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INFOSYS BPO ANNUAL REPORT 2015-16

Board and Committees – Infosys BPO Limited

The Board of Directors

U. B. Pravin Rao
Chairman of the Board

Anup Uppadhayay
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Independent Director

Dr. Omkar Goswami
Independent Director

Roopa Kudva
Independent Director

Board committees

Audit committee

Prof. Jayanth R. Varma
Chairperson and Financial Expert

U. B. Pravin Rao
Member

Dr. Omkar Goswami
Member

Roopa Kudva
Member

Nomination and remuneration committee

Prof. Jayanth R. Varma
Chairperson

U. B. Pravin Rao
Member

Dr. Omkar Goswami
Member

Roopa Kudva
Member

Corporate social responsibility committee

U. B. Pravin Rao
Chairperson

Anup Uppadhayay
Member

Dr. Omkar Goswami
Member

Roopa Kudva
Member

Share allotment committee

U. B. Pravin Rao
Chairperson

Anup Uppadhayay
Member

Investment committee

U. B. Pravin Rao
Chairperson

Anup Uppadhayay
Member

Deepak Bhalla
Member

The Board of Directors – Subsidiaries

Infosys (Czech Republic) Limited s.r.o

(Formerly Infosys BPO s.r.o)

Anup Uppadhayay
Chairman of the Supervisory Board

Deepak Bhalla
Executive Director (jednatel)

Anantha Radhakrishnan
Director

Rajesh K. Murthy
Director

Infosys Poland Sp. z.o.o

(Formerly Infosys BPO Poland Sp Z.o.o)

Anup Uppadhayay
Director

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Rajesh K. Murthy
Director

Portland Group Pty. Limited

Anup Uppadhayay
Director

Bruce Stevenson
Managing Director and Chief Executive Officer

Deepak Bhalla
Director

Anantha Radhakrishnan
Director

Binny Mathews
Director

Infosys McCamish Systems LLC

Anup Uppadhayay
Chairman

Deepak Bhalla
Director

Gordan Bechkam
Chief Executive Officer

Ravi Kumar S.
Director

Kapil Jain
Director

Rishi Kumar Jain
Director

Rich Magner
Director

Infosys BPO Americas LLC

Anup Uppadhayay
Chairman

Vivek Sharma
Director

Kapil Jain
Director

As on March 31, 2016

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Board's report

Dear members,

The Board of Directors hereby submits the report of the business and operations of your Company ('the Company'), along with the audited financial statements, for the financial year ended March 31, 2016. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Results of our operations

in ₹ crore, except per equity share data

Particulars	Standalone		Consolidated	
	2016	2015	2016	2015
Income from Business Process Management Services	2,849	2,510	3,791	3,507
Cost of Revenue	1,851	1,652	2,473	2,374
Gross Profit	998	858	1,318	1,133
Selling and Marketing Expenses	130	106	140	113
General and Administration expenses	252	205	371	323
Operating Profit Before Interest, Depreciation, Taxes and Amortization (PBIDTA)	616	547	807	697
Depreciation and amortization	62	50	78	64
Operating Profit	554	497	729	633
Other Income, net	201	191	199	183
Profit Before Tax	755	688	928	816
Tax Expenses	185	168	203	198
Net Profit After Tax and Exceptional item	570	520	725	618
Earnings Per Share (EPS)				
Basic	168.46	153.64	214.32	182.63
Diluted	168.46	153.64	214.32	182.63

2. Company's overview

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

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

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

3. Performance overview (Standalone)

Our income from business process management services aggregated to ₹2,849 crore, up by 13.50% from ₹2,510 crore in the previous year.

Our gross profit amounted to ₹998 crore as against ₹858 crore in the previous year. The profit before interest, depreciation, taxes and amortization amounted to ₹616 crore as against ₹547 crore in the previous year. Sales and marketing costs were ₹130 crore and ₹106 crore for the years ended March 31, 2016 and March 31, 2015

respectively. General and administration expenses were ₹252 crore and ₹205 crore during the current year and previous year respectively. The net profit after tax before exceptional item was ₹570 crore as against ₹520 crore in the previous year. The Company's profitability after tax for the year is 20%.

Performance overview (Consolidated)

Our income from business process management services aggregated to ₹3,791 crore, up by 8.1% from ₹3,507 crore in the previous year.

Our gross profit amounted to ₹1,318 crore as against ₹1,133 crore in the previous year. The profit before interest, depreciation, taxes and amortization amounted to ₹807 crore as against ₹697 crore in the previous year. Sales and marketing costs were ₹140 crore and ₹113 crore for the years ended March 31, 2016 and March 31, 2015 respectively. General and administration expenses were ₹371 crore and ₹323 crore during the current year and previous year respectively. The net profit after tax before exceptional item was ₹725 crore as against ₹618 crore in the previous year. The Company's profitability after tax for the year is 19.12%.

The Company continues to be amongst the most profitable BPO companies in India. The Company has 150 customers as on March 31, 2016. The Company ended the year with 33,798 employees having added 2,151 (net) employees during the year.

Our wins have been strategically significant and add versatility to our portfolio. Some of the key deals won this year include an Australian government agency, an American mining company, an American banking corporation, an American multinational corporation in technology space, an American designer and manufacturer of accessories, an American computer storage and data management company, a British multinational consumer goods company and a French multinational insurance firm.

The Company continues to focus on moving our pricing models to out-come based and non-effort based pricing. Several of the deals were signed on fixed and out-come based pricing model in FY 2016. One new delivery center was opened in Sydney. We have 32 delivery centers across 14 countries, 8 each in India and APAC (excluding India), 6 in Europe, 1 in Africa, 5 in US and 4 in Latin America.

Automation in BPO goes beyond traditional rule based automation to a source for amplifying human potential. RPA will continue to have a profound impact on business processes and year 2016 will be an important one in mass-implementation of RPA across service lines. In a few years, many large BPM and shared services companies will have more number of robots than people. Control and compliance in execution of bots would be an evolving paradigm of automation. Infosys BPO applies best of breed RPA (Robotic Process Automation) solutions to its clients with a combination of in-house platforms and third party solutions.

BTS, the process consulting arm of Infosys BPO, drives end-to-end transformation for clients worldwide. BTS focuses on a few critical drivers that derive maximum impact on business KPIs and accelerate the business benefits for our clients. In order to assist clients variabilize their costs, BPO providers are leveraging technology to move from a CAPEX to OPEX model. Industry and enterprise service processes where third party vendors have developed expertise, are now being standardized using platforms. At Infosys BPO, we leverage the EDGE platforms like Assist Edge, Procure Edge, and Talent Edge to deliver client value in customer service, sourcing and procurement and human resource outsourcing. We have launched the Zero Distance strategic initiative in Infosys BPO. The objective is to progressively reduce the gap to client expectations and needs till we are truly at Zero Distance to the client. This initiative is bringing an innovation culture in every process, where the associates are looking to do things over and above our contractual commitments to our clients.

Over the years BPO as industry has matured, providing end-to-end services that has resulted in increasing influence with clients. Now the industry is at the cusp of multiple disruptions that can transform the tenets of the industry. On one hand, we have revenue-generating technological disruptions, namely Cloud, Mobility and Big Data, and on the other hand we have delivery based disruptions such as automation, machine learning and artificial intelligence. Economic volatility has changed client's requirements to a faster and shared gain and stringent regulatory measures require BPO companies to leverage their global delivery model and be closer to the client's locations.

To cater to all these disruptions, BPO industry has an increasing need for highly skilled talent who can act as domain professionals and execute initiatives that the client values. Keeping in view of the achievements in this financial year and the market landscape, our focus is on execution. Infosys BPO has aligned its strategy and investments towards the following key priorities:

- Solution Selling: Increasing pipeline and growth, improving solutioning
- Rapid automation: Improve productivity, reduce cost and enhance employee proposition by software and people propositions through automation
- Capability Enhancement: Enhancing capability and managing talent globally
- Differentiated Offerings: Sell New services and Renew existing ones
- Best-in-class processes: Top 5 percentile of industry standards within 12 months

4. Human resource management

The strategic intent of HR for FY15-16 is Client Value Excellence, Higher Growth and Holistic Capability Development. The focus was to enhance learning platforms and interventions by increasing training coverage across levels and across geographies by the use of technology and launching of learning programs through learning e-lounges in many of our centers. We also worked closely with the parent organization and successfully managed change wrt the removal of the bell curve through extensive interventions and employee connect in the Performance Management process.

Development programs like Club FuEL an initiative for Future Emerging Leaders, Project Dragon Eye in China to improve internal growth of employees, etc. were quite impactful. In addition to the above some of the flagship leadership development programs focused on developing competencies to enhance the leader's ability to Influence, have Crucial conversation, Thinking on his/her feet etc. For the middle and entry level managers specific interventions were launched like the Emerging Leaders Management Program (ELMP) and FLIIP. At the entry level the thrust on the 'Learn while you Earn' also known as Infosys Learn-Excel-Aspire-Perform (iLEAP) saw successfully completion of two batches in India and was also launched in China, Manila and Poland.

Project Genesis a flagship program to train the students to be industry ready was successfully implemented and over 19000 students trained under Global Business Foundation Skills Program (GBFS). In FY16, MoUs were signed/renewed with 31 colleges under Bharathiar University and we are currently in talks with other universities to upskill our talent in tier 2-3 cities.

Some of our best HR practices were showcased in many prestigious forums and some of them being, Best Blended learning program 2015 @ TISS Leapvault, Best Innovative Learning and Development Program 2015 @ Brandon Hall, Best CSR Practice 2015 @ AIMA, Responsible business in Poland Award for best CSR Practice, Innovative Strategy for Employee Engagement @ The Hangzhou HR Management Committee and so on.

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

To foster a positive work place environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) Framework, through which we address complaints of sexual harassment at the work place. Our global policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land wherever we operate. We have also constituted an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an impartial group. Our Whistleblower policy assures complete anonymity and confidentiality of information to the reporting individual.

5. Liquidity

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

6. Appropriations

Dividend

The directors do not recommend any dividend for the financial year ended March 31, 2016.

Transfer to reserves

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

7. Particulars of loans, guarantees or investments

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

8. Fixed deposits

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

9. Particulars of contracts or arrangements made with related parties

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

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

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

11. Share capital

During the year under review, the Company has not issued any shares and hence the outstanding issued, subscribed and paid up equity share capital stands at ₹34 crore as on March 31, 2016 (₹34 crore as on March 31, 2015).

12. Subsidiaries

As on March 31, 2016, we have five wholly-owned subsidiaries, namely – Infosys (Czech Republic) Limited s.r.o (formerly Infosys BPO s.r.o), Infosys Poland Sp.z.o.o, (formerly Infosys BPO Poland Sp. z.o.o), Infosys McCamish Systems LLC, Portland Group Pty Limited and Infosys BPO Americas LLC. The Company does not have any associate Company.

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

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

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

The financial year was a year of several contract renewal and extension and new client additions for the Czech entity. The Company signed contract extensions in FSI and IT Service Desk and added four new clients in multilingual IT Service Desk. During the year Prague FandA operation has gone through a global scope revision that has resulted in movement of work between Infosys operations in Lodz, Pune, and Prague. Several internal initiatives have been run to implement Infosys global internal HR processes and tools. During the year, Czech entity regained a board member position on the BPO / SSC industry association ABSL. The financial performance of the entity have been impacted positively by improved workforce utilization and negatively by several client transitions and underutilized infrastructure in Brno. During the year under review the Company generated revenue (includes other income) of ₹59 crore as against a revenue of ₹99 crore for the year ended on March 31, 2015 with a profit of ₹4 crore against the profit of ₹19 crore for the year ended on March 31, 2015. On January 6, 2016 the Czech entity was renamed from Infosys BPO s.r.o to Infosys (Czech Republic) Limited s.r.o.

B. Infosys Poland Sp.z.o.o

The Lodz Delivery Center continues to grow with existing and new clients (7 new clients added to the portfolio this fiscal year). Lodz DC is focusing on F and A, Sourcing and Procurement and high-end services (Tax, SOX Compliance, FP and A reporting and analysis, FP and A Consolidation of financial statements, BTS, onsite project work) as well as European language based services as part of Infosys global delivery model. The Center provides Business Transformation Services for local market companies and is looking for opportunities to provide BPO services to those companies.

The Center has been bestowed with the following awards in the year under review: Top Employer Poland 2016 (CRF Institute 2016); Top 100 Ideal Employer (Universum 2015); Marshal of the Lodz Voivodship's award (Lodz Voivodship's Office, 2015) - For the entrepreneurs who most effectively use the potential of the scientists in Lodz; Certificate Most Attractive Employers 2015 Poland (Universum 2015)

During the year under review, the revenue (includes other income) were ₹451 crore as against revenue of ₹465 crore for the period ended March 31, 2015 with a net profit of ₹95.crore as against a profit of ₹74 crore for the period ended March 31, 2015. On February 29, 2016 the Poland entity was renamed from Infosys BPO Poland Sp.z.o.o to Infosys Poland Sp.z.o.o.

C. Infosys McCamish Systems LLC

During the year under review, the financial performance improved over the prior fiscal with a margin of 7% versus 3.1 % in FY15, continuing the positive trend initiated from the two previous fiscals. Four new clients were added, one in Malaysia, and we are generally seeing good traction in other new geographical markets including India and Egypt. Two strategic contracts were renewed. In what may be the largest deployment of a life and annuity application in the world in terms of policy count, the Department of Post in India currently operates VPAS@Life across 25,000 offices, servicing approximately 30 million policies. Cross-sell collaboration with IL has improved. Continued investments occurred in the core functionality, technology and architecture of VPAS@Life, while a Beta version of our analytics product was also rolled out. The analyst community, including Gartner, Hfs and Novarica, refers to us positively. The Retirement Services business unit continues its market leadership position.

During the year under review, the revenue (includes other income) were ₹357 crore as against revenue of ₹320 crore for the period ended March 31, 2015 with a net profit of ₹25.crore as against a profit of ₹12crore for the period ended March 31, 2015.

D. Portland Group Pty. Limited

Portland Group (Infosys Portland) had a challenging year from a revenue perspective, with a decline over the previous year. However, the operating margin has been strong. Portland Group played a significant role in a successful competitive pursuit for S&P Consulting and BPO services with a major Japan based client. Further opportunities to leverage Infosys Portland capability and experience in the US and Europe are being actively explored, with planning for expansion in the US in 2016 well under way.

There has been limited growth in the offshore team, with numbers maintained at 120 FTE. Onshore staff numbers have reduced over last 12 months to 110 FTE.

During the year under review, the Company generated a revenue of ₹148 crore as against a revenue (includes other income) of ₹203 crore for the previous year ended on March 31, 2015 and with a profit of ₹31 crore against the profit of ₹18 crore for the year ended on March 31, 2015.

E. Infosys BPO Americas LLC

During the year under review, the Company has incorporated a wholly-owned subsidiary in United States of America. It is yet to commence its operations.

The Company does not have any associate companies as at March 31, 2016.

Infosys BPO S.de R.L.de.C.V, a wholly-owned subsidiary of the Company has been liquidated effective March 15, 2016. The Company has not commenced its operations till the date of liquidation.

13. Awards and recognition

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

Robotic Process Automation

Market Specialist in Mindfield's Research Report titled Robotic Process Automation - Driving the Next Wave of Cost Realization

Sourcing and Procurement

Leader in Everest Research's Procurement Outsourcing (PO) - PO Service Provider Landscape with PEAK Matrix Assessment 2015

Leader in NelsonHall's Procurement BPO NEAT

Ranked As-A-Service winner in HFS Research's Blueprint Report - Procurement-As-A-Service

Finance and Accounting

Leader in Gartner's Magic Quadrant for Finance and Accounting BPO

Leader in IDC's F&A BPO MarketScape

Analytics

Ranked As-A-Service winner in HFS Research's Blueprint Report-Enterprise Analytics Services 2015

Human Resources Outsourcing

Leader for Learning Vendor Management in NelsonHall's learning BPO NEAT 2015

Insurance

Ranked As-A-Service winner in HFS Research's Blueprint Report-Insurance As-a-Service 2015

Banking and Capital Markets

Leader in NelsonHall's Wealth and Asset Management NEAT

Ranked As-A-Service winner in HFS Research's Blueprint 2016 Banking and Financial Services Analytics Services

HealthCare

Leader in NelsonHall's Healthcare Payer NEAT

- Infosys BPO wins awards for quality at the NIQR Lean Six Sigma Case study Contest 2015
- Infosys BPO bags the NOA 2015 Corporate Social Responsibility (CSR) Award
- Infosys BPO wins second runner-up award at the ninth CII National Lean Six Sigma Competition - 2015
- Infosys BPO wins excellence award at the 5th BPM and Shared Services Conclave 2015
- Infosys BPO wins two awards at the Leapvault – CLO Summit India, Mumbai, 2015
- Infosys BPO wins the case study competition at the NHRDN 2nd Corporate Social Responsibility Summit, 2015
- Infosys BPO is the winner at Global Knowledge Management Congress and Awards, 2015
- Infosys BPO Poland receives the Marshal of the Lodz Voivodship's award

- Infosys BPO triumphs at the AIMAs Business Responsibility Summit case study contest
- Infosys BPO wins two awards at the SSON Excellence Awards – Australasia 2015
- Infosys BPO Poland certified as Top Employer Poland 2016
- Infosys BPO Wins Platinum Award (1st Prize) and Special Jury Award at NIQR-Bangalore Lean Six Sigma Case study Contest – 2015
- Infosys BPO won 1st Prize in the Lean Six Sigma Case study competition conducted by the Indian Statistical Institute

14. Quality

We continue our journey on Operations Excellence by delivering greater value to clients through investments in implementing Quality Programs. Infosys BPO is certified under various standards like TL 9000, ISO 9001, ISO 20000, OHSAS 18001, ISO 14001, ISO 27001 and PCI-DSS 2.0 at multiple delivery centers across the globe. Infosys is the first 'IT Services / BPO organization' in India, covering multiple locations across India, to receive the ISO 22301 accredited certification. Infosys BPO is also compliant to SSAE 16 / ISAE 3402 (new AT 801 Standard) requirements at the enterprise level. The Process Progression Model (PPM) is the comprehensive Operations Excellence Framework that combines the requirements of various standards and is being implemented across all engagements in the Company in a phase wise manner. This Framework (consisting of 3 levels) involves acknowledgement of different levels by our clients.

Our Quality function handles large change management initiatives to drive Quality and Productivity improvements across the Company. It is managed through the Balanced Scorecard and Infosys Scaling Outstanding Performance (iSOP) program adopted from the Malcolm Baldrige National Quality Award (MBNQA). The function is also spearheading Knowledge Management by adopting best practices across various engagements and spreading the culture of Learn and Share.

We have developed a comprehensive Innovation, Transformation and Continuous improvement Framework under the umbrella of Zero Distance. This Framework has a common Project Management in PACE portal to be used by Quality, Transformation, Automation, Technology Solutions and Analytics teams. This integrated approach starts with idea generation to idea validation and execution of projects with quantified benefits. By adopting customized Six Sigma, Lean and Automation methodologies, we have institutionalized the incremental and breakthrough improvements resulting in improving the efficiency and effectiveness in operations. The program has consistently delivered significant business benefits that are acknowledged by clients. We plan to build the culture of innovation through a system of rewards and recognition.

15. Particulars of employees

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 60 lakh or more, or employed for part of the year and in receipt of ₹ 5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure 3 to the Board's report. The details of employees posted outside India can be made available on request.

16. Corporate governance

Our corporate governance philosophy

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At Infosys, the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices

in international corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. Our Corporate governance report for fiscal 2016 forms part of this Annual Report.

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

Number of meetings of the Board

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

Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2016, the Board consists of five members, one of whom is non-executive, one is executive, and three are independent directors. The Board periodically evaluates the need for change in its composition and size.

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

Declaration by independent directors

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

Board evaluation

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

Directors

The following changes to the board happened during the year:

Rajiv Bansal resigned as a director with effect from April 16, 2015. The Board has re-appointed Dr. Omkar Goswami as an Independent Director subject to the approval of the shareholders for a period of two years with effect from April 1, 2016 to March 31, 2018.

The Board places on record its sincere appreciation for the valuable services rendered by Rajiv Bansal during his tenure as director.

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

Committees of the Board

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

Director's responsibility statement

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). There are no material departures from prescribed accounting standards in the adoption of these standards.

The directors confirm that:

In preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed:

- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- They have prepared the annual accounts on a going concern basis.
- They have laid down internal financial controls which are adequate and are operating effectively.
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Auditors

Statutory auditors

At the Annual General Meeting held on July 31, 2015, B S R & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company till the conclusion of the next Annual General Meeting. Accordingly, the appointment of B S R & Co. LLP, Chartered Accountants, as statutory auditors of the Company for the financial year 2016-17, is placed for approval by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

The Auditors' Report for fiscal 2016 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual report.

Secretarial audit

Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for fiscal 2016, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for fiscal 2016 forms part of the Annual Report as Annexure 4 to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Board has appointed Parameshwar G. Hegde, Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2017.

Significant and material orders

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

Extract of annual return

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

17. Risk management framework

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

18. Corporate social responsibility

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

The total CSR spend by the Company during the financial year was ₹13.58 crore towards our CSR activities in fiscal 2016, which constitutes 2% of the average net profits of the Company for the preceding three financial years.

The Company had constituted the CSR committee with three members. As on March 31, 2016, the committee consists of four members namely:

- U. B. Pravin Rao, Chairperson
- Anup Uppadhyay, Member
- Dr. Omkar Goswami, Member
- Roopa Kudva, Member

Acknowledgments

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

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

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

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

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

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

For and on behalf of the Board of Directors

Bangalore
April 12, 2016

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

Sd / -
Anup Uppadhyay
Chief Executive Officer and Managing Director

Annexures to the Board's Report

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

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

Name of the Subsidiary	Financial period ended	Exchange rate as at March 31, 2016	Share Capital	Reserves and Surplus	Total assets	Total liabilities	Investments (2)	Turnover (1)	In ₹ crore except % of shareholding and exchange rate			
									Profit (Loss) before taxation (1)	Provision for taxation (1)	Profit / (Loss) after taxation (1)	% of Shareholding
Infosys (Czech Republic) Limited s.r.o (Formerly Infosys BPO s.r.o)	31-Mar-16	1CZK: ₹ 2.78	3	47	66	16	–	61	4	–	4	100
Infosys Poland Sp. z.o.o (Formerly Infosys BPO Poland Sp. z.o.o)	31-Mar-16	1 PLN: ₹ 17.55	4	354	468	110	21	452	97	2	95	100
Infosys McCamish Systems LLC	31-Mar-16	1 USD: ₹ 66.26	175	(122)	107	54	–	357	26	1	25	100
Portland Group Pty. Ltd	31-Mar-16	1 AUD: ₹ 50.98	18	85	139	36	–	148	46	15	31	100

Notes:

1. Converted at monthly average exchange rates
2. Investments exclude investments in subsidiaries
3. Infosys BPO, S. de R.L. de C.V. Wholly-owned subsidiary of Infosys BPO Limited liquidated effective March 15, 2016. The Company has not commenced its operations till that date.
4. Infosys BPO Americas LLC. Wholly-owned subsidiary of Infosys BPO Limited Incorporated effective November 20, 2015, yet to commence operation.

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma
Director

Bangalore
April 12, 2016

Roopa Kudva
Director

Dr. Omkar Goswami
Director

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

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2016, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2016 are as follows :

Name of related party	Nature of relationship	Duration of contract	Salient terms ⁽¹⁾	In ₹ crore
Revenue transactions:				
Purchase of services				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	68
Portland Group Pty Limited	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	12
Infosys McCamish Systems LLC	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	– *
Lodestone Management Consultants (UK)	Fellow subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	6
Lodestone Management Consultants Pty Limited (Australia)	Fellow subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	2
Infosys (Czech Republic) Limited s.r.o.	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	1
EdgeVerve Systems Limited	Fellow subsidiary	Feb 14, 2014 – ongoing	Based on transfer pricing guidelines	3
Infosys Poland Sp.z.o.o	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	3
Infosys Technologies S.de R.L.de C.V.	Fellow subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	1
				96
Purchase of shared services including facilities and personnel				
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	43
Infosys (Czech Republic) Limited s.r.o.	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	– *
Infosys McCamish Systems LLC	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	– *
				43
Sale of services				
Infosys Consulting AG	Fellow subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	– *
Infosys BPO, S. de R.L. de C.V	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	1
Infosys Public Services Inc	Fellow subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	16
Infosys Poland Sp. z.o.o.	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	– *
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	340
EdgeVerve Systems Limited	Fellow subsidiary	Feb 14, 2014 – ongoing	Based on transfer pricing guidelines	(2)
Portland Group Pty Ltd	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	6
Infosys McCamish Systems LLC	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines	53

Name of related party	Nature of relationship	Duration of contract	Salient terms ⁽¹⁾
Revenue transactions:			
Purchase of services			
414			
Sale of shared services including facilities and personnel			
Infosys Limited	Holding Company	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines
Infosys McCamish Systems LLC	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines
Infosys Poland Sp.z.o.o	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines
Infosys (Czech Republic) Limited s.r.o.	Subsidiary	Apr 1, 2012 – ongoing	Based on transfer pricing guidelines
			17
			12
			- *
			- *

^{*}The value of the transaction is less than 1 crore.

