Date: May 11, 2020