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

For and on behalf of the Board of Directors

Sd / -

U. B. Pravin Rao
Chairman and Director

Sd / -

Anup Uppadhayay
Chief Executive Officer and Managing Director

Bangalore
April 12, 2016

Annexure 3 – Particulars of employees Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Annexure 3 – Particulars of employees

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

Sl No.	Name	Designation	Qualification	Age (years)	Date of Joining	Prior Experience	Gross Remuneration	Previous Employment - Designation
1	Abhijit Ghosh *	Solution Design Head	B.Sc, PGD	43	13-Feb-06	17	1,089,871	Business Analyst - Wipro Technologies
2	Amit Nagpal	Head – Capability Planning and Development	B.Sc, PGD	47	11-Oct-07	27	85,14,543	Director - Healthcare BPO - Cognizant Technologies
3	Anup Kapoor	Global Head of Capability - IBPO	BA, CA, ICMA	50	2-May-08	17	1,28,11,749	Chief Financial Officer - Anasal Propertie & Infra Ltd.
4	Anup Uppadhayay	Chief Executive Officer and Managing Director - BPO	BE, PGD	45	1-Dec-14	24	2,32,94,315	Service Offering Head - Financial Services -Infosys Ltd.
5	Bharath Vasudevan*	Strategic Business Practice Head - HRO and S&F	B.Tech, PG-OT	38	10-Apr-08	15	41,52,667	Finance Sr. Consultant - Dell International Services
6	Binny Mathews	Strategic Business Practice Head - Supply Chain	B.Sc, PGD	47	14-Aug-08	22	93,05,306	Sr. General Manager - Mjunction Services Ltd.
7	Chirag Suresh Buch	Business Head - Discrete Manufacturing	B.Com, CA, Wharton Advanced Mgmt Program	46	22-Jul-13	22	94,62,658	CEO -AXA Business Services Pvt. Ltd.
8	Clifford M Pai	HR Business Leader and Head - Employee Relations	BA, MLS	49	7-May-07	22	71,51,826	General Manager - Glenmark Pharmaceuticals Limited
9	Debaprasad Chakravorty	Senior Domain Principal	BE, PGCLSCM	50	22-Jan-09	22	61,48,775	Associate V P - Wipro BPO Limited
10	Debashis Gupta	Senior Operations Manager	B.Com (H), Diploma, MBA	49	26-Mar-07	26	63,17,681	Accounts Officer - Indomag Steel Technology (P) Ltd
11	Deepak Bhalla	Chief Financial Officer - IBPO	B.Com, ACA	42	19-Nov-14	20	1,26,02,528	Unit Financial Controller - Infosys Ltd.
12	Dependra Mathur	Head - Compensation and Benefits and International HR	BE, PGD	51	19-May-06	27	1,01,42,790	General Manager - WEP Peripherals
13	Geetha Das	Business Head - Technology Solutions and Automation	B.Tech, M.Tech	52	3-Apr-14	26	88,30,175	AVP Head Business Services- Infosys Ltd.
14	Kapil Behl *	Services Head-Client Operations	B.Com (H), CA	40	7-Jun-10	19	38,62,944	Delivery Manager -II Hewitt Associated (I) Pvt. Ltd.
15	Kapil Jain	Global Head of Sales - IBPO	BE, MS, MBA	49	13-Feb-06	26	91,32,367	Sr. Engagement Manager - Infosys Ltd.
16	Madhukar Tata	Strategic Business Practice Head - Business Transformation Services	BE, MS	45	17-Jun-09	20	63,22,387	Practice Expert- McKinsey and Company
17	Meera Vasudeva Inmanje	Business Head - High Tech Manufacturing	B.Com, ACS	59	10-Oct-05	23	89,68,246	AVP3 - Global Services Pvt. Ltd.
18	Narayanan Sampath	Business Head - India Unit and Head - Europe and Asia-Pacific Operations	BE, PGD, MBA	56	6-Oct-06	34	99,64,202	Head-Operations at a Consultancy Services
19	Natha Arun Kumar *	Delivery Lead	ACA, Graduate CWA, MBA	43	7-Jun-06	22	10,09,974	General Manager - Accenture
20	Neela Mohan Subudhi Konchada	Senior Domain Principal	B.Com, CA	45	10-Aug-05	19	64,48,974	Senior Manager - Oracle(GFIC)

Sl No.	Name	Designation	Qualification	Age (years)	Date of Joining	Prior Experience	Gross Remuneration	Previous Employment - Designation
21	Nithya Prabhakar	Unit Strategy, Planning and Operations - Head	B.Sc, MSc	52	5-Dec-08	29	74,37,452	Delivery Manager- Infosys Technologies
22	Praveen Gopalkrishna Kombial	Business Head - Financial Services	B.Tech, PGDBM	43	16-Jan-06	19	85,33,221	AVP Risk - GE Country Wide
23	Preetham Solomon	Regional Head - Infrastructure	BE, MBA	45	22-Dec-03	22	61,59,278	Deputy Manager - Bharati Mobile
24	Radhakrishnan Anantharaman	Chief Operating Officer - IBPO	BE (H), PGD	48	2-May-07	25	1,81,09,636	AVP and GEM - Infosys Ltd.
25	Raghavendra K	Head Human Resource Development - BPO	B.Com, PGD	55	5-Aug-08	31	1,39,44,292	VP-HR - Strides Acrolab Ltd.
26	Rajesh Kamat *	Senior Solution Design Head	BChE, PGDM	41	4-Sep-13	18	45,30,941	Head - Strategy Planning - Britania Industries Limited
27	Rajesh Mahabal Shetty	Business Head	B.Com	49	20-Jul-05	20	81,91,739	VP Operations - Trac Mail
28	Ramakrishnan Natarajan	Business Head - Technology Support and Optimization	B.Sc, PGDM	57	1-Mar-06	30	90,29,997	Logistics Manager- Loreal India Ltd.
29	Ramesh Chandran *	Senior Services Head-Client Operations	M.Com, CA, CPA	46	23-Mar-09	21	8,92,408	General Manager - Reliance Retail
30	Ravishankar Panchanathan	Strategic Business Practice Head - Analytics - BPM	B.Com, CA, Graduate CWA	48	8-Sep-10	23	75,52,854	Practice head - Infosys Technologies
31	Sanjay Nayak	Strategic Business Practice Head - Industry Solutions	BE, PDG	47	8-May-08	22	76,77,182	Sr. Manager- Cognizant Tech Solution
32	Sanjeev Kumar	Practice Lead	B.Com, CA	41	4-Jan-10	14	63,86,287	Senior Manager - Genpact
33	Satish Nair	Business Head - Retail, CPG and Logistics and Healthcare, Insurance and Life Sciences	BE, MBA	44	15-Jun-04	18	82,75,633	Head Tech and Service - Fabmall (India) Pvt. Ltd.
34	Sheshadri B C	Head - Quality and Transition - BPO	MBA, LLB	52	23-Jun-04	30	1,11,96,021	Delivery Manager - Infosys Ltd.
35	Srimathi Kanakapura Swamy	Head - Technology Services - IBPO	BE	46	4-Jan-06	25	92,41,963	Group Project Manager - Infosys Ltd.
36	Suresh Nambiar	Head - Business Finance	B.Com, ICWA, CA	46	3-Jan-08	16	72,34,778	Deputy General Manager- Bharthi Airtel Ltd.
37	V Raja	Head - Global Transition and Solutions - BPO	BE, PGD	48	1-Dec-04	25	87,07,971	COO, Maven BPO Services
38	Vijay Narsapur	Strategic Business Practice Head - Customer Experience and Human Resource Management	B.Tech, PGD	44	16-Feb-09	20	91,38,303	SVP - Operations Aditya Birla Minacs
39	Vinay Gopala Rao	Strategic Business Practice Head - Finance and Accounting	B.Com, CA, Diploma	48	4-Jun-07	24	76,44,340	Partner - K P Rao and Company

⁽ⁱ⁾ Employed during the part of the year and has drawn ₹5 lakhs remuneration per month or ₹ 60 lakhs remuneration per year.

Note

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

2. None of the employees is related to any director of the Company

For and on behalf of the Board of Directors

Sd / -

U. B. Pravin Rao
Chairman and Director

Sd / -

Anup Uppadhayay
Chief Executive Officer and Managing Director

Bangalore
April 12, 2016

Annexure 4 – Secretarial audit report for the financial year ended March 31, 2016

(Pursuant to section 204 (1) of Companies Act 2013 and rule No 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
Infosys BPO Limited,
Electronics City, Hosur Road
Bangalore-560100
Karnataka, India

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any, and
- iii. Other laws applicable specifically to the Company namely:
 - a. Information Technology Act, 2000 and the rules made thereunder
 - b. Special Economic Zones Act, 2005 and the rules made thereunder
 - c. Software Technology Parks of India rules and regulations
 - d. The Patents Act, 1970
 - e. The Trade Marks Act, 1999.

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

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

I further report that, based on the information provided and the representation made by the Company and also on the review of the compliance reports of Company Secretary / Chief Executive Officer taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like labour laws and environmental laws.

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

I further report that, being unlisted Company, during the financial year, the Company was not required to comply with the provisions of:

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- (iii) The Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations and Guidelines made / issued thereunder
- (iv) The Listing Agreement

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

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

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

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Sd / -

P.G. Hegde

Hegde & Hegde

Company Secretaries

FCS: 1325 / C.P.No: 640

Place: Bangalore

Date: April 12, 2016

Annexure 5 – Extract of Annual Return

Form No. MGT-9

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

Registration and other details:

Corporate Identity Number (CIN) of the Company	U 7 2 2 0 0 K A 2 0 0 2 P L C 0 3 0 3 1 0
Registration date	April 3, 2002
Name of the Company	Infosys BPO Limited
Category / sub category of the Company	Public Limited Company, (Limited by Shares)
Address of the registered office and contact details	Electronics City, Hosur Road, Bangalore, Karnataka, India Tel: 91 80 2852 2405 Fax: 91 80 2852 2411 email: cosecretarybpo@infosys.com website: www.infosys.com
Listed Company (Yes / No)	No
Name, address and contact details of Registrar and transfer agent, if any	Karvy Computershare Private Limited Unit : Infosys Limited, Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Contact person Shobha Anand Assistant General Manager Tel: 91 40 67161559 email: shobha.anand@karvy.com

Principal business activities of the Company

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

Particulars of holding, subsidiary and associate companies

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

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

(i) Category-wise share holding

Category of shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year
	Demat	Physical	Total % of total shares	Demat	Physical	Total % of total shares	
(A) Promoter and promoter group							
(1) Indian							
(a) Individual / HUF	-	-	-	-	-	-	-
(b) Central ermnent	-	-	-	-	-	-	-
(c) State verment(s)	-	-	-	-	-	-	-
(d) Bodies Corporate	3,38,22,319	-	99.98	3,38,22,319	-	99.98	-
(e) Banks / Financial Institutions	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-
Sub total A(1)	3,38,22,319	-	99.98	3,38,22,319	-	99.98	-
(2) Foreign							
(a) Individuals (NRIs / Foreign Individuals)	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-
(d) Banks / Financial Institutions	-	-	-	-	-	-	-
(e) Any other	-	-	-	-	-	-	-
Sub total A(2)	-	-	-	-	-	-	-
Total Shareholding of Promoters A=A(1)+A(2)							
(B) Public shareholding							
(1) Institutions							
(a) Mutual Funds	-	-	-	-	-	-	-
(b) Banks / Financial Institutions	-	-	-	-	-	-	-
(c) Central Government	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-
(g) Foreign Institutional Investors	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
(i) Any other (specify)	-	-	-	-	-	-	-
Sub total B(1)	-	-	-	-	-	-	-
(2) Non-institutions							
(a) Bodies Corporate							
(i) Indian	176	5,256	5,432	176	5,256	5,432	0.02
(ii) Overseas	-	-	-	-	-	-	-
(b) Individuals							
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-

Category of shareholder	No. of shares held at the beginning of the year		No. of shares held at the end of the year		% change during the year
	Demat	Physical	Demat	Physical	
	Total	% of total shares	Total	% of total shares	
(c) Others (specify)	-	-	-	-	-
Sub total B(2)	-	-	-	-	-
Total public shareholding total B=B(1)+B(2)	176	5,256	5,432	0.02	0.02
(C) Shares held by custodians for ADRs	-	-	-	-	-
Grand total (A+B+C)	3,38,22,495	5,256	3,38,27,751	100	3,38,27,751
					100

(2) Shareholding of Promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
Infosys Ltd	3,38,22,319	99.98	–	3,38,22,319	99.98	–	–
V. Balakrishnan	1	0	–	1	0	–	–
U. Ramadas Kamath	1	0	–	1	0	–	–
Deepak Natraj	1	0	–	1	0	–	–
H. Venkatesh Gadiyar	1	0	–	1	0	–	–
R. Nithyanandan	1	0	–	1	0	–	–
G. S. Chaitanya	1	0	–	1	0	–	–
Total	3,38,22,325	99.98	–	3,38,22,325	99.98	–	–

(iii) Change in Promoters' Shareholding

There was no change during the period

(iv) Shareholding Pattern of top ten Shareholders

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Amit Agarwal				
At the beginning of the year	875	0	875	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	875	0	875	0
Dhiraj Poddar				
At the beginning of the year	750	0	750	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	750	0	750	0
Naveen Kumar				
At the beginning of the year	750	0	750	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	750	0	750	0
Sanjay Chandiram				
At the beginning of the year	750	0	750	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	750	0	750	0
Naveen Tiruvalluri				
At the beginning of the year	375	0	375	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	375	0	375	0
Manjesh Verma				
At the beginning of the year	375	0	375	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
At the End of the year (or on the date of separation, if separated during the year)	375	0	375	0

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Avishek Gupta				
At the beginning of the year	375	0	375	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	375	0	375	0
Sandeep Narang				
At the beginning of the year	250	0	250	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	250	0	250	0
Rahul Nehru				
At the beginning of the year	200	0	200	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	200	0	200	0
Amit K Ghandhi				
At the beginning of the year	200	0	200	0
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	200	0	200	0

(v) Shareholding of Directors and Key Managerial Personnel

None of the existing directors and Key Managerial Personnel hold shares in the Company

Indebtedness

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

Remuneration of directors and key managerial personnel

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

(in ₹)

Particulars of remuneration ⁽¹⁾	Anup Uppadhyay	Total Amount
Gross salary		
(a) Salary as per provisions contained in Section 17 of the Income-tax Act, 1961	2,32,94,315	2,32,94,315
(b) Value of perquisites u / s 17 Income-tax Act, 1961	-	-
(c) Profits in lieu of salary under Section 17 Income-tax Act, 1961	-	-
Stock option	-	-
Sweat equity	-	-
Commission as % of profit others, specify	-	-
Others, please specify	-	-
Total ^(A)	2,32,94,315	2,32,94,315
Ceiling as per the Act		37,77,11,421

Note: 1. Remuneration comprises basic salaries, allowances and taxable value of perquisites

B. Remuneration to other directors: Independent Directors

(in ₹)

Particulars of remuneration	Name of Directors			Total Amount
	Prof. Jayanth Varma	Dr. Omkar Goswami	Roopa Kudva	
Independent Directors				
Fee for attending board / committee meetings	60,000	60,000	60,000	1,80,000
Commission	12,00,000	12,00,000	12,00,000	36,00,000
Others, please specify				
Total ⁽¹⁾	12,60,000	12,60,000	12,60,000	37,80,000

Particulars of remuneration	Name of Directors			Total Amount
	Prof. Jayanth Varma	Dr. Omkar Goswami	Roopa Kudva	
Other Non-Executive Directors				
Fee for attending board / committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
Total (2)				
Total (B)=(1+2)	12,60,000	12,60,000	12,60,000	37,80,000
Total Managerial Remuneration	12,60,000	12,60,000	12,60,000	37,80,000
Overall Ceiling as per the Act				75,542,284

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

(in ₹)

Particulars of remuneration	Company Secretary	CFO	Total Amount
	A. G. S. Manikantha	Deepak Bhalla	
Gross salary			
(a) Salary as per provisions contained in Section 17 of the Income-tax Act, 1961	-	1,26,02,528	1,26,02,528
(b) Value of perquisites u / s 17 Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under Section 17 Income-tax Act, 1961	-	-	-
Stock option	-	-	-
Sweat equity	-	-	-
Commission as % of profit others, specify	-	-	-
Others, please specify	-	-	-
Total (A)	-	1,26,02,528	1,26,02,528

Note:

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

U. B. Pravin Rao, Chairman and A. G. S. Manikantha, Company Secretary, are being remunerated by Infosys Limited.

Penalties / punishment / compounding of offences:

There were no penalties / punishment / compounding of offences for the year ending March 31, 2016.

Annexure 6 – Annual report on CSR activities

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

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

CSR Committee

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

- U. B. Pravin Rao, Chairperson
- Anup Uppadhyay
- Dr. Omkar Goswami
- Roopa Kudva

Financial details

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

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

Particulars	In ₹ crore
Particulars	Amount
Average net profit of the company for last three financial years.	679.16
Prescribed CSR Expenditure (2% of the average net profit as computed above)	13.58
Details of CSR expenditure during the financial year	
Total amount to be spent for the financial year	13.58
Amount spent	13.58
Amount unspent	-

The major projects and heads under which the out-lay amount was spent in fiscal 2016 are as follows:

In ₹ crore							
Sr. No.	CSR project / activity / beneficiary	Theme	Location of the project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent direct / implementing agency
1	Inter University Center for Astronomy and Astrophysics	Improving quality of education	Pune	6.50	6.50	6.50	Infosys BPO Limited
2	Skill Development Programmes	Improving quality of education	Mysore, Mangalore, Gulbarga, Bangalore, Salem, Coimbatore, Chennai, Pune, Aurangabad, Vizag, Hyderabad, Noida	0.71	0.71	0.71	Infosys BPO Limited
3	Student Tracking System	Rural development	Udupi and Bijapur	2.00	2.00	2.00	Infosys Foundation
4	Akshaya Patra Foundation	Destitute care and rehabilitation	Jaipur	1.00	1.00	1.00	Infosys Foundation
5	Kelkar Museum	Art and culture	Pune	1.00	1.00	1.00	Infosys Foundation
6	Ramaseva Mandali	Art and culture	Bangalore	1.00	1.00	1.00	Infosys Foundation
7	Gram Panchayath -Dharwad	Rural development	Dharwad	1.01	1.01	1.01	Infosys Foundation
8	Nasscom Foundation- NDLM Center	Improving quality of education	Mysore	0.24	0.24	0.24	Infosys Foundation
9	Swachh Bharat	Rural development	Bhubaneshwar	0.12	0.12	0.12	Infosys Foundation
Total				13.58	13.58	13.58	

Our CSR responsibilities

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

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

Sd / -
Anup Uppadhyay
Chief Executive Officer and Managing Director

Bangalore
April 12, 2016

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

Particulars pursuant to the Companies (Accounts) Rules, 2014

Conservation of energy

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

Capital investment on energy conservation equipment's

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

Technology absorption

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

Foreign Exchange Earnings and Outgo

Particulars	<i>In ₹ crore</i>	
	As at March 31,	
	2016	2015
Foreign exchange earnings	2,498	2,208
Foreign exchange outgo	900	834
Net Foreign exchange earnings (NFE)	1,598	1,374
NFE/Earnings (%)	63.97	62.22

For and on behalf of the Board of Directors

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

Sd / -
Anup Uppadhyay
 Chief Executive Officer and Managing Director

Bangalore
 April 12, 2016

Management's discussion and analysis

Overview

Our business

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

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

Infosys BPO provides business process Management services to organizations that wish to outsource their business processes. Infosys BPO is a Wholly-owned and controlled subsidiary of Infosys Limited. Rich industry experience helps us understand the evolving needs of our clients better and provides us with the ability to offer appropriate solutions across different industry verticals and horizontals, quickly.

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

Financial condition and business performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by SEBI and GAAP in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that they reflect in a true and fair manner the form and substance of transactions, and profits and cash flows for the year.

1. Industry structure and development

Over the years BPO as industry has matured, providing end-to-end services that has resulted in increasing influence with clients. Now the industry is at the cusp of multiple disruptions that can transform the tenets of the industry. On one hand, we have revenue-generating technological disruptions, namely Cloud, Mobility and Big Data, and on the other hand we have delivery based disruptions such as Automation, Machine learning and Artificial Intelligence. Economic volatility has changed client's requirements to a faster and Shared gain and stringent regulatory measures require BPO companies to leverage their global delivery model and yet be closer to the client's location. To

cater to all these disruptions, BPO industry has an increasing need for highly skilled talent who can act as domain professionals and execute initiatives that the client values.

1. Automation

Automation in BPO goes beyond traditional rule based automation to a source for amplifying human potential. RPA will continue to have a profound impact on business processes and year 2017 will be an important one in mass-implementation of RPA across service lines. In a few years, many large BPM and shared services companies will have more number of bots than people. Control and compliance in execution of bots would be an evolving paradigm of automation. Infosys BPO applies best of breed RPA (Robotic Process Automation) solutions to its clients with a combination of in-house platforms and third party solutions.

2. Analytics

Extracting actionable business insights from the immense stores of transactional data would be an immense opportunity for Infosys BPO. To help clients derive maximum value from available data, the Company has scaled up the Analytics Practice with data scientists and capabilities. Data scientist are helping to build predictive and prescriptive models. The Company is also leveraging proprietary tools like IIP, along with deep domain expertise to consult with clients.

3. Transform processes using platforms and technology tools

In order to assist clients variabilize their costs, BPO providers are leveraging technology to move from a CAPEX to OPEX model. Industry and enterprise service processes where third party vendors have developed expertise, are now getting standardized using platforms. At Infosys BPO we leverage the EDGE platforms like Assist Edge, Procure Edge, and Talent Edge to deliver client value in Customer Service, Sourcing and Procurement, and Human Resource Outsourcing.

4. Business transformation services

Consultative approach to find innovative ways of transforming clients business is the new norm in BPO industry. BTS, the process consulting arm of Infosys BPO, drives end-to-end transformation for clients worldwide. BTS focuses on a few critical drivers that derive maximum impact on business KPIs and accelerate the business benefits for our clients.

5. Ability to impact business outcomes and provide customer experience

Impacting the end business metrics for clients and be more relevant is the game changer. Business benefits range from increasing revenue visibility, reducing direct / indirect costs and increasing working capital. Infosys BPO has a proprietary business value assessment Framework PPM™ (Process Progression Model) that addresses client objectives at Operation, Optimization and Transformation stage.

6. Global delivery model

BPO companies are continuing to evolved Business Process Management with a Global Delivery Model (GDM). A robust and mature Global Delivery model based calls for a razor sharp focus on technical skills, process rigor, tools, methodologies, overall structure and strategies for seamlessly delivering IT-enabled services from global locations. Our GDM allows us to take work at the location where the best talent is available and to where it makes the most business sense with the least amount of risk. We are running client's business process from 32 global centers in total - 8 in India, 8 in APAC, 6 in Europe, 1 in Africa, 5 in US and 4 in Latin America.

II Financial condition

Sources of Funds

All the financials numbers are based on consolidated financial statements.

1. Share Capital

We have only one class of shares referred to as equity shares of par value of ₹10 each. Our authorized share capital is ₹123 crore, divided into 12.3 crore equity share of ₹10 each. The issued, subscribed and paid-up capital stood at ₹34 crore as at March 31, 2016 (same as the previous year).

2. Reserves and Surplus

Securities premium reserve and Capital redemption reserve balance as at March 31, 2016 are ₹25 Cr. and ₹1 Cr. respectively.

General reserves balance as at March 31, 2016 amounted to ₹1000 crore, same as the previous year.

Foreign exchange translation reserve balance as at March 31, 2016 is ₹7 crore (₹-21 crore in last year) i.e., an addition of ₹28 crore

The balance retained in the Profit and Loss account as at March 31, 2016 is ₹2814 crore (₹2089 crore in last year) i.e., an addition of ₹725 crore transferred from statement of profit and loss.

	in ₹ crore	
	As at March 31,	
	2016	2015
Securities premium reserve	25	25
Capital redemption reserve	1	1
Foreign exchange translation reserve	7	(21)
General reserve - balance	1,000	1,000
Balance in statement of profit and loss	2,814	2,089
Total	3,847	3,094

Application of funds

3. Fixed Assets

Additions to gross block

During the year, we capitalized ₹105 crore of assets comprising ₹70 crore for investment in computer equipment and ₹35 crore in infrastructure investments. The expenditure on leasehold improvements, plant and machinery, furniture and fixtures, buildings and office equipment were ₹7 crore, ₹12 crore, ₹5 crore, ₹5 crore, and ₹6 crore, respectively for the year.

During the previous year, we capitalized ₹63 crore of assets comprising ₹37 crore in computer equipment and ₹26 crore on infrastructure investments.

Deductions from gross block

During the year, we deducted ₹16 crore (net book value of ₹6 crore) from the gross block on retirement of assets and on disposal of various assets. During the previous year, we retired / transferred various assets with a gross block of ₹42 crore (net value of ₹Nil).

Capital expenditure commitments

We have a capital expenditure commitment of ₹43 crore, as at March 31, 2016 as compared to ₹26 crore as at March 31, 2015.

Fixed asset snapshot

	in ₹ crore	
	Year ended March 31,	
	2016	2015
Tangible assets		
Land - Leasehold	12	12
Buildings	152	147
Leasehold improvements	93	86
Office Equipment	128	126
Plant and Machinery	43	31
Computer equipment	321	261
Furniture and fixtures	81	78
Vehicles	-	-
	830	741
Less: Accumulated depreciation	549	481
Net block	281	260
Add: Capital work-in-progress	17	7
Net fixed assets	298	267
Depreciation as a % of total revenues	2.1%	1.8%
Accumulated depreciation as a % of gross block	66.1%	64.9%

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

Location	in ₹ crore			
	As at March 31,			
	2016		2015	
	sq. ft.	seats	sq. ft.	seats
Bangalore	644,610	8,451	609,610	8,092
Pune	669,077	8,724	669,077	8,671
Jaipur	278,043	1,877	278,043	1,840
Mysore	126,298	1,267	-	-
Mangalore	40,000	360	-	-
Gurgaon	75,406	820	75,406	822
Chennai	131,448	1,612	131,412	1,612
Manila	149,974	2,365	149,974	2,346
Czech Republic	53,311	538	53,311	560
Poland	224,643	2,597	216,939	2,500
Australia (including Portland)	19,605	238	7,725	108
US (McCamish, Marsh, Atlanta and Milwaukee)	110,341	917	110,179	893
USA and UK (for Salesforce)	-	22	-	31
Costa Rica	33,903	451	22,409	286
Puerto Rico	17,668	254	14,800	188
Netherlands	13,450	125	13,450	125
South Africa	-	12	-	21
Total	2,587,777	30,630	2,352,335	28,095

During the year, 2535 seats have been added mainly at Mysore, Mangalore, Bangalore

4. Intangible Assets

	in ₹ crore	
	As at March 31,	
	2016	2015
Philips SSC acquisition	83	83
McCamish acquisition	227	227
Portland Group acquisition	176	176
Marsh BPO asset purchase	10	10
Total	495	495

5. Investments in subsidiaries / associates

We made several strategic investments during the past years aimed at deriving business benefits and operational efficiency for us. Infosys BPO Ltd has following five wholly-owned subsidiaries as on March 31, 2016.

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

The Company has not invested in the subsidiaries during the current fiscal.

6. Deferred tax assets / liabilities

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

Income taxes are computed using the tax effect accounting method, where the taxes are accrued in the same period the related revenue and expenses arise. The resulting difference between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax liability or a deferred tax asset is recorded for all timing differences, namely the differences that originate in one accounting period and reversed in another. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on the prevailing enacted or subsequently enacted regulations.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, assets are recognized only if there is a virtual certainty of realization. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized. For the year ended March 31, 2016, the Company has recognised a deferred tax asset of ₹70 crore. as compared to ₹64 crore. for the year ended March 31, 2015.

7. Trade Receivables

Trade Receivables amount to ₹669 crore. (includes ₹40 crore. dues from Group companies) as of March 31, 2016 as compared to ₹667 crore. as of March 31, 2015. Debtors are at 17.6% of revenues for the year ended March 31, 2016 and 19.0% of revenues for the year ended March 31, 2015, representing a Day Sales Outstanding (DSO) of 64 days and 68 days for the respective years. The age profile of debtors is as follows:

Days	in %	
	As at March 31,	
	2016	2015
0-30	52.0	47.3
31-60	29.2	36.3
61-90	11.3	6.6
More than 90 days	7.5	9.8

Periodically, the Group evaluates all customer dues to the Group for collectability. The need for provisions is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Group normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Group pursues the recovery of the dues, in part or full. For the year ended March 31, 2016 ₹8 crore. were reversed towards the doubtful debts (decreased by

37.7% from previous year). Remaining all debtors are considered good and realizable. The movement in provision for doubtful debts during the year is as follows:

	in ₹ crore	
	As at March 31,	
	2016	2015
Opening balance	22	7
Add: - Amount provided	(8)	15
Less: -Amount written-off	-	-
Closing balance	14	22

Provision for doubtful debts as a percentage of revenue is 0.4% for the year ended March 31, 2016, as against 0.6% for the year ended March 31, 2015.

8. Cash and cash equivalents

	in ₹ crore	
	As at March 31,	
	2016	2015
Cash balances	0	0
Bank balances in India		
Current accounts	10	10
Deposit accounts	2,147	1,597
Bank balances – overseas		
Current accounts	118	168
Total cash and bank balances	2,275	1,775
Add: Deposits with financial institutions / body corporate	330	127
Total cash and cash equivalents	2,605	1,902
Balance in current accounts as % of total Cash and Bank Balances	5.6%	10.0%
Cash and cash equivalents as a % of total assets	56.9%	49.2%
Cash and cash equivalents as a % of revenues	68.7%	54.2%

The bank balances in India include both accounts in rupees and foreign currencies. The bank balances in overseas current accounts are maintained to meet the expenditure of the overseas branches and to meet project-related expenditure overseas. The deposit account represents deposits for short tenures with banks and financial institutions.

9. Investments

Long term investments represents investment made in Vertex Ventures (Poland) during the current financial year amounting to ₹21 crore. Current investments amounting to ₹21 crore as of March 31, 2016 as compared to ₹123 crore as of March 31, 2015. Current investments include investments in liquid mutual funds and Government bonds.

10. Loans and advances and other non-current assets

	in ₹ crore	
	As at March 31,	
	2016	2015
Unsecured considered good		
Prepaid expenses	2	4
Advances for goods and services	15	13
Withholding and other taxes receivables	36	28
Sub Total	53	45
Capital advances	1	-
Unbilled revenue	58	74
Advance income taxes	61	65
Interest Accrued but not due	61	9
Loans and advances to employees	25	19
Rental deposits	62	55
Electricity and other deposits	4	2

	As at March 31,	
	2016	2015
Mark to market gain / loss on forward exchange contract	7	7
Due from service provider	-	0
MAT credit entitlement	-	0
Loans and advances to group companies	2	11
Group company-advance paid	-	2
Restricted deposit	67	59
	401	348
Less: Provision for doubtful loans and advances	6	2
Total	395	346

Advance income taxes include advance tax paid by IBPO, Infosys BPO (Poland) Sp.z.o.o and Portland Group, tax deducted at source on interest income and on consultancy.

Due from service provider represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity.

Other assets represent interest accrued but not due on deposits with banks and financial institutions, employee advances, communication deposits, down payment on domestic and overseas current assets, clients reimbursements and gain on forward exchange contracts. Employee and Other Advances comprise salary and travel advances to employees both in India and abroad, which is recoverable within a year.

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

Unbilled revenues comprise of revenue recognized in relation to efforts incurred on fixed-price, transaction-based and time and material contracts not billed as of the year-end. The unbilled revenues as of March 31, 2016 and March 31, 2015 amounted to ₹58 Cr. and ₹74 Cr. respectively.

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

	As at March 31,	
	2016	2015
Advance Income Tax and MAT credit entitlement	61	65
Advance Income Tax	61	65
MAT credit entitlement	-	0

11. Liabilities

	As at March 31,	
	2016	2015
Trade payables	16	66
Accrued salaries and benefits	200	212
Other liabilities		
Provision for expenses	206	204
Retention monies	-	1
Rental Deposit	21	21
Withholding and other taxes	54	40
Other	11	2
Advances received from clients	1	2
Unearned revenue	52	17
Mark to market loss on forward exchange contract	3	3
Total	564	568

Trade Payables represent the amount payable to vendors for the supply of goods, both domestic and overseas and for services rendered.

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

Withholding and other taxes payable represent tax deducted at source on contractors, foreign payments, professional charges, rent payments, salaries, advertisement, ESI / PF payable etc.

Unearned revenue primarily comprises advance client billings on fixed price contracts for which, related costs and earnings were not yet incurred. The deferred revenues amounted to ₹ 52 crore as of March 31, 2016 and ₹ 17 crore as of March 31, 2015.

12. Provisions

	As at March 31,	
	2016	2015
Income taxes (net of advance tax and tax deducted at source)	5	38
Provision for employee benefits (Compensated Absence)	79	68
Post sales customer support ("PSCS") and Service Level Agreement ("SLA")	46	67
Total	130	173

Provision for unavailed leave is towards our liability for leave encashment valued on actuarial basis. The provision for service level agreement compliance is based on estimates made by the Management for on going contracts. In accordance with paragraphs 66 and 67 of the Accounting Standard 29 (Provisions, contingent liabilities and contingent assets), the movement in provision for service level agreement is as follows:

	As at March 31,	
	2016	2015
Balance at the beginning	67	44
Provision recognized / (reversal)	24	32
Provisions utilized	(47)	(7)
Exchange difference during the year	2	(2)
Balance at the end of the period	46	67

III Results of Operations

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

	As at March 31,			
	2016	%	2015	%
Revenues from business process Management services	3,791	100.0	3,507	100.0
Cost of revenue	2,473	65.2	2,374	67.7
Gross profit	1,318	34.8	1,133	32.3
Selling and marketing expenses	140	3.7	113	3.2
General and administrative expenses	371	9.8	323	9.2

	As at March 31,			
	2016	%	2015	%
Operating profit before depreciation	807	21.3	697	19.9
Depreciation and amortization expense	78	2.1	64	1.8
Operating profit	729	19.2	633	18.1
Other income	199	5.3	182	5.2
Profit before tax	928	24.5	816	23.3
Tax expense	203	5.4	198	5.6
Profit after tax	725	19.1	618	17.6

Consolidated Revenues for the year were ₹3791 crore as against ₹3507 crore for the previous year.

Gross Margin post depreciation for the year was ₹1240 crore compared to ₹1069 crore during the previous year.

Net Income for the current year was ₹725 crore as compared to ₹618 crore for the previous year.

Gross Addition to headcount for the year ended March 31, 2016 was 14145 compared to 13387 at the end of the previous year.

1. Income

1.1 Analysis of consolidated revenues

The Company's revenues are segmented into onsite and offshore revenues. Onsite revenues arise from services performed at client sites or at our global development centers located in the same country where the client has a presence. While offshore revenues arise from services at the Company's operations centers located in the country where the client has no presence.

The details of revenues and products are as follows:

	As at March 31,			
	2016	%	2015	%
Onsite	695	18.3	623	17.8
Offshore	3,096	81.7	2,884	82.2
Total	3,791	100.0	3,507	100.0

The details of the man months efforts are as follows:

	As at March 31,	
	2016	2015
Onsite	10,532	8,409
Offshore	261,859	240,329
Billed-total	272,390	248,738
Non-Production	87,145	80,301
Training	13,848	13,206
Total professionals	373,383	342,245
BEE, Sales and Long Leaves	18,667	16,786
Total	392,050	359,031

1.2 Revenues by Project Type

The Company's revenues are generated principally on time and material, transaction based and fixed price contracts. Revenue from fixed price contracts is recognized as per the proportionate completion method. On time and material contracts, revenue is recognized as the related services are rendered.

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

	As at March 31,	
	2016	2015
Fixed price	21.3	16.3
Transaction Based Pricing	17.4	24.0
Time and material	61.3	59.7
Total	100.0	100.0

1.3 Revenues by industry segments

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

	As at March 31,	
	2016	2015
Financial services and insurance	30.4	30.4
Manufacturing	35.6	36.0
Retail, Consumer packaged goods and logistics	8.5	8.7
Life sciences and healthcare	3.3	2.4
Energy and utilities, Communication and services	22.2	22.5
Total	100.0	100.0

1.4 Revenues by geographic region

Infosys BPO offers services to clients located at different parts of the world, both offshore and onsite. Revenues by location are:

	As at March 31,	
	2016	2015
North America	52.3	51.0
Europe	29.9	31.3
Others	17.8	17.7
Total	100.0	100.0

1.5 Client concentration and new business development

For the year ended March 31, 2016, the Company has 150 active clients. The Company has been consistently providing value added services to its existing clients resulting in better visibility and stability of revenue streams.

The following table provides information about client concentration:

	As at March 31,	
	2016	2015
Active clients	150	161
Added during the year	22	37
Deleted during the year	33	20
Revenue – top client	10.1%	11.7%
Revenue – top 5 clients	26.1%	26.5%
Revenue – top 10 clients	38.7%	37.9%

1.6 Voice versus non-voice

Infosys BPO has from the beginning advocated a non-voice BPO strategy. The Management is of the opinion that non voice would offer greater opportunities for process improvements, higher client retention and greater revenues. For the current year ended March 31, 2016, the voice and non-voice proportion was at 12:88; whereas for the previous year, the voice and non-voice proportion was 11:89

2. Expenditure

in ₹ crore

	March 31, 2016				March 31, 2015				Consolidated Growth % (YoY)
	Standalone	%	Consolidated	%	Standalone	%	Consolidated	%	
Revenues	2,849	100.0	3,791	100.0	2,510	100.0	3,507	100.0	8.1
Cost of Services	1,851	65.0	2,473	65.2	1,652	65.8	2,374	67.7	4.1
Gross profit	998	35.0	1,318	34.8	858	34.2	1,133	32.3	16.3
Selling and marketing expenses	130	4.6	140	3.7	106	4.2	113	3.2	23.9
General and administration expenses	252	8.8	371	9.8	205	8.2	323	9.2	14.9
Total	382	13.4	511	13.5	311	12.4	436	12.4	17.2
Operating profit	616	21.6	807	21.3	547	21.8	697	19.9	15.8
Depreciation	62	2.2	78	2.1	50	2.0	64	1.8	21.9
Operating profit after Interest and Depreciation	554	19.4	729	19.2	497	19.8	633	18.1	15.2
Other income	201	7.1	199	5.3	191	7.6	182	5.2	9.3
Profit before tax	755	26.5	928	24.5	688	27.4	816	23.3	13.7
Provision for tax	185	6.5	203	5.4	168	6.7	198	5.6	2.5
Profit After Tax	570	20.0	725	19.1	520	20.7	618	17.6	17.3

2.1 Cost of Services

in ₹ crore

	March 31, 2016				March 31, 2015				Consolidated Growth % (YoY)
	Standalone	%	Consolidated	%	Standalone	%	Consolidated	%	
Employee Costs	1,435	50.4	1,936	51.1	1,249	49.8	1,831	52.2	5.7
Travelling expenses	96	3.4	128	3.4	92	3.7	127	3.6	0.8
Consultancy	146	5.1	171	4.5	173	6.9	208	5.9	(17.8)
Cost of software	30	1.1	39	1.0	18	0.7	32	0.9	21.9
Communication expenses	43	1.5	46	1.2	42	1.7	46	1.3	–
Rent	70	2.4	105	2.8	61	2.4	98	2.8	7.1
Other expenses	33	1.2	46	1.2	17	0.7	32	0.9	43.8
Total	1,851	65.0	2,473	65.2	1,652	65.8	2,374	67.7	4.1
Revenues	2,849	100.0	3,791	100.0	2,510	100.0	3,507	100.0	8.1

Employee cost consists of salaries paid to employees in India and overseas staff expenses. Details of total billed and non-billable person months and gross addition for the year are as follows:

	As at March 31,	
	2016	2015
Billed Person Months	272,390	248,738
Non-Production and Trainee Person Month	100,992	93,507
Gross Addition of employees	14,145	13,387
Aggregate Employees	32,311	30,313

During the current year there is increase in both billed and non-billable person month.

The utilization rates of billed employees are as below:

	in % As at March 31,	
	2016	2015
Including trainees	73.0	72.7
Excluding trainees	75.8	75.6

Travelling expenses, representing cost of travel abroad for transition and discovery, client visits, local conveyance, etc. constituted approximately 3.4% and 3.6% of total revenue for the year ended March 31, 2016 and March 31, 2015 respectively.

Consultancy charges represent the cost of sub-contractors used for operational activities. The Company uses these consultants mainly to meet mismatch in certain skill-sets that are required in various projects and will continue to use external consultants for some of its project work on a need basis. It also includes sub contractor charges of an existing client.

Cost of software packages represents the cost of software packages and tools procured for internal use by the Company for enhancing the quality of its services.

A major part of the Company's revenue comes from offshore business process services. This involves the large-scale use of communication links in order to be online with clients. Communication expenses represent 1.2% and 1.3% of revenues for the years ended March 31, 2016 and March 31, 2015 respectively.

Other expenses represent office and computer maintenance, consumables and general expenses, which were 1.2% and 0.9% of the revenues for the year ended March 31, 2016 and March 31, 2015 respectively.

2.2 Selling and marketing expenses

in ₹ crore

	March 31, 2016				March 31, 2015				Consolidated Growth % (YoY)
	Standalone	%	Consolidated	%	Standalone	%	Consolidated	%	
Employee Costs	98	3.4	105	2.8	80	3.2	85	2.4	23.5
Foreign Travel	17	0.6	18	0.5	13	0.5	13	0.4	38.5
Brand Building	6	0.2	6	0.2	4	0.2	5	0.1	20.0
Professional Charges	1	0.0	1	0.0	(0)	(0.0)	(0)	(0.0)	–
Recruitment expenses	1	0.0	1	0.0	(0)	(0.0)	0	0.0	–
Rent	2	0.1	2	0.1	3	0.1	3	0.1	(33.3)
Other expenses	5	0.2	7	0.2	6	0.2	6	0.2	16.7
Total	130	4.6	140	3.7	106	4.2	113	3.2	23.9
Revenues	2,849	100.0	3,791	100.0	2,510	100.0	3,507	100.0	8.1

Notes:

The Company incurred Selling and Marketing expenses at 3.7% of its revenue during the current year as compared to 3.2% during the previous year.

Employee costs consist of salaries paid to sales and marketing employees and include the bonus payments made to sales personnel.

Professional charges primarily relate to payments made for legal charges, translation charges, etc.

Rent comprises of overseas and domestic rent payments for space utilized by sales and marketing team.

Other Marketing Expenses represents communication expenses, printing and stationery, recruitment charges, postage and courier and other miscellaneous expenses.

At the end of the current year, Infosys BPO had 150 clients as compared to 161 clients in the previous year.

2.3 General and administration expenses

in ₹ crore

	March 31, 2016				March 31, 2015				Consolidated Growth % (YoY)
	Standalone	%	Consolidated	%	Standalone	%	Consolidated	%	
Employee Costs	116	4.1	149	3.9	95	3.8	129	3.7	15.5
Professional Charges	11	0.4	16	0.4	3	0.1	7	0.2	128.6
Rent	3	0.1	6	0.2	4	0.2	7	0.2	(14.3)
Power and fuel	26	0.9	27	0.7	24	1.0	26	0.8	3.8
Travel and Conveyance	4	0.1	5	0.1	4	0.2	7	0.2	(28.6)
Cost of Software	3	0.1	8	0.2	2	0.1	11	0.3	(27.3)
Office Maintenance	48	1.7	59	1.6	23	0.9	34	1.0	73.5
Insurance Charges	8	0.3	9	0.2	9	0.3	10	0.3	(10.0)
Other expenses	32	1.1	93	2.4	41	1.6	92	2.6	1.1
Total	252	8.8	371	9.8	205	8.2	323	9.2	14.9
Revenues	2,849	100.0	3,791	100.0	2,510	100.0	3,507	100.0	8.1

The Company incurred general and administration expenses amounting to 9.8% of its total revenue during the current year as compared to 9.2% of revenues during the previous year.

Professional charges include fees paid for availing services such as consultant charges and legal fees, etc.

3. Operating profits

During the year ended March 31, 2016, the Company earned an operating profit (PBIDTA) of ₹807 Cr. representing 21.3% of revenues as compared to ₹697 Cr. representing 19.9% of revenues during the previous year.

4. Interest

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

5. Depreciation and amortization

The Company provided a sum of ₹78 crore and ₹64 crore towards depreciation and amortization for the years ended March 31, 2016 and March 31, 2015 respectively representing 2.1% and 1.8% of total revenues respectively. The depreciation and amortization as a percentage of average gross block is 6.1% and 5.2% for the years ended March 31, 2016 and March 31, 2015 respectively.

6. Other income, net

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

	in ₹ crore	
	As at March 31,	
	2016	2015
Interest on deposits with bank and others	166	130
Dividend on investment in mutual fund units	5	12
Miscellaneous income, net	11	17
Gains / (losses) on sale of investment	3	4
Gains / (losses) on foreign currency, net	14	20
Total	199	183

Miscellaneous Income includes gains / (loss) from translation difference and forward contracts.

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

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

The Group records the gain or loss on effective hedges in the foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the profit and loss account of that period. To designate a forward contract or options contract as an effective hedge, Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of an effective hedge, a gain or loss is recognized in the profit and loss account.

The composition of currency-wise revenue for the year ended March 31, 2016 and March 31, 2015 is as follows:

Currency	in %	
	As at March 31,	
	2016	2015
US Dollar(USD)	57.2	55.5
UK Pound (GBP)	8.9	8.6
Euro (EUR)	13.2	14.0
Australian Dollar (AUD)	8.9	9.9
Other	11.8	12.0
Total	100.0	100.0

7. Provision for tax

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

Infosys BPO also has operations in a Special Economic Zone ("SEZ"). Income from SEZs is fully tax exempt for the first 5 years, 50.0% exempt for the next 5 years and 50.0% exempt for another 5 years subject to fulfilling certain conditions. Pursuant to the amendments in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities.

Provisions for taxation represent estimated income tax liabilities, both in India and abroad. For the year ended March 31, 2016, provision for taxation amounts to ₹207 crore. Deferred tax assets of ₹4 crore were recognised and MAT credit entitlement for ₹0 crore was accounted for. Net impact of provision for taxation for different period is as follows:

	in ₹ crore	
	As at March 31,	
	2016	2015
Current taxes	207	208
Deferred taxes	(4)	(10)
Mat Credit Entitlement	–	–
Total	203	198

8. Net profit

The net profit of the Company from ordinary activities amounted to ₹725 crore. and ₹618 crore. for the years ended March 31, 2016 and March 31, 2015 respectively. This represents 19.1% and 17.6% of total revenue for the respective years. Excluding other income of ₹199 crore (5.3% of revenues) in the current year as compared to ₹183 crore (5.2% of revenues) in the previous year, the net profit would have been ₹526 crore and ₹435 crore in the current and previous year respectively.

9. Segmental profitability

Our revenue represented along industry classes comprise the primary basis of segmental information set out in the financial statements. Secondary segmental reporting is performed on the basis of the geographical location of customers. The detail of Income and operating income by industry and geographical segments are provided in this section.

Industry segment

	in ₹ crore					
	FSI ⁽¹⁾	MFG ⁽²⁾	RCL ⁽³⁾	LSH ⁽⁴⁾	ECS ⁽⁵⁾	Total
Segmental revenues						
FY 2016	1,150	1,351	323	124	843	3,791
FY 2015	1,066	1,262	306	83	790	3,507
Growth%	7.9	7.1	5.6	49.4	6.7	8.1
Segmental operating income						
FY 2016	239	226	71	26	245	807
FY 2015	216	212	77	20	171	696
Growth%	10.6	6.6	(7.8)	30.0	43.3	15.9
Segmental operating income						
FY 2016	20.8%	16.7%	22.0%	21.0%	29.1%	21.3%
FY 2015	20.3%	16.8%	25.2%	24.1%	21.6%	19.8%

⁽¹⁾ Financial Services and Insurance

⁽²⁾ Manufacturing

⁽³⁾ Retail, Consumer packaged goods, Logistics

⁽⁴⁾ Life Sciences and Healthcare

⁽⁵⁾ Energy and utilities, Communication and Services

Geographic segment

	in ₹ crore			
	North America	Europe	Other*	Total
Segmental revenues				
FY 2016	1,984	1,133	674	3,791
FY 2015	1,790	1,098	619	3,507
Growth%	10.8	3.2	8.9	8.1
Segmental operating income				
FY 2016	434	187	186	807
FY 2015	430	199	67	696
Growth%	0.9	(6.0)	177.6	15.9
Segmental operating income				
FY 2016	21.9%	16.5%	27.6%	21.3%
FY 2015	24.0%	18.1%	10.8%	19.8%

* India and Rest of the world

10. Liquidity

The growth of the Company has been largely financed by cash generated from operations. As of March 31, 2016 the Company had cash and cash equivalents of ₹2605 Cr. including short term liquid investments in money market instruments amounting to ₹330 Cr. The cash and cash equivalents increased by ₹703 Cr. during the year.

Cash flow statement

	<i>in ₹ crore</i>	
	As at March 31,	
	2016	2015
Cash Flows :		
Operating Activities	576	396
Investment Activities	102	225
Financing Activities	-	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	25	(60)
Net increase in cash and cash equivalents	703	561
Cash and cash equivalents at the beginning of the period	1,902	1,341
Cash and cash equivalents at the end of the period	2,605	1,902

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

Working capital

	<i>in ₹ crore</i>	
	As at March 31,	
	2016	2015
Current assets	3,566	2,924
Current liabilities	673	720
Working capital	2,893	2,204
Current ratio	5.3:1	4.1:1

Working capital increased by ₹689 crore from the year end 2015 position. The key changes are as follows:

Current assets increased by ₹642 crore due to increase in Cash and cash equivalent by ₹703 crore, Trade receivable by ₹2 crore, decrease in investment in mutual fund by ₹102 crore decrease in unbilled revenue ₹16 crore and increase in other Short term loans and advances by ₹55 crore.

Current liabilities decreased by ₹47 crore mainly due to decrease in Trade Payable by ₹50 crore, Provision for Income Tax by ₹33 crore and increase in Unearned Revenue by ₹35 crore.

Management uses a free cash flow measure to evaluate the Company's operating results, evaluate strategic investment and assess the Company's ability and need to incur and service debt. Free cash flow is not defined term under IGAAP and it should not be inferred that the entire free cash flow amount is available for discretionary expenditure. The Company defines free cash flow as net cash from operating activities less net capital expenditure.

	<i>in ₹ crore</i>	
	Year ended March 31 :	
	2016	2015
Net cash from operating activities	576	396
Less: - Capital expenditure, net	(106)	(68)
Free cash flow	470	328
Acquisition	(21)	-
Dividend / Interest received	120	138
Divestitures / (Investment)	109	155
Effect of exchange differences on translation	25	(60)
Change in cash, cash equivalent	703	561

11. Stock option plan

Employee Stock Option Plan (2002 plan)

As at March 31, 2015, the options held by Infosys Limited have expired. These options have not been considered while computing dilutive earnings per share of the Company from the date Infosys Limited owned these options.

12. Capital commitments and contingent liabilities

a. Forward Contracts Sell	As at March. 31,			
	2016		2015	
	In base currency (Million)	in ₹ crore	In base currency (Million)	in ₹ crore
USD / INR	43	285	48	300
AUD / INR	5	25	3	14
EUR / INR	3	19	3	20
EUR / PLN	–	–	5	30
USD / PLN	–	–	3	19
USD / CZK	–	–	1	6
GBP / INR	5	50	4	39
EUR / USD	13	98	–	–
Total forward contracts o / s		477		429
b. Estimated Amount of unexecuted capital contracts (net of advance and deposits)		122		26
c. Claims against the Company not acknowledged as debts		96		96
d. Bank guarantees towards lease premises		23		17
Aggregate capital commitments and contingent liabilities		718		568

IV Opportunities and threats :

1. Our strengths

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

2. Our strategy

Infosys BPO seeks to differentiate in the market by delivering business value through deep domain expertise and technology prowess. We invest in offerings that go beyond traditional SG&A and thus address COGS part of our clients. Infosys BPO has 32 delivery centers across the globe and is focused to give its clients, the flexibility to take their operations to any market. We are striving to deliver the experience to our clients and their stakeholders by adopting a Desirability- Feasibility -Viability approach of Design Thinking. We are reducing the distance to our clients by focusing on their experience, the distance to code by focusing on engineering and the distance to value by focusing on economics.

Due to these focused strategies, Infosys BPO has emerged as a trusted and valued collaboration partner for clients and an employer of choice for aspiring professionals.

3 Our competition

We operate in a highly competitive and rapidly changing market. At one end of the spectrum, we compete with consulting firms such as Accenture Limited, Atos Origin SA and Deloitte Consulting LLP. We also compete with divisions of large multinational technology firms such as Hewlett-Packard Company and IBM Corporation. Besides these, we directly compete with Business Process Outsourcing firms such as TCS BPS, Genpact Limited, Wipro BPO, EXL Service and WNS Global Services.

In the future, we expect an intensified competition from these firms also from new platform and BPaaS players. We understand that price alone cannot constitute a sustainable competitive advantage. We need to improvise on our ability to attract and retain talent in the organization. We also need to strengthen our articulation of long-term value to potential clients. We should focus on increasing the scale and breadth of service offerings to provide one-stop solutions for customer needs.

V Outlook, risk and concerns

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

The following lists our outlook, risks and concerns :

- Our revenues and expenses are difficult to predict and can vary significantly from period to period. We may not be able to sustain our previous profit margins or levels of profitability
- The economic environment, pricing pressure and decreased employee utilization rates could negatively impact our revenues
- Our revenues are highly dependent on clients primarily located in the U.S. and Europe, and certain specialized industries. An economic or industry slowdown in these regions may affect our business
- Our success depends largely on our ability to attract, hire, train, motivate and retain talent
- Intense competition in the market for technology services could affect our cost advantages
- Our revenues are highly dependent upon a small number of clients, and the loss of any one of our major clients could significantly impact our business
- Legislation in certain countries in which we operate, may restrict companies in those countries from outsourcing work to us, or may limit our ability to send our employees to certain client sites
- Some of our long-term client contracts contain benchmarking provisions which, if triggered, could result in lower future revenues and profitability under the contract
- Our business will suffer if we fail to anticipate and develop new services in order to keep pace with rapid changes in technology
- Disruptions in telecommunications, system failures, or virus attacks could harm our ability to execute our Global Delivery Model, which could result in client dissatisfaction and a reduction of our revenues
- We may be liable to our clients for damage caused by disclosure of confidential information, system failures, errors or unsatisfactory performance of services
- The markets in which we operate are subject to the risk of earthquakes, floods, tsunamis and other natural and manmade disasters

- Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives it provides to us or when our tax holidays expire or terminate
- Wage pressures in India and the hiring of employees outside India may prevent us from sustaining our competitive advantage and may reduce our profit margins
- Terrorist attacks or a war could adversely affect our business, results of operations and financial condition

VI Internal control system and their adequacy:

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

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

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

Risk management report

Management of Risk

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

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

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

Risk Management Framework

Infosys BPO has always sought a comprehensive view to risk Management to address risks inherent to clients as well as enterprise

risks. Over the last few years, Infosys BPO has implemented many controls focusing on reducing the risks to its operations from the perspective of operational risk and control, data protection, information security and business continuity.

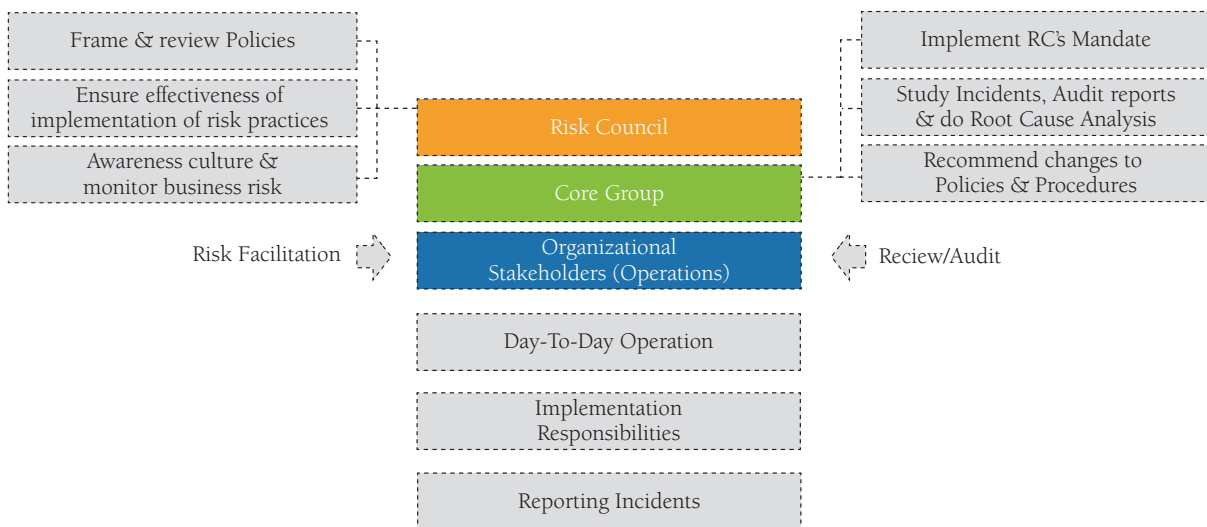
Risk Governance: Key risks are managed through a structure that cascades across the corporate, business units and the subsidiaries are located in following locations

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

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

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

The day-to-day implementation of the Risk Management steps are undertaken at each facility by respective functional teams for each location and their implementation are overseen at the organization level by a Risk Management Core Group comprising the various functional heads, shown in the following diagram:



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

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

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

Risk assessment and control

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

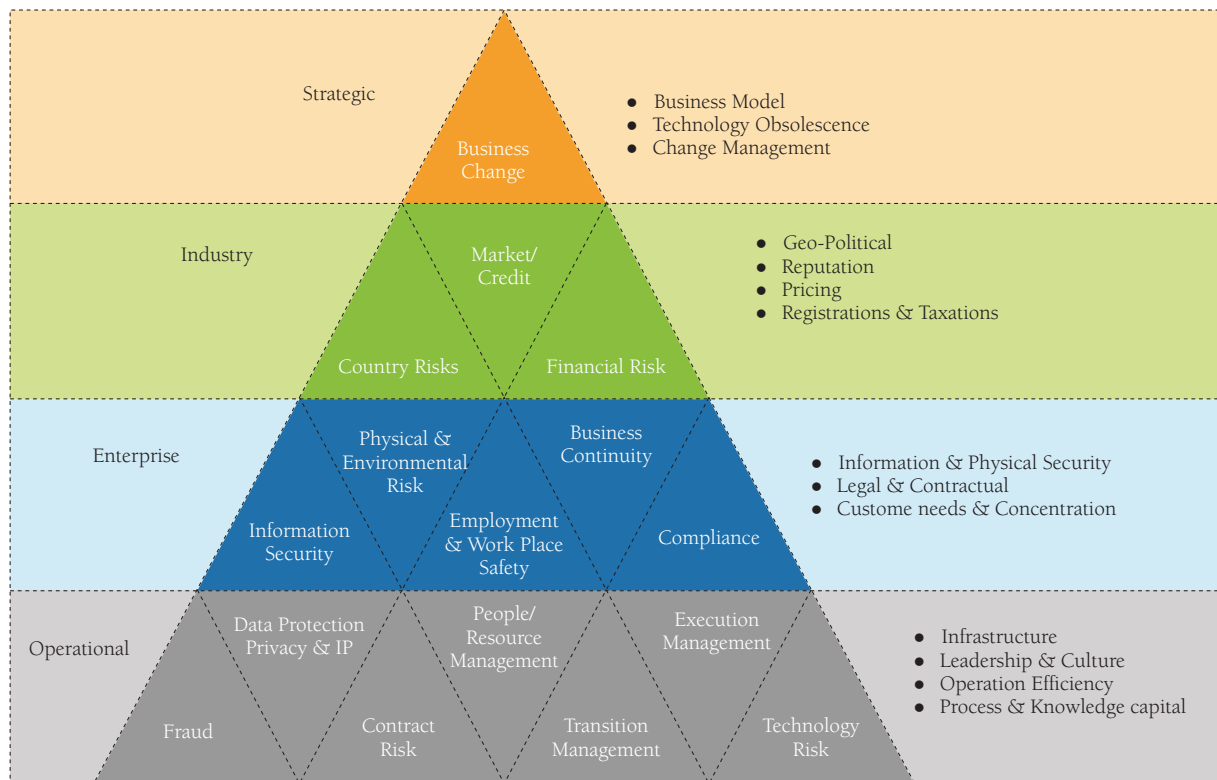
New engagements and Reverse Transitioning engagements would be evaluated for selecting the assessment sample. RT is validated using a RT process checklist. Sampled engagements would be assessed during the financial year.

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

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

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

Risks are documented and reviewed in the form of a dashboard illustrated as follows:



Risk reporting

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

Third party assurance

Infosys BPOs internal controls are also audited by third party and this is done via the International Standards of Assurance Engagements (ISAE) 3402 is an internationally recognized auditing standard developed by International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants

(IFAC). An ISAE 3402 audit suggests that a service organization has been through an in depth audit of control activities, which generally include controls over information technology and related processes. Infosys BPO has been providing all clean reports since 2004. The audit is conducted by one of big four audit firms.

Infosys BPO has covered the following locations for SOC1, Type 2 audit : Manila (Market), Philippines; McCamish (Atlanta USA); Bangalore, Chennai (TRIL), Pune, Jaipur and Gurgaon, India; Lodz, Poland; and Brno, Czech Republic; Dalian and Hangzhou, China; Monterrey, Mexico; Belo Horizonte, Brazil, San Jose- Costa Rica.

Report on health, safety and environment

We are committed to providing a safe and healthy work place, to our employees, consultants and contractors and high standards of environmental protection. Ozone, our Health, Safety and Environmental Management System (HSEMS), is designed to not only comply with all applicable legal requirements, but also to exceed these expectations wherever we operate. It helps in providing a secure working environment for our employees, assets and operations against all HSE risks. The initiative also strives to keep employees, contractors and others well informed, trained and committed to our HSE process. Most of our campuses in India are OHSAS 18001 : 2007 and ISO 14001 : 2004 certified.

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

Risk management

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

Health and Safety

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

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

SAFE - Secure affirmative fun environment

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

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

Incident reporting and investigation

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

Awareness

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

Environment

On the environmental front energy, emissions, water and waste are the focus areas of our actions. Our efforts led by a highly qualified team of experts revolve around energy efficiency, renewable energy, water conservation, waste Management and biodiversity.

- **Energy** : Several energy reduction programs have been initiated. We have a 250 KW of solar plant at Jaipur catering as a source of renewable energy.
- **Water** : We have not been able to reduce our per capita fresh water consumption during the year though several initiatives and campaigns for optimal use of water across all our campuses were launched. We have our own sewage treatment plants to recycle and reuse wastewater generated at our campuses every day. Recycled water is used for landscape maintenance and for flushing purposes at our campuses.
- **Waste Management** : We have adopted a focused approach towards waste Management. Waste is segregated at source and disposed to recyclers. Hazardous waste is disposed to authorized recyclers and in adherence to applicable legislations. We are working on strengthening the process for effective waste disposal through initiatives like establishment of biogas plants, organic waste converters etc.,

Assessments and reviews

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

Business continuity

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

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

CEO and CFO certification

The Board of Directors
Infosys BPO Limited
Bangalore

Dear members of the Board,

We, Anup Uppadhyay, Chief Executive Officer and Managing Director, and Deepak Bhalla, Chief Financial Officer of Infosys BPO Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement and all the notes on accounts and the Board's report for the financial year ended March 31, 2016.
2. These statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's code of conduct and ethics, except as disclosed to the Company's auditors and the Company's audit committee of the Board of Directors.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in India.
 - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - d. Disclosed in this report any changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed based on our most recent evaluation of Company's internal control over financial reporting's, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :
 - a. Any deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - b. Any significant changes in internal controls during the year covered by this report.
 - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. Any instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
8. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct and ethics for the year covered by this report.

Sd / -
Anup Uppadhyay
Chief Executive Officer and
Managing Director

Sd / -
Deepak Bhalla
Chief Financial Officer

Bangalore
April 12, 2016

Independent Auditor's Report

To the Members of Infosys BPO Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Infosys BPO Limited ('the Company'), which comprise the Balance Sheet as at March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 2.19 to the financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer to Note 2.6 to the financial statements;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Supreet Sachdev

Partner

Membership number : 205385

Place : Bangalore

Date : April 12, 2016

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Infosys BPO Limited ('the Company') on the standalone financial statements for the year ended 31 March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The Company is a service Company, primarily rendering business process Management services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) During the year, the Company has not advanced any loan to which the provisions of section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provision of section 186 of the Act has been complied with.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of sales tax which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, service tax and value added tax have not been deposited by the Company on account of disputes:

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

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

- (viii) The Company does not have any loans or borrowings from financial institutions, banks, government or debenture holders during the year. Hence, paragraph 3(viii) of the order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3 (ix) of the order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3 (xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for B S R & Co. LLP

Chartered Accountants

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

Sd / -

Supreet Sachdev

Partner

Membership number : 205385

Place : Bangalore

Date : April 12, 2016

Annexure – B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Infosys BPO Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP). A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for B S R & Co. LLP
Chartered Accountants

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

Sd / -

Supreet Sachdev
Partner

Membership number: 205385

Place: Bangalore

Date: April 12, 2016

Balance Sheet

Particulars	Note	in ₹ crore	
		March 31, 2016	2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	3,441	2,871
		3,475	2,905
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	21	21
		21	21
CURRENT LIABILITIES			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.4	18	20
Other current liabilities	2.5	358	285
Short-term provisions	2.6	93	105
		469	410
		3,965	3,336
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	241	223
Intangible assets	2.7	19	19
Capital work-in-progress		16	7
		276	249
Non-current investments	2.8	590	594
Deferred tax assets	2.9	41	41
Long-term loans and advances	2.10	114	100
Other non-current assets	2.11	1	1
		746	736
CURRENT ASSETS			
Current investments	2.8	21	123
Trade receivables	2.12	490	462
Cash and cash equivalents	2.13	2,186	1,580
Short-term loans and advances	2.14	246	186
		2,943	2,351
		3,965	3,336
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm registration number : 101248W / W-100022

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

Supreet Sachdev
Partner
Membership number: 205385

U. B. Pravin Rao
Chairman and Director

Anup Uppadhyay
Chief Executive Officer and
Managing Director

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place : Bangalore
Date : April 12, 2016

Statement of Profit and Loss

Particulars	Note	in ₹ crore, except share and per equity share data	
		Year ended March 31,	
		2016	2015
INCOME			
Revenues from business process Management services		2,849	2,510
Other income	2.15	201	191
Total revenue		3,050	2,701
EXPENSES			
Employee benefit expenses	2.16	1,648	1,425
Cost of technical sub-contractors	2.16	136	166
Travel expenses	2.16	117	110
Cost of software packages	2.16	33	20
Communication expenses	2.16	51	46
Professional charges	2.16	43	19
Office expenses	2.16	64	28
Power and fuel	2.16	26	24
Insurance charges	2.16	9	9
Rent	2.16	75	68
Depreciation and amortization expense	2.7	62	50
Other expenses	2.16	31	48
Total expenses		2,295	2,013
PROFIT BEFORE TAX		755	688
Tax expense			
Current tax	2.17	184	167
Deferred tax	2.17	1	1
PROFIT FOR THE YEAR		185	168
EARNINGS PER EQUITY SHARE		570	520
Equity shares of par value ₹10 / - each			
Basic		168.46	153.64
Diluted		168.46	153.64
Weighted average number of shares used in computing earnings per share	2.30		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm registration number : 101248W / W-100022

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

Supreet Sachdev
Partner
Membership number: 205385

U. B. Pravin Rao
Chairman and Director

Anup Uppadhayay
Chief Executive Officer and
Managing Director

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place: Bangalore
Date: April 12, 2016

Cash Flow Statement

Cash Flow Statement	in ₹ crore	
	Year ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	755	688
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation	62	50
Interest and dividend income	(167)	(138)
Non-cash item included in other income (Refer to Note 2.15)	–	3
Profit on sale of investments	(3)	(4)
Profit on sale of fixed assets	–	(1)
Fixed assets written off	–	(24)
Provision for doubtful debts	(8)	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
Changes in assets and liabilities		
Trade receivables	(20)	(71)
Loans and advances and other assets	(20)	(21)
Liabilities and provisions	53	(105)
	652	377
Income tax paid during the year, net	(184)	(157)
NET CASH GENERATED BY OPERATING ACTIVITIES	468	220
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(86)	(60)
Proceeds from sale of fixed assets	–	2
Interest received	115	122
Dividend received from mutual fund	–	13
Investment in liquid mutual funds units	(889)	(747)
Disposal of liquid mutual funds units	999	856
Investment in government bonds	(1)	(1)
Redemption in certificate of deposit	–	47
Dividend received from subsidiary	–	24
NET CASH FLOW FROM INVESTING ACTIVITIES	138	256
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	606	476
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,580	1,104
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note 2.13)	2,186	1,580
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

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Place : Bangalore
Date : April 12, 2016

Significant accounting policies

Company overview

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

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amount of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change periodically. Actual results could differ from those estimates. Appropriate changes in estimates are made based on changes in circumstances surrounding the estimates and are reflected with material effects, if any, in the financial statements.

1.3 Revenue recognition

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

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increase in levels of revenue transactions, the Company recognizes

the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from customer.

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

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

1.4 Expenditure

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

1.5 Tangible assets and capital work-in-progress

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

Intangible assets including goodwill

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

1.6 Depreciation and amortization

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

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

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

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end. (Refer to Note 2.7)

1.7 Retirement benefits to employees

Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPO Limited Employees' Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India. The Company recognizes the net obligation of the Gratuity Plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS)15, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Statement of Profit and Loss in the period in which they arise.

Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes for the superannuation benefits of the employees. It has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

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

1.8 Foreign currency transactions

Foreign-currency-denominated monetary assets and liabilities are translated 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 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 liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

1.9 Forward contracts and option contracts in foreign currencies

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

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

Forward and options contracts are fair valued at each reporting date. The Company records the mark-to-market gain or loss on effective hedges in the cash flow hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, the Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently, whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, or where the hedge is ineffective a gain or loss is recognized in the Statement of Profit and Loss.

1.10 Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax for the period based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company offsets, on a yearly basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.11 Provisions and contingent liability

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

1.12 Onerous Contract

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

1.13 Impairment

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

1.14 Earnings per share

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

1.15 Investments

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

Long-term investments, which are expected to be realized within 12 months after the reporting date, are presented under 'current assets' as 'current investment'.

1.16 Cash and cash equivalents

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

1.17 Cash flow statement

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

1.18 Leases

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

2 Notes to accounts for the year ended March 31, 2016

Amounts in the financial statements are presented in ₹ crore, except for per share data and as otherwise stated. All exact amounts are stated with suffix ' / -'. One crore equals 10 million.

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

2.1 Share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2016	2015
AUTHORIZED		
Equity shares, ₹10 / - (₹10 / -) par value	123	123
12,33,75,000 (12,33,75,000) equity shares	123	123
ISSUED, SUBSCRIBED AND PAID-UP		
Equity shares, ₹10 / - (₹10 / -) par value ⁽¹⁾		
3,38,27,751 (3,38,27,751) equity shares fully paid-up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding Company, Infosys Limited]	34	34

⁽¹⁾ Refer to Note 2.30 for details of basic and diluted shares

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

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

Reconciliation of the number of shares outstanding

in ₹ crore

Particulars	As at March 31,			
	2016		2015	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	3,38,27,751	34	3,38,27,751	34
Add: Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	3,38,27,751	34	3,38,27,751	34

Shares held by shareholders holding more than 5% shares

in ₹ crore

Name of the shareholder	As at March 31,			
	2016		2015	
	No. of shares	% held	No. of shares	% held
Infosys Limited, the holding Company	3,38,22,319	99.98	3,38,22,319	99.98

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

2.2 Reserves and surplus

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Securities premium account – opening balance	25	25
Add: Transferred from surplus	–	–
	25	25
Capital redemption reserve – opening balance	1	1
Add: Transferred from surplus	–	–
	1	1
General reserve – opening balance	1,000	1,000
Add: Transferred from surplus	–	–
	1,000	1,000
Surplus – opening balance	1,845	1,325
Add: Net profit after tax transferred from Statement of Profit and Loss	570	520
Less: Amount transferred to general reserve	–	–
	2,415	1,845
	3,441	2,871

2.3 Other long-term liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Rental deposit received from holding Company (Refer to Note 2.24)	21	21
	21	21

2.4 Trade payables

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises ⁽¹⁾	18	20
	18	20
⁽¹⁾ Includes dues to subsidiaries and other group companies (Refer to Note 2.24)	7	12

The Company has no dues to micro and small enterprises during the year ended March 31, 2016 and March 31, 2015.

2.5 other current liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Accrued salaries and benefits		
Salaries	57	51
Bonus and incentives	84	81
Other liabilities		
Provision for expenses ⁽¹⁾	123	116
Retention money payable	–	1
Withholding and other taxes	40	27
Advances received from customers	1	1
Unearned revenue	39	5
Other payables ⁽¹⁾	14	3
	358	285
⁽¹⁾ Includes dues to holding and other group companies (Refer to Note 2.24)	1	4
⁽²⁾ Includes dues to holding Company (refer to note 2.24)	11	1

2.6 Short-term provisions

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Provision for employee benefits		
Compensated absence	59	50
Other provisions		
Income taxes (net of advance tax and Tax deducted at source)	1	1
Post-sales customer support and service level agreement	33	54
	93	105

Post-sales customer support and service level agreement

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Balance at the beginning	54	32
Provision recognized / (reversal)	17	31
Provisions utilized	(40)	(7)
Exchange difference during the year	2	(2)
Balance at the end	33	54

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

2.7 Fixed assets

The changes in the carrying value of fixed assets for the year ended March 31, 2016 are as follows:

Particulars	Tangible assets					Intangible assets		Total			
	Land leasehold	Buildings	Leasehold improvement	Office equipment	Plant and equipment	Computer equipment	Furniture and fixtures		Goodwill		
Original cost											
As at April 1, 2015	12	148	67	119	31	192	59	19	628	19	647
Additions / adjustments during the year	-	4	4	4	12	53	3	-	80	-	80
Deductions / retirement during the year	-	-	-	(3)	-	(8)	(1)	-	(12)	-	(12)
As at March 31, 2016	12	152	71	120	43	237	61	19	696	19	715
Depreciation and amortization											
As at April 1, 2015	1	45	44	105	16	145	49	-	405	-	405
For the year	-	5	10	7	6	29	5	-	62	-	62
Deductions / adjustments during the year	-	-	-	(3)	-	(8)	(1)	-	(12)	-	(12)
As at March 31, 2016	1	50	54	109	22	166	53	-	455	-	455
Net book value											
As at March 31, 2016	11	102	17	11	21	71	8	19	241	19	260

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

Particulars	Tangible assets					Intangible assets		Total			
	Land leasehold	Buildings	Leasehold improvement	Office equipment	Plant and equipment	Computer equipment	Furniture and fixtures		Goodwill		
Original cost											
As at April 1, 2014	12	148	66	125	24	177	57	19	609	19	628
Additions / adjustments during the year	-	-	11	4	7	31	5	-	58	-	58
Deductions / retirement during the year	-	-	(10)	(10)	-	(16)	(3)	-	(39)	-	(39)
As at March 31, 2015	12	148	67	119	31	192	59	19	628	19	647
Depreciation and amortization											
As at April 1, 2014	1	40	45	107	11	141	47	-	392	-	392
For the year	-	5	9	8	5	18	5	-	50	-	50
Deductions / adjustments during the year	-	-	(10)	(10)	-	(14)	(3)	-	(37)	-	(37)
As at March 31, 2015	1	45	44	105	16	145	49	-	405	-	405
Net book value											
As at March 31, 2015	11	103	23	14	15	47	10	19	223	19	242

During the quarter ended June 30, 2014, the Management, based on internal and external technical evaluation, had changed the useful life of certain assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets have been changed from the previous estimates.

The rental income from the leasing of certain assets to subsidiaries for the year ended March 31, 2016 amounted to ₹9 crore (₹9 crore for the year ended March 31, 2015).

2.8 Investments

in ₹ crore except as otherwise stated

Particulars	As at March 31,	
	2016	2015
Non-current investments		
Long term investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o)	3	3
Infosys Poland Sp.z.o.o (formerly Infosys BPO Poland Sp.z.o.o)		
5,000 (5,000) equity shares of PLN 500 each, fully paid	59	59
Portland Group Pty Limited, 174,50,000 (174,50,000) equity shares	211	211
Infosys McCamish Systems LLC	317	317
Others (quoted)		
Investment in government bonds ⁽¹⁾	–	4
Total non-current investments	590	594
Current portion of long-term investments		
Quoted		
Investment in Fixed Maturity Plans (FMP) (Refer to Note 2.8.2)	–	30
	–	30
Current investments – at the lower of cost and fair value		
Quoted		
Investment in Government bonds ⁽¹⁾	5	–
Unquoted	–	–
Investment in liquid mutual fund units (Refer to Note 2.8.1)	16	93
Total current investments	21	93
Aggregate amount of quoted investments	5	30
Market value of quoted investments	5	36
Aggregate amount of unquoted investments	606	687

⁽¹⁾ Investment in government bonds listed on the Philippines Dealing and Exchange Corp. (PDEX) as per the statutory earmarking requirement of the Philippines Government.

Profit on sale of investment is ₹3 crore for the year ended March 31, 2016 and ₹4 crore for the year ended March 31, 2015.

2.8.1 Details of investments in liquid mutual funds

The details of investments in liquid mutual funds as at March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	As at March 31,			
	2016		2015	
	Units	Amount	Units	Amount
Birla Sun Life AMC Ltd – Liquid Plus	–	–	47,37,327	48
ICICI Prudential Liquid Plan	16,07,064	16	0	–
Reliance Mutual Fund – Liquid	–	–	4,08,049	45
	16,07,064	16	51,45,376	93

2.8.2 Details of investments in FMP mutual funds

Details of investments in FMP mutual funds as at March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	As at March 31,			
	2016		2015	
	Units	Amount	Units	Amount
SBI Debt Fund-FMP	–	–	2,00,00,000	20
UTI – FMP	–	–	1,00,00,000	10
	–	–	3,00,00,000	30

2.9 Deferred tax assets

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Deferred tax assets		
Fixed assets	17	19
Unavailed leave	17	12
Trade receivables	5	6
Others	2	4
	41	41

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

2.10 Long-term loans and advances

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Unsecured considered good		
Capital advances	1	–
Other loans and advances		
Rental deposits ⁽¹⁾	58	47
Security deposits	2	1
Advance income taxes (net of provision)	53	52
	114	100
⁽¹⁾ Includes dues from holding Company (Refer to Note 2.24)	27	27

2.11 Other non-current assets

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Others		
Advance to gratuity trust (Refer to Note 2.26)	1	1
	1	1

2.12 Trade receivables

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5	11
Less: Provision for doubtful debts	5	11
	–	–
Other debts		
Unsecured		
Considered good ⁽¹⁾	490	462
Considered doubtful	5	7

Particulars	As at March 31,	
	2016	2015
	495	469
Less: Provision for doubtful debts	5	7
	490	462
⁽¹⁾ Includes dues from subsidiaries, holding Company and other group companies (Refer to Note 2.24)	43	10

2.13 Cash and cash equivalents

in ₹ crore

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

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

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

in ₹ crore

Particulars	As at March 31,	
	2016	2015
In current accounts		
Bank of America, California, USA	14	9
Bank of America, California – Trust account, U.S. ⁽¹⁾	–	–
Citibank, Manila	1	–
Citi Bank, South Africa	1	1
Citi Bank, Costa Rica	2	6
Citi Bank, Singapore	1	1
Citi Bank, Australia	2	1
Citi Bank, Bangalore	–	–
Bank of Philippine Islands	–	–
Deutsche Bank, India	3	1
Deutsche Bank- EEFC (Euro account)	1	1
Deutsche Bank – EEFC (UK Pound Sterling account)	–	–
Deutsche Bank – EEFC (U.S. Dollar account)	1	1
Deutsche Bank, Netherland	2	–
Deutsche Bank, London, UK	–	1
Deutsche Bank, Philippines	1	5
Deutsche Bank, Philippines - USD	1	–
ICICI Bank, India	3	3
ICICI Bank – EEFC (Euro account)	1	–
ICICI Bank – EEFC (UK Pound Sterling account)	–	–
ICICI Bank – EEFC (U.S. Dollar account)	1	2
Royal Bank of Canada	–	–
State Bank of India, India	1	1
	36	33
In deposit accounts		
Andhra Bank	100	74
Axis Bank	170	80
Bank of Baroda	–	80
Bank of India	77	–
Central Bank of India	20	80

Particulars	As at March 31,	
	2016	2015
Canara Bank	169	80
Corporation Bank	100	80
HDFC Bank limited	150	80
ICICI Bank	271	106
IDBI Bank	150	150
Indian Overseas Bank	250	78
Kotak Mahindra Bank	45	5
Oriental Bank of Commerce	–	80
Punjab National Bank	18	80
Syndicate Bank	16	80
South Indian Bank	23	27
State Bank of India	–	–
Union Bank of India	133	80
Vijaya Bank	104	80
Yes Bank	24	100
	1,820	1,420
Deposits with financial institution		
HDFC Limited	330	127
	330	127
	2,186	1,580

⁽¹⁾ Represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements.

2.14 Short-term loans and advances

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Prepaid expenses	1	3
For supply of goods and rendering of services	13	11
Withholding and other taxes receivable	28	25
	42	39
Restricted deposits (Refer to Note 2.31)	67	59
Unbilled revenue ⁽²⁾	45	40
Advance income taxes	–	–
Interest accrued but not due	60	9
Loans and advances to employees	19	16
Rental deposits	2	4
Security deposits	1	1
Mark-to-market gain on forward contracts	7	6
Loans and advances to group companies ⁽¹⁾	3	12
	246	186
Unsecured, considered doubtful		
Loans and advances to employees	–	2
	246	188
Less: Provision for doubtful loans and advances	–	2
	246	186
⁽¹⁾ Includes dues from subsidiaries and holding Company (Refer to Note 2.24)	3	12
⁽²⁾ Includes dues from subsidiaries and other group companies (Refer to Note 2.24)	–	–

2.15 Other income

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Interest on deposits with bank and others	162	125
Dividend on investment in mutual fund units	5	13
Gains on sale of investments	3	4
Dividend income from subsidiary	–	24

Particulars	Year ended March 31,	
	2016	2015
Miscellaneous income	11	13
Gain on foreign currency, net	20	12
	201	191

2.16 Expenses

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,561	1,357
Staff welfare	15	1
Contribution to provident and other funds	72	67
	1,648	1,425
Cost of technical sub-contractors		
Technical sub-contractors – subsidiaries	96	146
Technical sub-contractors – others	40	20
	136	166
Travel expenses		
Overseas travel expenses	81	77
Domestic travel expenses	36	33
	117	110
Cost of software packages		
Cost of software for own use	33	20
	33	20
Communication expenses		
Communication expenses	40	35
Telephone expenses	11	11
	51	46
Professional charges		
Legal and professional	22	10
Recruitment and training	21	9
Auditor's remuneration		
Statutory audit fees	–	–
Out-of-pocket expenses	–	–
	43	19
Office expenses		
Computer maintenance	5	2
Printing and stationery	2	1
Office maintenance	57	25
	64	28
Power and fuel		
Power and fuel	26	24
	26	24
Insurance charges	9	9
	9	9
Rent (Refer to Note 2.18)	75	68
	75	68
Other expenses		
Consumables	6	2
Brand building and advertisement	6	4
Marketing expenses	4	4
Rates and taxes	2	2
Contribution to CSR (Refer to Note 2.32)	14	11
Bank charges and commission	1	1
Postage and courier	1	2
Provision for doubtful debts	(8)	13

Particulars	Year ended March 31,	
	2016	2015
Provision for doubtful loans and advances	3	1
Professional membership and seminar participation fees	1	1
Miscellaneous	1	7
	31	48

2.17 Tax expense

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Current tax		
Income taxes	184	167
MAT credit utilized	–	–
Deferred taxes	1	1
	185	168

During the years ended March 31, 2016 and March 31, 2015, the Company had reversal (net of provisions) of ₹2 crore and additional provision of ₹1 crore, respectively, pertaining to tax relating to prior years.

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt for the first 10 years from the fiscal year in which the unit commences software development, or March 31, 2011 whichever is earlier. Income from SEZs is fully tax exempt for the first five years, 50% exempt for the next 5 years and 50% exempt for another five years subject to fulfilling certain conditions.

2.18 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Lease rentals charged during the year	75	68

in ₹ crore

Lease obligations payable	As at March 31,	
	2016	2015
Within one year of the Balance Sheet date	56	44
Due in a period between one year and five years	120	103
Due after five years	20	6

The operating lease arrangements are renewable on a periodic basis and for most of the leases, extend up to a maximum of 10 years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

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

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Contingent liabilities		
Claims against the Company not acknowledged as debts ⁽¹⁾		
[Net of amount paid to statutory authorities ₹ 23 crore (₹ 23 crore)]	96	119
Bank guarantees	21	17
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	40	18

⁽¹⁾ Claims against the Company not acknowledged as debts includes demand from the Indian Income tax authorities for payment of additional tax of ₹ 19 crore (₹ 19 crore), including interest of ₹ 5 crore (₹ 5 crore) upon completion of their tax review for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2011. These demands to the extent of ₹ 18 crore were paid to statutory authorities.

These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and / or 10AA of the Income Tax Act as determined by the ratio of export turnover to total turnover. This disallowance arose mainly from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2007 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The matter for fiscal 2008, fiscal 2009 and fiscal 2011, are pending before the Commissioner of Income tax (Appeals) Bangalore.

The Company is contesting the demand and the Management, including its tax advisors, believes that its position will likely be upheld in the appellate process. The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

2.20 Derivative instruments

The details in respect of outstanding foreign exchange forward contracts are as follows:

Particulars	As at March 31,			
	2016		2015	
	in million	in ₹ crore	in million	in ₹ crore
Forward contracts outstanding				
USD / INR	43	285	48	300
EUR / INR	3	19	3	20
GBP / INR	5	50	4	39
AUD / INR	5	25	3	14

As of March 31, 2016 and March 31, 2015, there were no net foreign currency exposures that are not hedged by a derivative instrument or otherwise.

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groups based on the remaining period as of the Balance Sheet date:

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Not later than one month	110	91
Later than one month and not later than three months	129	146
Later than three months and not later than one year	140	136
	379	373

The Company recognized a gain on derivative financial instruments of ₹ 2 crore and gain on derivative financial instruments of ₹ 18 crore during the year ended March 31, 2016 and March 31, 2015, respectively, which is included in other income.

2.21 Quantitative details

The Company is primarily engaged in providing business process Management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under Paragraphs 5(viii)(c) of general instructions for preparation of Statement of Profit and Loss as per Schedule III to the Companies Act, 2013.

2.22 Imports (valued on the cost, insurance and freight basis)

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Capital goods	27	11

2.23 Activity in foreign currency

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Earnings in foreign currency		
Business process Management services	2,498	2,208
	2,498	2,208
Expenditure in foreign currency		
Overseas salaries and incentives	639	510
Legal, professional and sub-contractors charges	41	72
Overseas travel expenses (including visa charges)	64	60
Other expenses	156	191
	900	834
Net earnings in foreign currency	1,598	1,374

2.24 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Holding company			
Infosys Limited	India		
Fellow subsidiaries			
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o)	Czech Republic	100%	100%
Infosys Poland Sp.z.o.o (formerly Infosys BPO Poland Sp.z.o.o)	Poland	100%	100%
Infosys BPO S. de R. L. de C.V. ⁽¹⁶⁾	Mexico	Nil	Nil
Infosys BPO Americas LLC ⁽¹⁵⁾	U.S.	100%	100%
Infosys McCamish Systems LLC (formerly McCmish LLC)	U.S.	100%	100%
Portland Group Pty. Limited	Australia	100%	100%
Portland Procurement Services Pty Ltd ⁽⁹⁾	Australia	–	–
Fellow subsidiaries			
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	Mexico		
Infosys Technologies (China) Co. Limited (Infosys China)	China		
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China		
Infosys Tecnologia do Brasil Ltda. (Infosys Brasil)	Brazil		
Infosys Public Services, Inc. (Infosys Public Services)	U.S.		
Infosys Technologies (Sweden) AB (Infosys Sweden)	Sweden		
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽¹⁾	Australia		
Infosys Americas Inc. (Infosys Americas)	U.S.		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland		
Lodestone Management Consultants Inc. ⁽²⁾	U.S.		
Infosys Management Consulting Pty. Limited (formerly Lodestone Management Consultants Pty. Limited) ⁽³⁾	Australia		
Infosys Consulting AG (formerly Lodestone Management Consultants AG) ⁽²⁾	Switzerland		
Lodestone Augmentis AG ⁽¹⁾⁽³⁾	Switzerland		
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽¹⁾⁽²⁾	Switzerland		
Lodestone Management Consultants (Belgium) S.A. ⁽⁴⁾	Belgium		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽²⁾	Germany		
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd.) ⁽²⁾	Singapore		
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) ⁽²⁾	France		
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) ⁽²⁾	Czech Republic		
Lodestone Management Consultants GmbH ⁽²⁾	Austria		
Lodestone Management Consultants Co., Ltd. ⁽²⁾	China		
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) ⁽²⁾	U.K.		
Infosys Consulting B.V. (formerly Lodestone Management Consultants B.V.) ⁽²⁾	Netherlands		
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ⁽⁴⁾	Brazil		
Infosys Consulting Sp. Z o.o. (formerly Lodestone Management Consultants Sp. z o.o.) ⁽²⁾	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽²⁾	Portugal		
S.C. Infosys Consulting S.R.L. (formerly SC Lodestone Management Consultants S.R.L.) ⁽²⁾	Romania		
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽²⁾	Argentina		
Panaya Inc. ⁽⁵⁾	U.S.		
Panaya Limited ⁽⁶⁾	Israel		
Panaya GmbH ⁽⁶⁾	Germany		
Panaya Pty Ltd. ⁽⁶⁾	Australia		
Panaya Japan Co. Ltd ⁽⁶⁾	Japan		
Infosys Canada Public Services Ltd ⁽⁷⁾	Canada		
Infosys Nova Holdings LLC ⁽⁸⁾	U.S.		
Skava Systems Pvt. Ltd. (Skava Systems) ⁽¹¹⁾	India		

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Kallidus Inc. (Kallidus) ⁽¹²⁾	U.S.		
Noah Consulting LLC (Noah) ⁽¹³⁾	U.S.		
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹⁴⁾	Canada		
Fellow Associate			
DWA Nova LLC ⁽¹¹⁾	U.S.		

⁽¹⁾ Under liquidation

⁽²⁾ Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽³⁾ Wholly-owned subsidiaries of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

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

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

⁽⁶⁾ Wholly-owned subsidiary of Panaya Inc.

⁽⁷⁾ Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014

⁽⁸⁾ Incorporated effective January 23, 2015

⁽⁹⁾ Wholly-owned subsidiary of Portland Group Pty Ltd. liquidated effective May 14, 2014

⁽¹⁰⁾ Associate of Infosys Nova Holdings LLC

⁽¹¹⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems Pvt. Ltd.

⁽¹²⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.

⁽¹³⁾ On November 16, 2015, Infosys acquired 100% of the voting rights in Noah

⁽¹⁴⁾ Wholly-owned subsidiary of Noah

⁽¹⁵⁾ Wholly-owned subsidiary of Infosys BPO. Incorporated effective November 20, 2015

⁽¹⁶⁾ Liquidated effective March 15, 2016

List of other related party

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

List of key management personnel

Name of the related party	Designation
S. Gopalakrishnan ⁽¹⁾	Chairman and Director
Anup Uppadhayay ⁽²⁾	Managing Director and Chief Executive Officer
Gautam Thakkar ⁽³⁾	Managing Director and Chief Executive Officer
Rajiv Bansal ⁽⁴⁾⁽⁸⁾	Director
U. B. Pravin Rao ⁽⁵⁾	Chairman & Director
Prof. Jayanth R.Varma	Independent Director
Chandrashekar Kakal ⁽⁶⁾	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam ⁽⁷⁾	Director
Roopa Kudva ⁽⁹⁾	Director
Deepak Bhalla ⁽¹⁰⁾	Chief Financial Officer
A. G. S. Manikantha	Company Secretary

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

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

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

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

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

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

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

⁽⁸⁾ Resigned as a Director effective April 16, 2015

⁽⁹⁾ Appointed as a Director effective February 10, 2015

⁽¹⁰⁾ Appointed as a Chief Financial Officer effective December 1, 2014

The details of the related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:
in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Revenue transactions:		
Purchase of services		
Infosys Limited	68	81
Portland Group Pty. Limited	12	29
Infosys McCamish Systems LLC	–	–
Lodestone Management Consultants (U.K.)	6	15
Lodestone Management Consultants Pty Limited (Australia)	2	4
Infosys (Czech Republic) Limited s.r.o.	1	–
EdgeVerve Systems Limited	3	9
Infosys Poland Sp.z.o.o	3	6

Particulars	Year ended March 31,	
	2016	2015
Infosys Technologies S.de R.L.de C.V.	1	2
	96	146
Purchase of shared services including facilities and personnel		
Infosys Limited	43	38
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys McCamish Systems LLC	–	–
	43	38
Sale of services		
Infosys Consulting AG	–	–
Infosys BPO, S. de R.L. de C.V	1	–
Infosys Public Services Inc	16	7
Infosys Poland Sp.z.o.o	–	4
Infosys Limited	340	273
EdgeVerve Systems Limited	(2)	–
Portland Group Pty. Limited	6	3
Infosys McCamish Systems LLC	53	30
	414	317
Sale of shared services including facilities and personnel		
Infosys Limited	17	11
Infosys McCamish Systems LLC	12	12
Infosys Poland Sp.z.o.o	–	–
Infosys (Czech Republic) Limited s.r.o.	–	–
	29	23
Dividend Income		
Infosys Poland Sp.z.o.o	–	24
	–	24

Details of amounts due to or from related parties as at March 31, 2016 and March 31, 2015 are as follows:

Particulars	As at March 31,	
	2016	2015
Trade receivables		
Infosys Limited	32	5
Infosys Poland Sp.z.o.o	–	–
EdgeVerve Systems Limited	1	–
Infosys McCamish Systems LLC	5	3
Portland Group Pty Ltd	–	–
Infosys Public Services Inc	5	2
	43	10
Other receivables		
Infosys Limited	2	11
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys McCamish Systems LLC	1	1
EdgeVerve Systems Limited	–	–
	3	12
Unearned revenue		
Infosys Consulting AG	–	–
	–	–
Trade payables		
Infosys (Czech Republic) Limited s.r.o.	–	–
Infosys Poland Sp.z.o.o	–	3
Lodestone Management Consultants Ltd.(U.K.)	1	1
EdgeVerve Systems Limited	2	5
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	–	1
Portland Group Pty Ltd	4	2
	7	12
Other payables		
Infosys Limited	9	1
Infosys BPO s.r.o	–	–
EdgeVerve Systems Limited	2	–
Infosys Mexico	–	–
	11	1
Provision for expenses		
Infosys Limited	1	1
Infosys McCamish Systems LLC	–	–
EdgeVerve Systems Limited	–	3

Particulars	As at March 31,	
	2016	2015
	1	4
Rental deposit given for shared services		
Infosys Limited	27	27
Rental deposit received for shared services		
Infosys Limited	21	21

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

Particulars	As at March 31,,	
	2016	2015
Salary and other benefits	4	10
Commission and other benefits to non-executive / independent directors	–	–
	4	10

in ₹ crore

2.25 Segment reporting

The Company's operations primarily relate to providing business process Management services to organizations that outsource their business processes. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. Secondary segmental reporting is performed on the basis of the geographical location of customers. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the note on significant accounting policies.

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), Manufacturing (MFG), Energy & utilities, Communication and Services (ECS), Retail, Consumer packaged goods and Logistics (RCL) and Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both onsite and offshore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprises all other places except those mentioned above.

Effective quarter ended December 31, 2015, the Company changed its reportable industry segments based on the Management approach as laid down in AS 17 – Segment reporting, and an additional segment, Life Sciences and Healthcare was identified.

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

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

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

Industry segments

Year ended March 31, 2016 and March 31, 2015

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues from business process management services	816	915	238	106	774	2,849
	734	802	245	69	660	2,510
Identifiable operating expenses	308	436	101	45	272	1,162
	295	416	96	29	284	1,120
Allocated expenses	307	344	89	40	291	1,071
	245	271	83	23	221	843
Segmental operating profit	201	135	48	21	211	616
	194	115	66	17	155	547
Unallocable expenses						62
Other income						201
						191
Profit before tax						755
						688
Tax expense						185
						168
Profit for the year						570
						520

Geographical segments

Year ended March 31, 2016 and March 31, 2015

in ₹ crore

Particulars	North America	Europe	Others	Total
Revenues from business process Management services	1,573	785	491	2,849
Identifiable operating expenses	1,420	691	399	2,510
Allocated expenses	592	295	184	1,071
Segmental operating profit	478	232	133	843
Unallocable expenses	392	123	32	547
Other income				62
Profit before tax				50
Tax expense				201
Profit for the year				191
				755
				688
				185
				168
				570
				520

2.26 Gratuity plan

The status of the Gratuity Plan as required under AS 15 is as follows :
Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Obligations at year beginning	52	40
Service cost	8	6
Interest cost	4	3
Benefits paid	(7)	(6)
Actuarial (gain) / loss	-	9
Obligations at year end	57	52
Defined benefit obligation liability as at the Balance Sheet is wholly funded by the Company		
Change in plan assets		
Plan assets at beginning, at fair value	53	41
Expected return on plan assets	5	4
Actuarial gain / (loss)	1	(1)
Contributions	6	15
Benefits paid	(7)	(6)
Plan assets at year end, at fair value	58	53

Reconciliation of present value of the obligation and the fair value of the plan assets

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Fair value of plan assets at the year end	58	53
Present value of the defined benefit obligations at the period / year end	57	52
Asset / (liability) recognized in the Balance Sheet	1	1
Assumptions		
Interest rate	7.80%	7.80%
Estimated rate of return on plan assets	9.55%	9.55%
Weighted expected rate of salary increase	7.50%	7.50%

Funded status

in ₹ crore

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Obligations at year end	57	52	40	37	28
Plan assets at year end, at fair value	58	53	41	37	30
Funded status	1	1	1	-	2
Experience adjustments (Gain) / loss					
Experience adjustments on plan liabilities	-	(7)	(2)	-	-
Experience adjustments on plan assets	1	(1)	-	-	-

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises the following components :

in ₹ crore

Gratuity cost for the year	Year ended March 31,	
	2016	2015
Service cost	8	6
Interest cost	4	3
Expected return on plan assets	(5)	(4)
Actuarial (gain) / loss	(1)	10
Net gratuity cost	6	15

As at March 31, 2016 and March 31, 2015, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute, approximately ₹ 17 crore to the gratuity trust during fiscal 2017.

2.27 Provident fund

The Company contributed ₹55 crore towards provident fund during year ended March 31, 2016 (₹49 crore during the year ended March 31, 2015).

2.28 Superannuation

The Company contributed ₹3 crore to the superannuation trust during the year ended March 31, 2016 (less than ₹1 crore each during the year ended March 31, 2015).

2.29 Pension fund

The Company contributed ₹9 crore and ₹8 crore to pension funds during the year ended March 31, 2016 and March 31, 2015, respectively.

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

Particulars	Year ended March 31,	
	2016	2015
Number of shares considered as basic weighted average shares outstanding	3,38,27,751	3,38,27,751
Add: Effect of dilutive issues of shares / stock options	-	-
Number of shares considered as weighted average shares and potential shares outstanding	3,38,27,751	3,38,27,751

2.31 Restricted deposits

Restricted deposit as at March 31, 2016, comprises ₹67 crore (₹59 crore as at March 31,2015) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business.

2.32 Corporate social responsibility (CSR)

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013

Gross amount required to be spent by the Company during the year is ₹14 crore. The details are as follows:

<i>in ₹ crore</i>				
Sl. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	14	-	14

2.33 Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Income from business process Management services	2,849	2,510
Cost of revenue	1,851	1,652
GROSS PROFIT	998	858
Selling and marketing expenses	130	106
General and administration expenses	252	205
	382	311
OPERATING PROFIT BEFORE DEPRECIATION	616	547
Depreciation and amortization expense	62	50
OPERATING PROFIT	554	497
Other income, net	201	191
PROFIT BEFORE TAX	755	688
Tax expense		
Current tax	184	167
Deferred tax	1	1
PROFIT FOR THE YEAR	570	520

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm registration number : 101248W / W-100022

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

Supreet Sachdev
Partner
Membership number : 205385

U. B. Pravin Rao
Chairman and Director

Anup Uppadhyay
Chief Executive Officer and
Managing Director

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Roopa Kudva
Director

Deepak Bhalla
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Place : Bangalore
Date : April 12, 2016

Independent Auditor's Report

To the Members of Infosys BPO Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Infosys BPO Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company as aforesaid.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group Companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure"; and

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – *Refer Note 2.19* to the financial statements.
 - b. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – *Refer Note 2.6* to the consolidated financial statements.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Co. LLP
Chartered Accountants

Firm's Registration Number: 101248W

Sd / -

[Supreet Sachdev](#)

Partner

Membership Number: 205385

Bangalore
12 April 2016

Annexure to the Independent Auditor's Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Infosys BPO Limited (hereinafter referred to as "the Company").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the of the Company, which is incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Annexure to the Independent Auditor's Report (continued)

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for B S R & Co. LLP
Chartered Accountants

Firm's Registration Number : 101248W

Sd / -

Supreet Sachdev

Partner

Membership Number : 205385

Bangalore
12 April 2016

Consolidated Balance Sheet

in ₹ crore

Particulars	Note	As at March 31,	
		2016	2015
EQUITY AND LIABILITIES			
SHAREHOLDERS FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	3,847	3,094
		3,881	3,128
NON-CURRENT LIABILITIES			
Deferred Tax Liability, net	2.9	–	–
Other long-term liabilities	2.3	21	21
		21	21
CURRENT LIABILITIES			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.4	16	66
Other current liabilities	2.5	527	481
Short-term provisions	2.6	130	173
		673	720
		4,575	3,869
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.7	281	260
Intangible assets	2.7	495	495
Capital work-in-progress		17	7
		793	762
Non-current investments	2.8	21	4
Deferred tax assets, net	2.9	70	64
Long-term loans and advances	2.10	124	114
Other non-current assets	2.11	1	1
		216	183
CURRENT ASSETS			
Current investments	2.8	21	123
Trade receivables	2.12	669	667
Cash and cash equivalents	2.13	2,605	1,902
Short-term loans and advances	2.14	271	232
		3,566	2,924
		4,575	3,869
SIGNIFICANT ACCOUNTING POLICIES	1		

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

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

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

Chartered Accountants

Firm Registration No: 101248W / W-100022

Supreet Sachdev

Partner

Membership No. 205385

Dr. Omkar Goswami

Director

U. B. Pravin Rao

Chairman and Director

Anup Uppadhyay

Chief Executive Officer and Managing Director

Roopa Kudva

Director

Prof. Jayanth R. Varma

Director

Deepak Bhalla

Chief Financial Officer

A.G.S. Manikantha

Company Secretary

Bangalore

April 12, 2016

Consolidated Statement of Profit and Loss

Particulars	Note	in ₹ crore	
		Year ended March 31,	
		2016	2015
Revenues from business process management services		3,791	3,507
Other income	2.15	199	183
Total Revenue		3,990	3,690
Expenses			
Employee benefit expenses	2.16	2,190	2,045
Cost of technical sub-contractors	2.16	162	179
Travel expenses	2.16	150	146
Cost of software packages	2.16	47	43
Communication expenses	2.16	65	59
Consultancy and professional charges	2.16	63	58
Office expenses	2.16	77	44
Power and fuel	2.16	27	26
Insurance charges	2.16	11	11
Rent	2.16	114	109
Depreciation expense	2.7	78	64
Other expenses	2.16	78	90
Total Expenses		3,062	2,874
PROFIT BEFORE TAX		928	816
Tax expense :	2.17		
Current tax		207	208
Deferred tax		(4)	(10)
		203	198
PROFIT FOR THE YEAR		725	618
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹10 each			
Basic		214.32	182.63
Diluted		214.32	182.63
Weighted average number of shares used in computing earnings per share :	2.28		
Basic		3,38,27,751	3,38,27,751
Diluted		3,38,27,751	3,38,27,751
SIGNIFICANT ACCOUNTING POLICIES	1		

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

As per our report of even date attached

for B S R & Co. LLP

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

Chartered Accountants

Firm Registration No: 101248W / W-100022

Supreet Sachdev

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Director

Deepak Bhalla

Chief Financial Officer

A.G.S. Manikantha

Company Secretary

Bangalore

April 12, 2016

Consolidated Cash Flow Statement

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	928	816
Adjustments to reconcile profit before tax to cash generated by operating activities		
Depreciation	78	64
Interest and dividend income	(171)	(142)
Non cash item included in other income	–	3
Profit on sale of investments	(3)	(4)
Profit on sale of fixed assets	–	(2)
Provision for doubtful debts	(8)	15
Effect of exchange differences on translation of foreign currency cash and cash equivalents	3	–
Changes in assets and liabilities		
Trade receivables	6	(112)
Loans and advances and other assets	(1)	(20)
Liabilities and provisions	(19)	(31)
	813	587
Income tax paid during the year, net	(237)	(191)
NET CASH GENERATED BY OPERATING ACTIVITIES	576	396
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards Capital Expenditure	(112)	(62)
Proceeds from sale of fixed assets	6	(6)
Interest received	115	126
Dividend received	5	12
Investment in liquid mutual funds / FMPs	(889)	(747)
Disposal of liquid mutual funds / FMPs	999	856
Investment in Government Bonds	(1)	(1)
Investment in partnership Vertex	(21)	–
Redemption / (investment) in Certificate of Deposit	–	47
NET CASH PROVIDED BY / (USED IN) INVESTING ACTIVITIES	102	225
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
Effect of exchange differences on translation of foreign currency cash and cash equivalents	25	(60)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	703	561
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,902	1,341
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer Note 2.13)	2,605	1,902

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

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

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

Chartered Accountants

Firm Registration No: 101248W / W-100022

Supreet Sachdev

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Prof. Jayanth R. Varma

Director

Deepak Bhalla

Chief Financial Officer

A.G.S. Manikantha

Company Secretary

Bangalore

April 12, 2016

Significant accounting policies

Company overview

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

1 Significant accounting policies

1.1 Basis of preparation of financial statements

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

The consolidated financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, “Consolidated Financial Statements”. The financial statements of Infosys BPO Limited-the parent Company, Infosys (Czech Republic) Limited s.r.o., Infosys BPO Poland s.p. z.o.o, Infosys McCamish Systems LLC and Portland Group Pty Ltd have been combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

1.2 Use of estimates

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

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

1.3 Revenue recognition

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

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

The Company recognises revenues, net of indirect taxes in its Statement of Profit & Loss.

The Company presents revenues net of indirect taxes in its consolidated statement of profit and loss.

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

1.4 Tangible assets and capital work-in-progress

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

Intangible assets including goodwill

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Goodwill comprises the excess of purchase consideration over the parent’s portion of equity of the subsidiary at the date on which investment in the subsidiary is made. Goodwill arising on consolidation or acquisition is not amortized but is tested for impairment.

1.5 Depreciation and amortization

Depreciation on fixed assets is provided on the straight-line method based over the useful lives of assets as estimated by the Management. Depreciation for assets purchased / sold during the period is proportionately charged. Leasehold improvements are written off over

the lower of the lease term or the useful life of the asset. Leasehold land is amortised over the lease period. Intangible assets are amortised over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful life for the other fixed assets as follows:

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

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

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

1.6 Retirement benefits to employees

1.6.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys BPO Limited Employees' Gratuity Fund Trust ('the Trust'). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India (LIC) as permitted by law of India. The Company recognizes the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS)15, 'Employee Benefits'. The Company's overall expected long-term rate-of-return on assets has been determined based on consideration of available market information, current provisions of Indian law specifying the instruments in which investments can be made, and historical returns. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the consolidated statement of profit and loss in the period in which they arise.

1.6.2 Superannuation

Certain employees of Infosys BPO are eligible for superannuation benefits. The Company contributes annually for the superannuation benefits of the employees. The Company has no further obligations to the superannuation plan beyond the yearly contribution to the trust fund, the corpus of which is invested with the LIC of India.

1.6.3 Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

1.6.4 Compensated absences

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

1.7 Foreign currency transactions

Foreign-currency denominated monetary assets and liabilities are translated 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.

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

The translation of financial statements of the foreign subsidiaries from the local currency to the reporting currency of the Company is performed for Balance Sheet accounts using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using a monthly average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus". When a subsidiary is disposed off, in part or in full, the relevant amount is transferred to profit or loss.

1.8 Forward and option contracts in foreign currencies

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

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

Forward and options contracts are fair valued at each reporting date. The Company records the mark to market gain or loss on effective hedges in the cash flow hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the statement of profit and loss of that period. To designate a forward contract or option contracts as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, or where the hedge is ineffective a gain or loss is recognized in the statement of profit and loss.

1.9 Income tax

Income taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternative Tax (MAT) paid in accordance with the tax laws, which gives rise to future

economic benefits in the form of adjustment of future income tax liability, is considered as an asset in the Consolidated Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

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

1.10 Provisions and contingent liability

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

1.11 Onerous Contract

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

1.12 Impairment

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset other than goodwill is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying

amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13 Earnings per share

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

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

1.14 Investments

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

Long term investments which is expected to realised within 12 months after the reporting date is presented under "current assets" as "current investment".

1.15 Cash and Cash Equivalents

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

1.16 Cash Flow Statement

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

1.17 Leases

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the consolidated statement of profit and loss over the lease term.

Notes on accounts for the year ended march 31, 2016

Amounts in the financial statements are presented in ₹ crore, except for per equity share data and as otherwise stated. Certain amounts that are required to be disclosed and do not appear due to rounding off. All exact amounts are stated with suffix “ / -”. One crore equals 10 million. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current years presentation.

2.1 Share capital

in ₹ crore, except as otherwise stated

Particulars	As at March 31,	
	2016	2015
AUTHORISED		
Equity shares, ₹10 /-(₹10 / -) par value	123	123
12,33,75,000 (12,33,75,000) equity shares	123	123
ISSUED, SUBSCRIBED AND PAID UP		
Equity shares, ₹10 /-(₹10 / -) par value ⁽¹⁾		
3,38,27,751 (3,38,27,751) equity shares fully paid up	34	34
[Of the above, 3,38,22,319 (3,38,22,319) equity shares are held by the holding company, Infosys Limited]	34	34

(1) Refer to note 2.28 for details of basic and diluted share

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

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

Reconciliation of the number of shares outstanding

Particulars	As at March 31,	
	2016	2015
Number of share outstanding at the beginning of the year	3,38,27,751	3,38,27,751
Add: Shares issued during the year	-	-
Number of shares outstanding at the end of the year	3,38,27,751	3,38,27,751

Shares held by shareholders holding more than 5% shares

Name of the shareholder	As at March 31,			
	2016		2015	
	Number of shares	% held	Number of shares	% held
Infosys Limited, the holding company	3,38,22,319	99.98	3,38,22,319	99.98

There has been no buy-back of shares, issuance of bonus shares or shares issued for consideration other than cash during the last 5 years.

2.2 Reserves and surplus

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Securities premium account- Opening balance	25	25
Add: Transferred from Surplus	-	-
	25	25
Capital redemption reserve- Opening balance	1	1
Add: Transferred from Surplus	-	-
	1	1
Foreign currency translation reserve-Opening balance	(21)	39
Add: Foreign currency translation during the year	28	(60)
	7	(21)
General reserve-Opening balance	1,000	1,000
Add: Transferred from Surplus	-	-
General reserve-closing balance	1,000	1,000
Surplus-Opening balance	2,089	1,471
Add: Net profit after tax transferred from Statement of Profit and Loss	725	618
	2,814	2,089
	3,847	3,094

2.3 Other long-term liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Rental deposit received ⁽¹⁾	21	21
	21	21
⁽¹⁾ Includes dues to holding Company (refer to note 2.22)	21	21

2.4 Trade payables

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises ⁽¹⁾	16	66
	16	66
⁽¹⁾ Includes dues to other group companies (refer to note 2.22)	3	7

2.5 Other current liabilities

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Accrued salaries and benefits		
Salaries and benefits	86	76
Bonus and incentives	114	136
Other liabilities		
Provision for expenses ⁽¹⁾	206	204
Retention monies	-	1
Withholding and other taxes	54	40
Other Payables ⁽²⁾	11	2
Mark to market loss on forward exchange contract	3	3
Advances received from customers	1	2

Particulars	As at March 31,	
	2016	2015
Unearned revenue	52	17
Due to carrier / insurance provider	–	–
	527	481
⁽¹⁾ Includes dues to holding and other group companies (refer to note 2.22)	1	9
⁽²⁾ Includes dues to holding Company (refer to note 2.22)	11	1

2.6 Short term provisions

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Provision for employee benefits		
Compensated absence	79	68
Others Provisions		
Income taxes (net of advance tax and tax deducted at source)	5	38
Post sales customer support (“PSCS”) and Service Level Agreement (“SLA”)	46	67
	130	173

Post sales customer support and Service level agreement

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Balance at the beginning	67	44
Provision recognized / (reversal)	24	32
Provisions utilized	(47)	(7)
Exchange difference during the year	2	(2)
Balance at the end	46	67

Provisions for PSCS and SLA compliance are expected to be utilized over a period of 6 months to 1 year.

2.7 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended March 31, 2016:

Particulars	Tangible Assets										Intangible assets		Total
	Land- Leasehold	Buildings	Leasehold Improvement	Office equipment	Plant and Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Goodwill	Total		
												Total	
Original cost													
As at April 1, 2015	12	147	86	126	31	261	78	-	741	495	495	1,236	
Additions /													
Adjustments during the year	-	5	7	6	12	70	5	-	105	-	-	105	
Deductions / Retirement during the year	-	-	-	(4)	-	(10)	(2)	-	(16)	-	-	(16)	
As at March 31, 2016	12	152	93	128	43	321	81	-	830	495	495	1,325	
Depreciation and amortization													
As at April 1, 2015	1	44	52	111	15	196	62	-	481	-	-	481	
For the year	-	6	14	7	7	38	6	-	78	-	-	78	
Deductions /													
Adjustments during the year	-	-	1	(3)	-	(7)	(1)	-	(10)	-	-	(10)	
As at March 31, 2016	1	50	67	115	22	227	67	-	549	-	-	549	
Net book value													
As at March 31, 2016	11	102	26	13	21	94	14	-	281	495	495	776	

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

Particulars	Tangible assets										Intangible assets		Total
	Land- Leasehold	Buildings	Leasehold Improvement	Office equipment	Plant and Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total	Goodwill	Total		
												Total	
Original cost													
As at April 1, 2014	12	147	87	132	24	244	74	-	720	495	495	1,215	
Additions /													
Adjustments during the year	-	-	9	4	7	37	6	-	63	-	-	63	
Deductions / Adjustments during the year	-	-	(10)	(10)	-	(20)	(2)	-	(42)	-	-	(42)	
As at March 31, 2015	12	147	86	126	31	261	78	-	741	495	495	1,236	
Depreciation and amortization													
As at April 1, 2014	1	39	52	113	10	192	57	-	464	-	-	464	
For the year	-	5	12	9	5	25	8	-	64	-	-	64	
Deductions /													
Adjustments during the year	-	-	(12)	(11)	-	(21)	(3)	-	(47)	-	-	(47)	
As at March 31, 2015	1	44	52	111	15	196	62	-	481	-	-	481	
Net book value													
As at March 31, 2015	11	103	34	15	16	65	16	-	260	495	495	755	

During the quarter ended June 30, 2014, the management based on internal and external technical evaluation had changed the useful life of certain assets primarily consisting of buildings and computers with effect from April 1, 2014. Accordingly, the useful lives of certain assets have been changed from the previous estimates.

2.8 Investments

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Non current investments– at cost		
Others		
Investment in Limited Liability Partnership	21	–
Quoted		
Investment in government bonds ⁽¹⁾	–	4
	21	4
Total Non current investments	21	4
Current portion of long term investments		
Investment in Fixed Maturity Plan	–	30
	–	30
Current investments – at the lower of cost and fair value		
Quoted		
Investment in government bonds ⁽¹⁾	5	–
Unquoted		
Investment in liquid mutual fund units	16	93
	21	93
Aggregate amount of quoted investments	5	34
Market value of quoted investments	5	36
Aggregate amount of unquoted investments	37	93

⁽¹⁾ Investment in Government bonds listed on the Philippines Dealing and Exchange Corp.(PDEX) towards the certificate earmarking the same to Philippines Government.

Gain on sale of investment is ₹3 crore for the year ended March 31, 2016 (₹4 crores for the year ended March 31, 2015).

2.8.1 Details of investments in liquid mutual funds

Details of investment in liquid mutual funds as at March 31, 2016 and March 31, 2015 is as follows:

Particulars	As at March 31,			
	2016		2015	
	Units	Amount	Units	Amount
Birla Sun Life AMC Ltd-Liquid	–	–	47,37,327	48
ICICI Prudential Liquid-Direct plan	16,07,064	16	–	–
Reliance Mutual Fund- Liquid	–	–	4,08,049	45
	1,607,064	16	5,145,376	93

2.8.2 Details of investments in FMP mutual funds

Details of investment in FMP mutual funds as at March 31, 2016 and March 31, 2015 is as follows:

Particulars	As at March 31,			
	2016		2015	
	Units	Amount	Units	Amount
SBI Debt Fund- FMP	–	–	2,00,00,000	20
UTI- FMP	–	–	1,00,00,000	10
	–	–	3,00,00,000	30

2.9 Deferred tax assets, net

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Deferred tax assets		
Fixed assets	17	20
Unavailed leave	20	15
Trade receivables	4	7
Accrued Compensation	–	7
Others	29	16
Total	70	65
Deferred tax liability		
Fixed assets	–	1
Total	–	1
Deferred tax assets after set off	70	64
Deferred tax liabilities after set off	–	–
	70	64

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

2.10 LONG-TERM LOANS AND ADVANCES

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Capital advances	1	–
Other loans and advances	–	–
Rental deposits ⁽¹⁾	60	48
Security deposits	2	1
Advance income tax (net of provision)	61	65
	124	114
⁽¹⁾ Includes dues from holding Company (refer to note 2.22)	27	27

2.11 Other non-current assets

Particulars	As at March 31,	
	2016	2015
Others		
Advance to gratuity trust (refer note 2.24)	1	1
	1	1

2.12 Trade receivables

Particulars	As at March 31,	
	2016	2015
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	6	12
Less: Provision for doubtful debts	6	12
	-	-
Other debts		
Unsecured		
Considered good ⁽¹⁾	669	667
Considered doubtful	8	9
	677	676
Less: Provision for doubtful debts	8	9
	669	667

The details of balance as on balance sheet date with banks as at March 31, 2016 and March 31, 2015 are as follows:

Particulars	As at March 31,	
	2016	2015
In current accounts		
Bank of America, Atlanta, USA	32	39
Bank of America, California, USA	14	9
Bank of America, California- Trust account, USA ⁽²⁾	-	-
Bank of Philippine Islands	-	-
Citi Bank, Costa Rica	2	5
Citi Bank, Manila	1	1
Citi Bank, South Africa	1	1
Citibank -India	-	-
Citibank N.A., Czech Republic	-	6
Citibank N.A., Czech Republic (Subsidy account)	-	-
Citibank N.A., Czech Republic (U.S. dollar account)	-	-
Citibank, IBPO, Australia	2	1
Citibank, Portland, Australia	11	14
Citibank, Singapore	1	1
Deutsche Bank- EEFC (Euro account)	-	1
Deutsche Bank- EEFC (U.S. Dollar account)	1	1
Deutsche Bank- EEFC (UK Pound Sterling account)	-	-
Deutsche Bank, India	3	1
Deutsche Bank, Czech Republic	15	28
Deutsche Bank, Czech Republic (Euro account)	1	-
Deutsche Bank, Czech Republic (U.S. dollar account)	28	-
Deutsche Bank, Netherland	2	-
Deutsche Bank, Philippines (PHP account)	1	6
Deutsche Bank, Philippines (USD account)	1	-
Deutsche Bank, Poland	5	20
Deutsche Bank, Poland (Euro account)	-	-
Deutsche Bank, Poland (ES Fund)	1	-
Deutsche Bank, UK	-	1
ICICI Bank- EEFC (Euro account)	-	-

Particulars	As at March 31,	
	2016	2015
⁽¹⁾ Includes dues from subsidiaries and other group companies (refer to note 2.22)	40	7

2.13 Cash and cash equivalents

Particulars	As at March 31,	
	2016	2015
Cash on hand	-	-
Balances with bank		
In current and deposit account	2,275	1,775
Others		
Deposit with financial institution	330	127
	2,605	1,902
Deposit accounts with more than 12 months maturity	-	-
Balances with banks held as margin money deposits against guarantees	3	-

Cash and cash equivalents as of March 31, 2016 and March 31, 2015 include restricted cash and bank balances of ₹4 crore and ₹38 crore, respectively. The restrictions are primarily on account of cash and bank balances held by bank as margin money deposits against guarantees.

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

Particulars	As at March 31,	
	2016	2015
ICICI Bank- EEFC (U.S. Dollar account)	1	2
ICICI Bank- EEFC (UK Pound Sterling account)	–	–
ICICI Bank, India	3	3
Royal Bank of Canada, Ontario, Canada	–	–
State Bank of India, India	1	–
Wells Fargo ⁽¹⁾	1	38
	128	178
In deposit accounts		
Andhra Bank	100	74
Axis Bank	170	80
Bank of Baroda	–	80
Bank of India	77	–
Canara Bank	169	80
Central Bank of India	20	80
Citi Bank, Australia	87	–
Citi Bank, Poland	–	–
Corporation Bank	100	80
Deutsche Bank, Poland	237	121
HDFC Bank Limited	150	80
ICICI Bank	271	106
IDBI Bank	150	150
Indian Overseas Bank	250	78
Kotak Mahindra Bank	45	5
National Australia Bank, Australia	–	56
Oriental Bank of Commerce	–	80
Punjab National Bank	18	80
South Indian Bank	23	27
Syndicate Bank	16	80
Union Bank of India	133	80
Vijaya Bank	104	80
Yes Bank	24	100
	2,144	1,597
In margin money deposits against guarantees		
Citi bank, Australia	3	–
	3	–
Deposits with financial institution		
HDFC Limited	330	127
	2,605	1,902

⁽¹⁾ This represents restricted bank balance held in fiduciary capacity as per agreement with Continental Casualty Company

⁽²⁾ This represents restricted balance, in trust account, in accordance with collection agency licensing requirements.

2.14 Short term loans and advances

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Unsecured, considered good		
Others		
Prepaid expenses	2	4
For supply of goods and rendering of services	15	13
Withholding and other taxes receivable	36	28
	53	45
Unbilled revenue ⁽¹⁾	58	74
Interest accrued but not due	61	9
Restricted Deposit (refer note 2.29)	67	59
Loans and advances to employees	20	17
Rental deposits	2	7
Electricity and other deposits	1	1
Mark to market gain on forward contract	7	7
MAT credit entitlement	–	–
Loans and advances to group companies ⁽²⁾	2	13
	271	232
Unsecured, considered doubtful		
Loans and advances to employees	–	2
	271	234
Less: Provision for doubtful loans and advances	–	2

Particulars	As at March 31,	
	2016	2015
	271	232
⁽¹⁾ Includes dues from other group companies (refer to note 2.22)	3	1
⁽²⁾ Includes dues from holding and other group companies (refer to note 2.22)	2	11

2.15 Other income

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Interest on deposits with bank and others	166	130
Dividend on investment in mutual fund units	5	12
Miscellaneous income, net	11	17
Gains / (losses) on sale of investment	3	4
Gains / (losses) on foreign currency, net	14	20
	199	183

2.16 Expenses

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	2,095	1,967
Staff welfare	23	11
Contribution to provident and other funds	72	67
	2,190	2,045
Cost of technical sub-contractors		
Technical sub-contractors-subsidiaries	83	111
Technical sub-contractors-others	79	68
	162	179
Travel expenses		
Overseas travel expenses	103	99
Domestic travel expenses	47	47
	150	146
Cost of software packages		
Cost of software for own use	47	43
	47	43
Communication expenses		
Communication expenses	21	40
Telephone charges	44	19
	65	59
Consultancy and Professional charges		
Legal and professional	27	35
Recruitment and training	35	22
Auditor's remuneration		
Statutory audit fees	1	1
Out-of-pocket expenses		
	63	58
Office expenses		
Computer maintenance	5	5
Printing and stationery	4	2
Office maintenance	68	37
	77	44
Power and fuel		
Power and fuel	27	26
	27	26
Insurance charges		
Insurance charges	11	11
	11	11
Rent		
Rent (refer note 2.18)	114	109
	114	109
Other expenses		
Consumables	9	6

Particulars	Year ended March 31,	
	2016	2015
Brand building and advertisement	7	5
Marketing expenses	4	5
Rates and taxes	8	8
Contribution to Corporate Social Responsibility	14	11
Bank charges and commission	3	3
Postage and courier	27	21
Provision for doubtful debts	(8)	15
Provision for doubtful loans and advances	3	1
Professional membership and seminar participation fees	2	1
Provision for SLA	–	2
Other miscellaneous expenses	9	12
	78	90

2.17 Tax expense

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Current tax	207	208
Deferred taxes	(4)	(10)
	203	198

Income taxes

The provision for taxation includes tax liabilities in India on the Company's global income as reduced by exempt incomes and any tax liabilities arising overseas on income sourced from those countries as per Indian Income Tax Act, 1961. Infosys BPO operations are conducted through Software Technology Parks ("STPs") and Special Economic Zones ("SEZs"). Income from STPs were tax exempt for the first 10 years from the fiscal year in which the unit commences software development, or March 31, 2011 whichever is earlier. Income from SEZs is fully tax exempt for the first 5 years, 50% exempt for the next 5 years and 50% exempt for another 5 years subject to fulfilling certain conditions. In the current year, the Company calculated its tax liability under normal provisions of the Income Tax Act and utilized a portion of the brought forward MAT Credit.

2.18 Leases

Obligations on long-term non-cancellable operating leases

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

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Lease rentals charged during the period	114	81

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Lease obligations		
Within one year of the balance sheet date	94	52
Due in a period between one year and five years	263	235
Later than five years	124	129

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

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

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Contingent :		
Claims against the Company not acknowledged as debts ⁽¹⁾		
[Net of amount paid to statutory authorities ₹23 crore (₹23 crore)]	96	96
Bank guarantees towards leased premises	23	17
Commitments :		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	43	26
Other Commitments ⁽²⁾	79	–

⁽¹⁾ Claims against the Company not acknowledged as debts includes demand from the Indian Income tax authorities for payment of additional tax of ₹19 crore (₹19 crores), including interest of ₹5 crore (₹5 crore) upon completion of their tax review for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2011. These Demands to the extent of ₹18 crores were paid to statutory authorities.

These income tax demands are mainly on account of disallowance of a portion of the deduction claimed by the Company under Section 10A and / or 10AA of the income Tax Act as determined by the ratio of export turnover to total turnover. This disallowance arose mainly from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. The matter for fiscal 2007 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The matter for fiscal 2008, fiscal 2009 and fiscal 2011 are pending before the Commissioner of Income tax (Appeals) Bangalore.

The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

The Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

⁽²⁾ Other Commitments relate to investment committed by Infosys Poland Sp.z.o.o (formerly Infosys BPO Poland Sp.z.o.o) in Vertex ventures.

2.20 DERIVATIVE INSTRUMENTS

Particulars	As at March 31,			
	2016		2015	
	in million	in ₹ crore	in million	in ₹ crore
USD / INR	43	285	48	300
EUR / INR	3	19	3	20
EUR / PLN	–	–	5	30
USD / PLN	–	–	3	19
USD / CZK	–	–	1	6
AUD / INR	5	25	3	14
GBP / INR	5	50	4	39
EUR-USD	13	98	–	–

As of March 31, 2016 and March 31, 2015, there were no net foreign currency exposures that are not hedged by a derivative instrument or otherwise.

The foreign exchange forward contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Not later than one month	110	127
Later than one month and not later than three months	159	146
Later than three months and not later than one year	208	155
	477	428

The Company recognized a gain on derivative financial units of amount less than ₹1 crore and gain on derivative financial instruments of ₹15 crores during the year ended March 31, 2016 and March 31, 2015, respectively, which is included in other income.

2.21 Quantitative details

The Group is primarily engaged in providing business process management services. The sale of such services cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details of sales and certain information as required under paragraphs 5(viii)(c) of general instructions for preparation of statement of profit and loss as per revised Schedule III to the Companies Act 2013.

2.22 Related party transactions

List of related parties:

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Holding			
Infosys Limited	India	Holding Company	Holding Company
Subsidiaries			
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o)	Czech Republic	100%	100%
Infosys Poland Sp.z.o.o (formerly Infosys BPO Poland Sp.z.o.o)	Poland	100%	100%
Infosys BPO, S. de R.L. de C.V ⁽¹⁶⁾	Mexico	Nil	Nil
Infosys BPO Americas LLC ⁽¹⁵⁾	US	100%	Nil
Infosys McCamish Systems LLC	US	100%	100%
Portland Group Pty Ltd	Australia	100%	100%
Portland Procurement Services Pty Ltd ⁽⁹⁾	Australia	–	–
Fellow subsidiaries			
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	Mexico		
Infosys Technologies (China) Co. Limited (Infosys China)	China		
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China		
Infosys Tecnologia DO Brasil LTDA (Infosys Brasil)	Brazil		

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.		
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden		
Infosys Technologies (Australia) Pty Limited (Infosys Australia) ⁽¹⁾	Australia		
Infosys Americas Inc., (Infosys Americas)	U.S.		
Edgeverve Systems Limited (Edgeverve)	India		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland		
Lodestone Management Consultants Inc. ⁽²⁾	U.S.		
Lodestone Management Consultants Pty Limited ⁽²⁾	Australia		
Infosys Consulting AG (formerly Lodestone Management Consultants AG) ⁽²⁾	Switzerland		
Lodestone Augmentis AG ⁽¹⁾⁽³⁾	Switzerland		
Hafner Bauer and Ödman GmbH ⁽¹⁾⁽²⁾	Switzerland		
Lodestone Management Consultants (Belgium) S.A. ⁽⁴⁾	Belgium		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽²⁾	Germany		
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) ⁽²⁾	Singapore		
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) ⁽²⁾	France		
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) ⁽²⁾	Czech Republic		
Lodestone Management Consultants GmbH ⁽²⁾	Austria		
Lodestone Management Consultants Co., Ltd. ⁽²⁾	China		
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) ⁽²⁾	UK		
Infy Consulting B.V.(formerly Lodestone Management Consultants B.V) ⁽²⁾	Netherlands		

Name of the related party	Country	Holding as at March 31,	
		2016	2015
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ⁽⁴⁾	Brazil		
Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) ⁽²⁾	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽²⁾	Portugal		
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) ⁽²⁾	Romania		
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽²⁾	Argentina		
Panaya Inc. (Panaya) ⁽⁵⁾	U.S.		
Panaya Ltd. ⁽⁶⁾	Israel		
Panaya GmbH ⁽⁶⁾	Germany		
Panaya Pty Ltd. ⁽⁶⁾	Australia		
Panaya Japan Co. Ltd. ⁽⁶⁾	Japan		
Infosys Canada Public services Ltd ⁽⁷⁾	Canada		
Infosys Nova Holdings LLC. ⁽⁸⁾	U.S.		
Skava Systems Pvt. Ltd. (Skava Systems) ⁽¹¹⁾	India		
Kallidus Inc. (Kallidus) ⁽¹²⁾	U.S.		
Noah Consulting LLC (Noah) ⁽¹³⁾	U.S.		
Noah Information Management Consulting Inc (Noah Canada) ⁽¹⁴⁾	Canada		
Fellow Associate DWA Nova LLC ⁽¹¹⁾	U.S.		

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

List of other related party

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

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

List of key management personnel

Name of the related party	Designation
S. Gopalakrishnan ⁽¹⁾	Chairman and Director
Anup Uppadhayay ⁽²⁾	Managing Director and Chief Executive Officer
Gautam Thakkar ⁽³⁾	Managing Director and Chief Executive Officer
Rajiv Bansal ⁽⁴⁾ / ⁽⁸⁾	Director
UB Pravin Rao ⁽⁵⁾	Chairman and Director
Prof. Jayanth R.Varma	Independent Director
Chandrashekar Kakal ⁽⁶⁾	Director
Dr. Omkar Goswami	Independent Director
Prasad Thrikutam ⁽⁷⁾	Director
Roopa Kudva ⁽⁹⁾	Director
Deepak Bhalla ⁽¹⁰⁾	Chief Financial Officer
A.G.S. Manikantha	Company Secretary

- ⁽¹⁾ Resigned as a Chairman and Director effective October 6, 2014
⁽²⁾ Appointed as a Managing Director and Chief Executive Officer effective December 1, 2014
⁽³⁾ Resigned as a Managing Director and Chief Executive Officer effective November 30, 2014
⁽⁴⁾ Appointed as a Director effective July 8, 2014
⁽⁵⁾ Appointed as a Chairman and Director effective October 7, 2014
⁽⁶⁾ Resigned as a Director effective from April 18, 2014
⁽⁷⁾ Resigned as a Director effective June 12, 2014
⁽⁸⁾ Resigned as a Director effective April 16, 2015
⁽⁹⁾ Appointed as a Director effective February 10, 2015
⁽¹⁰⁾ Appointed as a Chief Financial Officer effective December 1, 2014

The details of the related party transactions entered into by the Company for year ended March 31, 2016 and March 31, 2015 are as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Revenue transactions:		
Purchase of services		
Infosys Limited	72	86
Edgeverve Systems Limited	2	9
Infy Consulting Company Limited	6	15
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico)	1	2
Lodestone Management Consultants Pty Limited (Australia)	2	4
	83	116
Purchase of shared services including facilities and personnel		
Infosys Limited	43	38
Edgeverve Systems Limited	-	-
	43	38
Sale of services		
Infosys Limited	360	286
Infosys Consulting Sp. Z.o.o. (Poland)	-	3
Edgeverve Systems Limited	(2)	-
Infosys Consulting Pte Ltd (Singapore)	1	1
Infy Consulting B.V. (Netherlands)	1	-

Particulars	Year ended March 31,	
	2016	2015
Infosys Public Services, Inc. USA	16	7
Infosys Consulting AG (Switzerland)	–	–
	376	297
Sale of shared services including facilities and personnel		
Infosys Limited	17	12
	17	12

During the previous year the Company received certain managerial services from Mr S Gopalakrishnan director of the Company who was also a director of Infosys Limited, at no cost.

Infosys Limited, the parent Company has issued performance guarantees to certain clients for the Company's executed contracts.

Details of amounts due to or due from related parties as at March 31, 2016 and March 31, 2015.

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Trade receivables		
Infosys Limited	34	6
Infosys Public Services, Inc. USA	5	1
Edgeverve Systems Limited	1	–
	40	7
Other receivables		
Infosys Limited	2	13
Edgeverve Systems Limited	–	–
	2	13
Unbilled revenues		
Infosys Consulting Sp. Z.o.o. (Poland)	–	–
Edgeverve Systems Limited	–	–
Infosys Consulting AG	–	–
Infy Consulting B.V. (Netherlands)	1	–
Infosys Consulting Pte Ltd (Singapore)	2	1
	3	1
Trade payables		
Infosys Limited	–	–
Edgeverve Systems Limited	2	4
Lodestone Management Consultants Pty Limited (Australia)	–	1
Infy Consulting Company Limited (UK)	1	1
Infosys BPO, S. de R.L. de C.V (Mexico)	–	1
	3	7
Other payables		
Infosys Limited	9	1
Edgeverve Systems Limited	2	–
Infosys BPO, S. de R.L. de C.V (Mexico)	–	–
	11	1
Provision for expenses		
Infosys Limited	1	6
Edgeverve Systems Limited	–	3
	1	9
Deposit given for shared services		
Infosys Limited	27	27

Particulars	As at March 31,	
	2016	2015
Deposit received for shared services		
Infosys Limited	21	21
Advance Received		
Infosys Limited	–	–

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

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Salary and other benefits	4	10
Total	4	10

2.23 Segment reporting

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

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

Industry segments for the Company are primarily enterprises in Financial Services and Insurance (FSI), enterprises in Manufacturing (MFG), enterprises in the Energy and utilities, Communication and Services (ECS), enterprises in Retail, Consumer packaged goods and Logistics (RCL) and enterprises in Life Sciences and Healthcare (LSH). Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico; Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World comprising all other places except those mentioned above. Effective quarter ended December 31, 2015, the Company changed its reportable industry segments based on the "management approach" as laid down in AS 17, Segment reporting and an additional segment, Life Sciences and Healthcare was identified.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Company. Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made. Geographical information on revenue and industry revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

Industry segments

Year ended **March 31, 2016** and *March 31, 2015*

in ₹ crore

Particulars	FSI	MFG	RCL	LSH	ECS	Total
Revenues from business process management services	1,150	1,351	323	124	843	3,791
	1,066	1,262	306	83	790	3,507
Identifiable expenses	479	651	137	52	274	1,593
	421	632	129	34	332	1,548
Allocated expenses	432	474	115	46	324	1,391
	429	418	100	29	287	1,263
Segmental operating profit	239	226	71	26	245	807
	216	212	77	20	171	696
Unallocable expenses						78
						63
Other income						199
						183
Profit before tax						928
						816
Tax expense						203
						198
Profit for the year						725
						618

Geographical segments

Year ended **March 31, 2016** and *March 31, 2015*

in ₹ crore

Particulars	North America	Europe	Others	Total
Revenues from business process management services	1,984	1,133	674	3,791
	1,790	1,098	619	3,507
Identifiable expenses	814	556	223	1,593
	706	545	298	1,549
Allocated expenses	736	390	265	1,391
	654	354	254	1,262
Segmental operating profit	434	187	186	807
	430	199	67	696
Unallocable expenses				78
				63
Other income				199
				183
Profit before tax				928
				816
Tax expense				203
				198
Profit for the year				725
				618

2.24 Gratuity plan

The following table sets out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan Assets:

Particulars	As at March 31,	
	2016	2015
Obligations at the beginning of the year	52	40
Service cost	8	6
Interest cost	4	3
Benefits paid	(7)	(6)
Actuarial (gain) / loss	–	9
Obligations at the end of the year	57	52
Defined benefit obligation liability as at the balance sheet is wholly funded by the Company.		
Change in plan assets:		
Plan assets at beginning, at fair value	53	41
Expected return on plan assets	5	4
Actuarial gain / (loss)	1	(1)
Contributions	6	15
Benefits paid	(7)	(6)
Plan assets at end, at fair value	58	53

in ₹ crore

Reconciliation of present value of the obligation and the fair value of the plan assets:

in ₹ crore

Particulars	As at March 31,	
	2016	2015
Fair value of plan assets at the period end	58	53
Present value of the defined benefit obligations at the period end	57	52
Re-imbursment (obligation) / asset*		
Asset / (Liability) recognized in the balance sheet	1	1
Assumptions		
Interest rate	7.80%	7.80%
Estimated rate of return on plan assets	9.55%	9.55%
Weighted expected rate of salary increase	7.50%	7.50%

* pertains to transfer of assets to group companies

Particulars	As at March 31,				
	2016	2015	2014	2013	2012
Obligations at year end	57	52	40	37	28
Plan assets at year end, at fair value	58	53	41	37	30
Funded Status	1	1	1	–	2
Experience adjustments:					
(Gain) / loss:					
Experience adjustments on plan liabilities	–	(7)	(2)	–	–
Experience adjustments on plan assets	1	(1)	–	–	–

in ₹ crore

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises of the following components:

in ₹ crore

Particulars	Year ended March 31,	
	2016	2015
Gratuity cost for the year		
Service cost	8	6
Interest cost	4	3
Expected return on plan assets	(5)	(4)
Actuarial (gain) / loss	(1)	10
Net Gratuity cost	6	15

As at March 31, 2016 and March 31, 2015, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute approximately ₹ 17 crore to the gratuity trust during fiscal year 2017.

2.25 Provident fund

The Company contributed ₹ 55 crores towards Provident Fund during the year ended March 31, 2016 (₹ 49 crores during the year ended March 31, 2015).

2.26 Superannuation

The Company contributed ₹ 3 crore to the Superannuation Trust during the year ended March 31, 2016 (less than ₹ 1 crore during the year ended March 31, 2015).

2.27 Pension fund

The Company contributed ₹ 9 crore to the Pension funds during the year ended March 31, 2016 (₹ 8 crore during the year ended March 31, 2015).

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

Particulars	in ₹ crore	
	As at March 31,	
	2016	2015
Number of shares considered as basic weighted average shares outstanding	3,38,27,751	3,38,27,751
Add: Effect of dilutive issues of shares / stock options	–	–
Number of shares considered as weighted average shares and potential shares outstanding	3,38,27,751	3,38,27,751

2.29 Restricted deposits

Restricted Deposit as at March 31, 2016 comprises ₹ 67 crores (₹ 59 crores as at March 31, 2015) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business.

2.31 Function wise classification of statement of profit and loss account

Profit and Loss account for the	in ₹ crore	
	Year ended March 31,	
	2016	2015
Income from business process management services	3,791	3,507
Cost of revenue	2,473	2,374
GROSS PROFIT	1,318	1,133
Selling and marketing expenses	140	113
General and administration expenses	371	323
	511	436
OPERATING PROFIT BEFORE DEPRECIATION	807	697
Depreciation and amortization expense	78	64
OPERATING PROFIT	729	633
Other income, net	199	183
PROFIT BEFORE TAX	928	816
Tax expense:		
Current tax	207	208
Deferred tax	(4)	(10)
PROFIT AFTER TAX	725	618

The accompanying notes form an integral part of the consolidated financial statements
As per our report of even date attached
for B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W / W-100022

Supreet Sachdev

Partner

Membership No. 205385

U B Pravin Rao

Chairman and Director

Anup Uppadhayay

Chief Executive Officer and Managing Director

Prof. Jayanth R. Varma

Director

Dr. Omkar Goswami

Director

Roopa Kudva

Director

Deepak Bhalla

Chief Financial Officer

A.G.S. Manikantha

Company Secretary

Bangalore
April 12, 2016

2.30 Corporate social responsibility

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The proposed areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting education and healthcare and rural development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013

a) Gross amount required to be spent by the company during the year is ₹ 14 crore.

b) Amount spent during the year on :

Sl. No	Particulars	In Cash	Yet to be paid in Cash	in ₹ crore
				Total
(i)	Construction / acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	14	–	14

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

Ratio Analysis

	15-16	14-15
Ratios- Financial Performance		
Gross profit / total revenue (%)	34.8	32.3
Cost of Revenue / total revenue (%)	65.2	67.7
Selling and Marketing Expenses / total revenue (%)	3.7	3.2
General and administrative expenses / total revenue (%)	9.8	9.2
SG&A expenses / total revenue (%)	13.5	12.4
Aggregate employee costs / total revenue (%)	57.8	58.3
Operating profit (PBIDAT) / total revenue (%)	21.3	19.9
Depreciation / total revenue (%)	2.1	1.8
Operating profit after depreciation and interest / total revenue (%)	19.2	18.1
Other Income / total revenue (%)	5.3	5.2
Profit before tax / total revenue (%)	24.5	23.3
Tax / total revenue (%)	5.4	5.6
Effective tax rate - Tax / PBT (%)	21.9	24.3
Net Profit after Tax / total revenue (%)	19.1	17.6
Ratios-Balance Sheet		
Debt-equity ratio	–	–
Current Ratio	5.3	4.1
Days Sales Outstanding (DSO)	64	68
Cash and equivalents / total assets (%)	56.9	49.2
Cash and equivalents / total revenue (%)	68.7	54.2
Depreciation / average gross block (%)*	9.9	8.8
Capital Expenditure / total revenue (%)	3.0	1.7
Operating Cash Flows / total revenue (%)	15.2	11.3
Free Cash flows / total revenue (%)		
Ratios- Return		
ROCE (PBIT / average capital employed) (%)*	26.5	28.6
Ratios- Growth		
Total revenue (%)	8.1	7.0
Operating Profit after Depreciation and Interest (%)	15.2	3.4
Net Profit (%)	17.4	6.9
Earning Per Share- Basic** (%)	17.4	6.9
Earning Per Share- Diluted (%)	17.4	6.9

Note : The ratio calculations are based on consolidated Indian GAAP financial statements

* Capital employed and Gross block considered based on average of Opening and Closing balance of the financial year

** Weighted average number of shares are used in computing earning per share

Corporate governance report

Our corporate governance philosophy

We are committed to defining, following and practising the highest level of corporate governance across all our business functions. Our corporate governance is a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices and performance and ensure that we retain and gain the trust of our stakeholders at all times.

Corporate governance framework

We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At Infosys BPO ('the Company'), the Board of Directors ('the Board') is at the core of our corporate governance practice. The Board thus oversees the Infosys' BPO Management's ('the Management') functions and protects the long-term interests of our stakeholders. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The driving principles of our corporate governance framework is as follows:

- Corporate governance standards should satisfy both the spirit of the law and the letter of the law;
- Ensure transparency and maintain a high level of disclosure;
- Clearly distinguish between personal conveniences and corporate resources ;
- Communicate externally, and truthfully, about how the Company is run internally;
- Comply with the laws of all countries in which we operate;
- Have a simple and transparent corporate structure driven solely by business needs;
- The management is the trustee of the shareholders capital and not the owner.

With the increasing globalization, corporate governance has assumed great significance in India in the recent past. The increasing diversity of the investing community and the integration of global capital markets make corporate governance a key issue in the investment decision of the investor. We in our pursuit towards achieving our aspirations of becoming a global corporation, our corporate governance standards must be globally benchmarked and hence good governance as an ongoing process seeks to ensure truth, transparency, accountability and responsibility and committed to meet the aspirations of all our stake holders.

Composition of the Board and directorships held as on March 31, 2016 are as follows:

Directorships held as at March 31, 2016

Name of the Director	Age	Position	Relationship with other Directors	Indian listed companies	All companies around world (1)
U. B. Pravin Rao	54	Chairman	None	1	4
Anup Uppadhyay	45	CEO and MD	None	–	6
Prof. Jayanth R. Varma	56	Director	None	1	1
Dr. Omkar Goswami	59	Director	None	7	12
Roopa Kudva	52	Director	None	1	5

⁽¹⁾ Directorships in companies around the world including Infosys BPO Limited and its subsidiaries.

The Corporate conduct is integral part of our business. The actions are governed by the values and principles which are reinforced at all levels in the organization. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land.

Corporate governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company, is an important part of corporate governance. Consequently, the organization is able to attract and enhance the trust and confidence of the stakeholders.

In line with the Company's commitment to good corporate governance practices and compliance with the provisions of Companies Act, 2013, our Company has constituted Audit Committee, Nomination and Remuneration committee and Corporate Social Responsibility Committee consisting of majority of independent directors. As a step further towards this objective, our Company has also complied with major aspects of the US Sarbanes–Oxley Act of 2002 and Companies Act 2013 such as constituting of the Whistle Blower Policy, Code of conduct for senior officers and executives and also Section 404 of the US Sarbanes-Oxley Act, relating to certification by the CEO and CFO of the appropriateness of internal controls relating to the financial reporting. Our Company has complied with all norms of corporate governance applicable to unlisted Public Company as envisaged under the Companies Act, 2013. Though not mandatorily applicable / notified, our Company also complies with all the applicable recommendations of Naresh Chandra committee, and N. R. Narayana Murthy committee. The Company has also complied with Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India.

A. Board of Directors

Size and Composition of the Board

The Board is headed by U. B. Pravin Rao, as Chairman. The Board consists of five directors including chief executive officer and managing director (CEO and MD). The Board also consists of three independent directors.

Responsibilities of the chairman, the chief executive officer and managing director

The Company has a non-executive chairman of the Board and a chief executive officer and managing director (CEO and MD). The responsibility and authority of these officials are as follows:

The non-executive as chairman of the Board (the Chairman) is the leader of the Board. As chairman, he will be responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance for the Company. In doing so, the Chairman will preside at meetings of the Board and at meetings of the shareholders of the Company.

The Chairman takes a lead role in managing the Board and facilitates effective communication among directors. The Chairman is responsible for matters pertaining to governance, including the organization and composition of the Board, the organization and conduct of Board meetings, effectiveness of the Board, Board committees and individual directors in fulfilling their responsibilities.

The Chairman provides leadership to the Board, identify guidelines for the conduct and performance of directors, oversee the management of the Board's administrative activities such as meetings, schedules, agendas, communication and documentation.

The Chairman actively work with the nomination and remuneration committee to plan the Board and Board committees' composition, induction of directors to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

The CEO and MD is responsible for corporate strategy, brand equity, planning, external contacts and all management matters. He is also responsible for achieving the annual business targets and acquisitions.

Role of the board of directors

The primary role of the Board is that of trusteeship to protect and enhance shareholder value through strategic direction to the Company. As trustees, the Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholder value and its growth. The Board exercises its duties with care, skill and diligence and exercises independent judgment. The Board sets strategic goals and seeks accountability for their fulfillment. The Board also directs and exercises appropriate control to ensure that the Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations.

Definition of independent directors

The Companies Act 2013 defines an "independent director" as a person who is not a promoter or employee or one of the key managerial personnel of the Company or its subsidiaries. The law also state that the person should not have any material pecuniary relationship or transactions with the Company or its subsidiaries, apart from receiving the remuneration as an independent director.

Board membership criteria

The nomination and remuneration committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. The Board members are expected to possess the required qualifications, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth.

The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of 60 years and shall not appoint an Independent Director who has attained the age of 70 years. The term of the person holding this position may be extended at the discretion of the committee beyond

the age of 60 years / 70 years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond 60 years / 70 years as the case may be. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us.

Selection of the new directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process involved in selecting new directors to the nomination and remuneration committee, which consists majority of independent directors. The nomination and remuneration committee in turn makes recommendations to the Board on the induction of any new directors.

Membership term

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointments consistent with applicable statutes. The current law in India mandates the retirement of two-third of the executive board members (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive directors are appointed by the shareholders for the tenure of a maximum period of five years, but are eligible for re appointment upon completion of their term. An independent director shall hold office for a term up to five consecutive years on the board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company.

Board member evaluation

One of the key functions of the Board is to monitor and review the board evaluation framework. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated through a Board effectiveness survey. The questionnaire of the survey is a key part of the process of reviewing the functioning and effectiveness of the Board and for identifying possible paths for improvement. Each Board member is requested to evaluate the effectiveness of the Board dynamics and relationships, information flow, decision-making of the directors, relationship with stakeholders, Company performance and strategy, and the effectiveness of the whole Board and its various committees. Feedback on each director is encouraged to be provided as part of the survey. The evaluation for fiscal 2016 has been completed.

Independent directors have three key roles – governance, control and guidance. Some of the performance indicators based on which the independent directors are evaluated include:

- Ability to contribute to and monitor our corporate governance practices
- Ability to contribute by introducing international best practices to address top-management issues
- Active participation in long-term strategic planning
- Commitment to the fulfillment of a director's obligations and fiduciary responsibilities; these include participation in Board and committee meetings

Retirement policy for directors

The age of retirement for all executive directors is 60 years. The nomination and remuneration committee may, at its discretion, determine their continuation as members of the Board upon superannuation / retirement. The age of retirement for non executive directors and independent directors is 70 years.

Succession planning

The nomination and remuneration committee works with the Board on the leadership succession plan, and also prepares contingency plans for succession in case of any exigencies.

Board compensation review

The remuneration / compensation / commission etc. to Directors will be determined by the Nomination and Remuneration Committee and recommended to the Board for approval. The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director. Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration. The Nomination and Remuneration committee determines and recommends to the Board, the compensation payable to the Executive director. The compensation of the Executive director consists of a fixed component and a performance incentive. The shareholders determine the compensation of the Executive director for the entire period of the term. The Compensation payable to each of the Independent directors is limited to a fixed amount per year as determined and approved by the Board, which is within the limit of 1% as approved by the shareholders and calculated as per the provisions of the Companies Act, 2013. The performance of Independent directors is reviewed by the Board of Directors on an annual basis. The Compensation payable to independent directors and the method of calculation are disclosed in the financial statements.

Memberships in other Boards

The Executive director is excluded from serving on the Board of any other entity except for group companies, unless the said entity is an industrial entity whose interests are germane to the business of the Company or a government body that is of relevance to the business of the Company or an entity whose objectives is the upliftment of the society. Independent directors are generally not expected to serve on the Boards of competing companies. Other than this, there are no limitations on them save those imposed by law and good corporate governance.

B. Board meetings

Scheduling and selection of agenda items for Board meetings

Normally, Board meetings are scheduled at least a month in advance. The meetings are held at the Company's registered office at Electronics City, Bangalore, India. The Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes and distribute it in advance to the directors. Every Board member can suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Independent directors are expected to attend all four Board meetings in a year. The Board Committees also meets four times in a year.

Number of board meetings and the attendance during fiscal 2016

Name of the Director	Number of meetings held	Number of meetings attended
U. B. Pravin Rao	4	4
Anup Uppadhayay	4	4
Prof. Jayanth R Varma	4	4
Dr. Omkar Goswami	4	3
Roopa Kudva	4	3
Rajiv Bansal ⁽¹⁾	4	1

⁽¹⁾ Rajiv Bansal resigned with effect from April 16, 2015

Availability of information to board members

The Board has unrestricted access to all Company-related information including that of our employees. The Board is usually presented with the following information. At Board meetings, managers and representatives who can provide additional insights into the items being discussed are invited. Regular updates provided to the Board include:

- Review of annual operating plans of business, capital budgets, updates.
- Quarterly results of the Company and that of its business segments.
- Minutes of its previous meeting and also minutes of all other committees of the Board.
- Information on recruitment, remunerations and other changes in the senior management.
- Materially important show cause, demand, prosecution and penalty notices.
- Fatal or serious accident or dangerous occurrences.
- Any materially significant effluent or pollution problems.
- Any materially relevant default in financial obligations to and by the Company.
- Any issue which involves possible public or product liability or claims of substantial nature.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions.
- Sale of investments which are material in nature, subsidiaries, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non-compliance of any regulatory or statutory provisions.

Further the above matters are routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings. Further, it welcomes the presence of managers who can provide additional insights into the items being discussed.

Discussion with independent directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings. The meeting shall review the performance of non independent directors and the Board as a whole; review the performance of the chairperson of the Company, taking into account the views of the executive directors and non executive directors; assess

the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties.

Materially significant related party transactions

There are no materially relevant related party transactions, pecuniary transactions or relationships between our Company and its directors for the year ended March 31, 2016 that may have a potential conflict with the interest of the Company at large except for those which are disclosed in the financial statements. Non material related party transactions in the normal course of business are held at arm's length.

Remuneration paid to the directors

Non-executive directors

							in ₹
Name of the Director	Director Identification Number	Relationship with other Directors	Salary	Perquisites	Commission	Sitting fees	Total
U. B. Pravin Rao	06782450	None	–	–	–	–	–
Prof. Jayanth R Varma	00402667	None	–	–	12,00,000	60,000	12,60,000
Dr. Omkar Goswami	00004258	None	–	–	12,00,000	60,000	12,60,000
Rajiv Bansal ⁽¹⁾	06935956	None	–	–	–	–	–
Roopa Kudva	00001766	None	–	–	12,00,000	60,000	12,60,000

⁽¹⁾ Rajiv Bansal resigned with effect from April 16, 2015

Executive director

Anup Uppadhayay, CEO and Managing Director for the year ended March 31, 2016

The details of remuneration paid to Anup Uppadhayay for the year ended March 31, 2016 is as follows:

							in ₹
Name of the Director	Director Identification Number	Relationship with other Directors	Salary *	Perquisites	Commission	Sitting fees	Total
Anup Uppadhayay	07031005	None	2,32,94,315	–	–	–	2,32,94,315

* Salary includes contribution to PF, Gratuity, Superannuation allowance and Performance incentive.

C. Board committees

Currently, the Board has five committees – the Audit committee, the Nomination and remuneration committee, the Corporate social responsibility committee, the Share allotment / transfer committee and the Investment committee. The Audit and Nomination and remuneration committees comprise of non executive and independent director as Chairperson and constitutes majority of independent directors. The Board is responsible for the constituting, assigning, co-opting and fixing the terms of service for committee members of various committees.

Frequency and duration of committee meetings and agenda

The Chairman of the Board, in consultation with the Company Secretary and the Committee Chairperson, determines the frequency and duration of the committee meetings. Normally, the committees meet four times a year. The recommendations of the committee are submitted to the Board for approval.

Quorum for the meetings

The quorum should be either two members or one-third of the members of the committees, whichever is higher.

Audit committee

Section 177 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 requires all public companies having a paid-up capital of ₹ 10 crore or more (or) turnover of ₹ 100 crore or more (or) outstanding loans or borrowings or debentures or deposits in aggregate exceeding ₹ 50 crore or more to constitute an Audit committee consisting of minimum of three directors with independent directors forming a majority. Since our Company has ₹ 33.83 crore as paid up share capital and ₹ 2,849 crore as turnover as per latest audited balance sheet and we meet both these criteria, constitution of Audit Committee is mandatory for our Company. However audit committee was constituted long back in our Company even before it was mandated by law.

Terms of reference

The terms of reference of the Audit Committee are set out in the Audit committee charter.

Composition

As on March 31, 2016, the Committee consists of the following members:

- Prof. Jayanth R Varma, Chairperson
- U. B. Pravin Rao, Member
- Dr. Omkar Goswami, Member
- Roopa Kudva, Member

Attendance of directors during fiscal 2016

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R. Varma	4	4
U. B. Pravin Rao	4	4
Dr. Omkar Goswami	4	3
Roopa Kudva	4	3

Number of meetings held, and the dates on which they were held

During the year, the committee met four times. The meetings were held on April 16, 2015, July 13, 2015, October 9, 2015 and January 11, 2016.

Report for the year ended March 31, 2016

- The Audit Committee ("the committee") consists of the following directors :
 - Prof. Jayanth R. Varma, Chairperson
 - U. B. Pravin Rao, Member
 - Dr. Omkar Goswami, Member
 - Roopa Kudva, Member
- The Management is responsible for the Company's internal controls and the financial reporting process.
- The independent auditors are responsible for performing an

independent audit of the Company's financial statements in accordance with the generally accepted auditing standards, and for issuing a report thereon. The committee's responsibility is to monitor these processes. The committee is also responsible for overseeing the processes related to the financial reporting and information dissemination. This is to ensure that the financial statements are true, fair, sufficient and credible. In addition, the committee recommends to the Board the appointment of the Company's internal and independent auditors. In this context, the committee discussed with the Company's auditors the overall scope and plans for the independent audit.

- The Management represented to the committee that the Company's financial statements were prepared in accordance with GAAP. The committee discussed with the auditors, in the absence of the Management (whenever necessary), the Company's audited financial statements including the auditors' judgments about the quality, not just the applicability, of the accounting principles, the rationality of significant judgments and the clarity of disclosures in the financial statements.
- Relying on the review and discussions conducted with the Management and the independent auditors, the audit committee believes that the Company's financial statements are fairly presented in conformity with GAAP in all material aspects. The committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the internal control systems of the Company.
- The committee also reviewed the financial policies of the Company and expressed its satisfaction with the same.
- Based on the committee's discussion with the Management and the auditors and the committee's review of the representations of the Management and the report of the auditors to the committee,

In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the Audit committee charter.

Bangalore
April 12, 2016

the committee has recommended the following to the Board of Directors:

- The audited financial statements prepared as per Indian GAAP of Infosys BPO Limited for the year ended March 31, 2016, be accepted by the Board as a true and fair statement of the financial status of the Company.
- The audited consolidated financial statements prepared as per Indian GAAP of Infosys BPO Limited and its subsidiaries for the year ended March 31, 2016, be accepted by the Board as a true and fair statement of the financial status of the group.
- The financial statements prepared as per IFRS for the year ended March 31, 2016, be accepted by the Board as a true and fair statement of the financial status of the group.
- The re-appointment of B S R & Co. LLP, Chartered Accountants, as the statutory auditors of the Company for the financial year 2016-17.
- The appointment of KPMG, Chartered Accountants as the statutory auditors in respect of subsidiary companies for the financial year 2016-17.
- The appointment of Ernst and Young as internal auditors of the Company including international locations and subsidiary companies for the financial year 2016-17.
- The appointment of Parameshwar G. Hegde, Hegde & Hegde, Company Secretaries as secretarial auditor for the financial year 2016-17 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Companies Act, 2013.

Sd / -

Prof. Jayanth R. Varma
Chairperson-Audit Committee

2. Nomination and remuneration committee

Terms of reference

Section 178 of the Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 requires all public companies having a paid-up capital of ₹ 10 crore or more (or) turnover of ₹ 100 crore or more (or) outstanding loans or borrowings or debentures or deposits in aggregate exceeding ₹ 50 crore or more to constitute Nomination and remuneration committee consisting of three or more non executive directors out of which not less than one-half shall be independent directors. The Chairperson of the company (whether executive or non executive) may be appointed as a member of the Nomination and remuneration committee but shall not chair such Committee. The Nomination and remuneration committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Nomination and remuneration committee shall formulate the criteria

Attendance of directors during fiscal 2016

Name of the Director	Number of meetings held	Number of meetings attended
Prof. Jayanth R Varma	4	4
Dr. Omkar Goswami	4	3
U. B. Pravin Rao	4	4
Roopa Kudva	4	3

Number of Nomination and Remuneration committee meetings held during the financial year, and the dates on which they were held

During the year, the committee met four times. The meetings were held on April 16, 2015, July 13, 2015, October 9, 2015 and January 11, 2016.

Report for the year ended March 31, 2016

- The Nomination and Remuneration Committee (“the committee”) consists of the following directors:
 - Prof. Jayanth R Varma, Chairperson
 - U. B. Pravin Rao, Member
 - Dr. Omkar Goswami, Member
 - Roopa Kudva, Member

Bangalore
April 12, 2016

for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Since our Company has ₹ 33.83 crore as paid up share capital and ₹ 2,849 crore as turnover as per latest audited balance sheet and we meet both these criteria and constitution of Nomination and remuneration committee is mandatory for our Company. In view of the above, Board in its meeting held on October 7, 2013 renamed the Compensation Committee as “Nomination and remuneration committee” in compliance with the provisions of the Companies Act, 2013.

Composition

As on March 31, 2016, the Nomination and Remuneration committee consists of the following members:

- Prof. Jayanth R. Varma, Chairperson
- U. B. Pravin Rao, Member
- Dr. Omkar Goswami, Member
- Roopa Kudva, Member

- The committee reviewed the performance of the executive director on a periodic basis and approved the payment of individual performance incentive to him. The committee believes that the compensation and benefits are adequate to motivate and retain the senior officers of the Company. Apart from the said disclosures, none of the directors had a material beneficial interest in any contract of significance to which the Company or any of its subsidiary undertakings was a party, during the financial year.

Sd / -
Prof. Jayanth R Varma
Chairperson – Nomination and remuneration committee

3. Corporate social responsibility committee

In accordance to Section 135 of the Companies Act, 2013, the Board in its meeting held on October 7, 2013, constituted corporate social responsibility committee. As on March 31, 2016, the committee had U. B. Pravin Rao as the Chairperson, Anup Uppadhayay, Dr. Omkar Goswami and Roopa Kudva as members.

The primary objective of the corporate social responsibility committee is to formulate and recommend to the Board of Directors, a Corporate Social Responsibility Policy, the activities to be undertaken by the Company as a part of implementing those policies, recommend the amount of expenditure to be incurred on those activities and monitoring the corporate social responsibility policy of the Company from time-to-time.

Attendance of directors during fiscal 2016

Name of the Director	Number of meetings held	Number of meetings attended
Anup Uppadhayay	4	4
Dr. Omkar Goswami	4	3
U. B. Pravin Rao	4	4
Roopa Kudva	4	3

Number of Corporate Social Responsibility committee meetings held during the financial year, and the dates on which they were held.

During the year, the committee met four times. The meetings were held on April 16, 2015, July 13, 2015, October 9, 2015 and January 11, 2016.

4. Investment committee

Terms of reference

To manage effectively and efficiently the surplus of Company funds by properly channelizing them in a manner so as to enhance the best possible returns with minimum of risk.

Composition of the committee

As on March 31, 2016, the Investment committee consists of the following members:

- U. B. Pravin Rao, Chairperson
- Anup Uppadhayay, Member
- Deepak Bhalla, Member

Attendance of directors during fiscal 2016

Name of the Director	Number of meetings held	Number of meetings attended
Anup Uppadhayay	4	4
U. B. Pravin Rao	4	4
Deepak Bhalla	4	4

Report for the year ended March 31, 2016

The committee has the mandate to approve investments in various corporate bodies within the statutory limits and powers delegated by the Board. The committee had ratified the investments made by the Company during the fiscal 2016.

5. Share allotment / Transfer committee

Terms of reference

To approve and register transfer and / or transmission of all classes of shares and to sub-divide, consolidate and issue share certificates on behalf of the Company.

Composition of the committee

The share allotment / transfer committee consists of the following members as at March 31, 2016:

- U. B. Pravin Rao, Chairperson
- Anup Uppadhayay, Member

Report for the year ended March 31, 2016

During the year the committee has allotted nil equity shares.

Composition

As on March 31, 2016, the corporate social responsibility committee consists of the following members:

- U. B. Pravin Rao, Chairperson
- Anup Uppadhayay, Member
- Dr. Omkar Goswami, Member
- Roopa Kudva, Member

Management review and responsibility

Formal evaluation of officers

The nomination and remuneration committee of the Board approves the compensation and benefits for the executive Board member as well as members of the management council.

Evaluation process for chief Executive officer

In our Company, performance is assessed based on clearly defined objective criteria. This is in line with our Company's policy of being data oriented in every transaction and decision. The evaluation starts with the principle, 'In God we trust, everyone else must bring data'. Performance is measured against commitments and best-in class benchmarks Our Company believes in leadership by example and hence leaders are to show the way in terms of committing to specific, measurable, aggressive and stretch targets.

The performance appraisal system for Executive Director provides for the alignment of the Directors' targets with those of our Company through a "Balanced Scorecard Framework", which is rigorous and structured. The executive director has three key roles viz. business leadership, strategy execution and governance. Each role is associated with a set of performance metrics.

For instance, for the CEO, the business leadership role involves set of performance metrics defined in terms of client relationships, service excellence, branding, market expansion, alliances, and acquisitions etc. The CEO's financial metrics include revenue, net profits, expenses, etc.

Performance metrics, for Board members in the strategy execution role are defined in terms of building end-to-end service capability, broadening geography and vertical footprint, etc. For a Board member in the governance role, they are defined in terms of ethical issues, legal violations, social responsibility, etc. They are also defined for managing risks, developing business leaders and strengthening values and ethics.

The executive director has to make detailed performance presentations to the Board on his performance vis-à-vis targets, budgets / targets for the ensuring quarter / year and other strategic issues. Apart from this, the executive director is also required to prepare and submit to the CEO and Nomination and remuneration committee performance reports once in a quarter. The Nomination and remuneration committee in consultation with the CEO reviews the performance of the executive director.

The remuneration of the directors is commensurate and proportionate to the growth of our Company's profits.

Evaluation process for non-executive and independent directors

Independent Directors are evaluated through a peer-evaluation process on an annual basis. Each External Board member has to present before the entire Board on how they have performed / added value to our Company. Every Board member evaluates each external Board member

Shareholders

Distribution of shareholding as at March 31, 2016

Sl no.	Category (Shares)	No. of Holders	% to Holders	No. of Shares	% to Equity
1	1,001 and Above	1	4.76	3,38,22,319	99.98
2	501-1,000	4	19.05	3,125	0.01
3	1-500	16	76.19	2,307	0.01
	Total	21	100.00	3,38,27,751	100.00

Secretarial Audit

Pursuant to Section 204 of Companies Act 2013 and Rules thereunder, the Board of Directors of the Company appointed Parameshwar G Hegde, Practicing Company Secretary to conduct Secretarial Audit of records and documents of the Company. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act 2013. Further, the Company adheres to various Secretarial Standards issued by the Institute of Company Secretaries of India.

Whistle Blower Policy

Our Company has Whistle Blower Policy in place to ensure and promote ethics, transparency and accountability. The Whistle blower is a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Company's Code of Conduct or Ethics policy. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairperson of the audit committee in exceptional cases,

on a scale of 1 to 10 based on the performance indicators.

Independent Directors also have 3 key roles viz. governance, control and Guidance. Some of the performance indicators based on which the Independent Directors are evaluated are as follows:

- Ability to contribute to and monitor the corporate governance of our Company.
- Ability to contribute by introducing international best practices to address top-management issues.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a director's obligations and fiduciary responsibilities – this includes participation and attendance.

Contribution by way of customer lead generation and brand building.

Board interaction with clients, employees, investors, the government agencies and the press

The Chairman and CEO in consultation with heads of the department, handle all interactions with the investors, media and various government agencies. The CEO and the respective heads of departments manage all interaction with clients and employees.

Risk management

Our Company has an integrated approach to managing the risks inherent in various aspects of its business. As part of this approach, the Board of directors is responsible for monitoring risk levels according to various parameters and the management council is responsible for ensuring implementation of mitigation measures, if required. The audit committee provides the overall direction on the risk management policies. The Risk Management framework is in place.

Management discussion and analysis

A detailed report on our Management's discussion and analysis forms part of this Annual Report.

Internal Control

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our Management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

General body meetings

Details of the last three annual general meetings are as follows:

Financial year	Date	Time	Venue
March 31, 2015	July 31, 2015	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bangalore 560 100
March 31, 2014	June 13, 2014	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bangalore 560 100
March 31, 2013	June 7, 2013	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bangalore 560 100

Details of the last Extraordinary general meeting

Financial year	Date	Time	Venue
March 31, 2016	December 31, 2015	10.00 a.m.	Plot No. 26 / 3, 26 / 4, and 26 / 6, Electronics City, Hosur Road, Bangalore 560 100

Global presence

Registered Office

Plot No. 26/3, 26/4 and 26/6
Electronics City, Hosur Road
Bangalore 560100
Tel.: 91 80 -28522405
Fax: 91 80 -28522411
Web Site: www.infosysbpo.com

Asia Pacific

Australia

Melbourne

Level 5, 818, Bourke Street,
Docklands VIC 3008
Tel.: 61 3 9860 2000
Fax: 61 3 9860 2999

Sydney

Level 6, 56 Station Street,
Parramatta NSW 2150
Tel.: 61 2 8913 5900

Costa Rica

San Jose

Building N & M Piso 2,
Forum 2, Lindora,
Santa Ana San Jose, 10901
Costa Rica
Tel.: 506 2205 1201
Fax: 506 2205 1299

India

Bangalore

Electronics City, Hosur Road,
Bangalore 560 100
Tel.: 91 80 2852 2411
Fax: 91 80 2852 2411

Salarpuria Infozone

Wing A, No. 39 (P) 41 (P) and 42 (P)
Electronic City, Hosur Road,
Bangalore 560 100
Tel.: 91 80 4067 0035
Fax: 91 80 4067 0034

27 SJR Towers

Bannerghatta Road
J. P. Nagar, III Phase Bangalore 560 078
Tel.: 91 80 5103 2000
Fax: 91 80 2658 8676

Gold Hill Supreme Software Park

Ground Floor, South Wing,
Plot No. 21, 22, 27 and 28
Konappana Agarhara Village,
Bangalore 560 100
Tel.: 91 80 3087 3000

Chennai

3rd and 8th Floor, A Block,
South Wing, Tidel Park Ltd, No 4,
Rajiv Gandhi Salai (OMR), Taramani,
Chennai 600113.
Tel.: 91 44 3090 7001
Fax: 91 44 3090 7005

Unit of Ramanujan IT city SEZ,

Hardy towers, 3rd & 4th Floor,
TRIL infopark ltd, Taramani,
Rajiv Gandhi Salai (OMR)
Chennai 600113
Tel.: 044-66855111
Fax: 044-66855107

Gurgaon

7th Floor, Tower A, B and C
Building No. 6,
DLF Cyber City Developer Limited,
Special Economic Zone Sector
24 and 25 DLF PH-3, Gurgaon, Haryana
Tel.: 91 124 458 3700
Fax: 91 124 458 3701

Jaipur

IT-A-001 Mahindra World City
Special Economic Zone
Village Kalwara
Tahsil Sanganer
Jaipur 302029
Tel.: 91 141 3956 000
Fax: 91 141 3956 100

Mangalore

Door No. 1-N-11-676/210,
Plot No. 181-2A-2
Kuloor Ferry Road, Kottara
Mangalore 575 006
Tel.: 91 824 245 1485
Fax: 91 824 245 1504

Mysore

Plot No. 347/A, 347/C, 348, 349,
373 to 375, Hebbal Electronics City,
Hootagalli, Mysore 570 027
Tel.: 91 821 240 4101
Fax: 91 821 240 4200

Pune

Plot No. 24/3,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan, Taluka Mulshi,
Pune 411 057
Tel.: 91 20 4023 2001
Fax: 91 20 3981 5352

Plot No. 24/2,

Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi, Pune 411 057
Tel.: 91 20 2293 2800
Fax: 91 20 2293 4540

Plot No. 1, Building No. 4

Pune Infotech Park,
Hinjawadi, Taluka Mulshi,
Pune 411 057
Tel.: 91 20 2293 2900
Fax: 91 20 2293 4540

Philippines

Metro Manila

2nd and 3rd Floor,
Trade Hall Metro Market, Bonifacio
Global City, Fort Bonifacio, Taguig City
Metro Manila, Philippines 1634
Tel.: 632 729 1111
Fax: 632 729 1111

Muntinlupa City

5th, 6th, 7th and 12th Floor,
Site 3, Vector 2 Building,
Northgate Cyberzone,
Filinvest Corporate City,
Alabang, Muntinlupa City,
Philippines 1781
Tel.: 632 823 0000
Fax: 632 823 0000

Europe

United Kingdom

London

14th Floor, 10 Upper Bank Street
Canary Wharf, E14 5NP
Tel.: 44 20 7715 3388
Fax: 44 20 7715 3301

The Netherlands

Eindhoven

Vredeoord 105, Verdieping 4,
Vleugel B, 5621 CX Eindhoven
Netherlands
Tel.: 31402321100

North America

United States

Atlanta

3200 Windy Hill Road,
Suite 100-W, Atlanta, GA 30339
Tel.: 1 770 799 1958
Fax: 1 770 799 1861

Basking Ridge

106 Allen Road, 1st Floor,
Liberty Corner, NJ 07920
Tel.: 1 908 860 4900
Fax: 1 908 860 4899

Milwaukee

1515 N River Center Drive, Suite 250,
Milwaukee, WI 53212
Tel.: 414 914 9400
Fax: 414 914 9401

Canada

Toronto

5140, Yonge Street Suite,
1400 Toronto ON M2N 6L7
Tel.: 416 224 7400
Fax: 416 224 7449

Puerto Rico

Aguadilla

Road No. 2, West of KM 126,
BO Camital Bajo,
Aquadilla, 00603
Tel.: 1 787 658 3400

Subsidiaries of Infosys BPO Limited

Infosys BPO Americas LLC

United States

Plano

6100, Tennyson Parkway,
Suite 200, Plano,
TX 75024

Infosys (Czech Republic) Limited s.r.o

Czech Republic

Brno

Holandska 9, 63900, Brno
Tel : 420 515 914600
Fax : 420 543 236349

Infosys Poland Sp. z o.o.

Poland

Łódź

Pomorska 106A, 91 402 Łódź
Tel : 48 42 278 15 00
Fax : 48 42 278 15 01

Infosys McCamish Systems LLC

United States

Atlanta

6425 Powers Ferry Road, 3rd Floor,
Atlanta, GA 30339
Tel : 1 770 690 1500
Fax : 1 770 690 1800

Des Moines

500 SW 7th St. Suite 200,
Des Moines, IA 50309
Tel : 1 515 365 1236
Fax : 1 515 365 0236

Portland Group Pty. Limited

Australia

Brisbane

L18, Brisbane Club Tower,
241 Adelaide Street,
Brisbane, QLD 4000
Tel : 61 7 3009 8100
Fax : 61 7 3009 8123

Melbourne

Suite 602, 10 Yarra Street,
South Yarra, VIC 3141
Tel : 61 3 8825 3899
Fax : 61 3 8825 3898

Perth

Level 1, 99 St. Georges Terrace,
Perth, WA 6000
Tel : 61 8 9254 9313
Fax : 61 8 9254 9388

Sydney

Level 8, 68 Pitt Street,
Sydney NSW 2000
Tel : 61 2 9210 4399
Fax : 61 2 9210 4398



Date: August 6, 2016

Dear member,

You are cordially invited to attend the 14th Annual General Meeting ('AGM') of the members of Infosys BPO Limited ('the Company') on Wednesday, August 31, 2016 at 10:00 a.m. IST at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bangalore 560100.

The notice for the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,

Sd / -

[U. B. Pravin Rao](#)

Chairman of the Board

Enclosures:

1. *Notice of the 14th AGM*
2. *Explanatory statement pursuant to section 102 of the Companies Act 2013*
3. *Proxy form*
4. *Attendance slip*

INFOSYS BPO LIMITED

CIN : U72200KA2002PLC030310

Electronic City, Hosur Road

Bangalore 560100, India

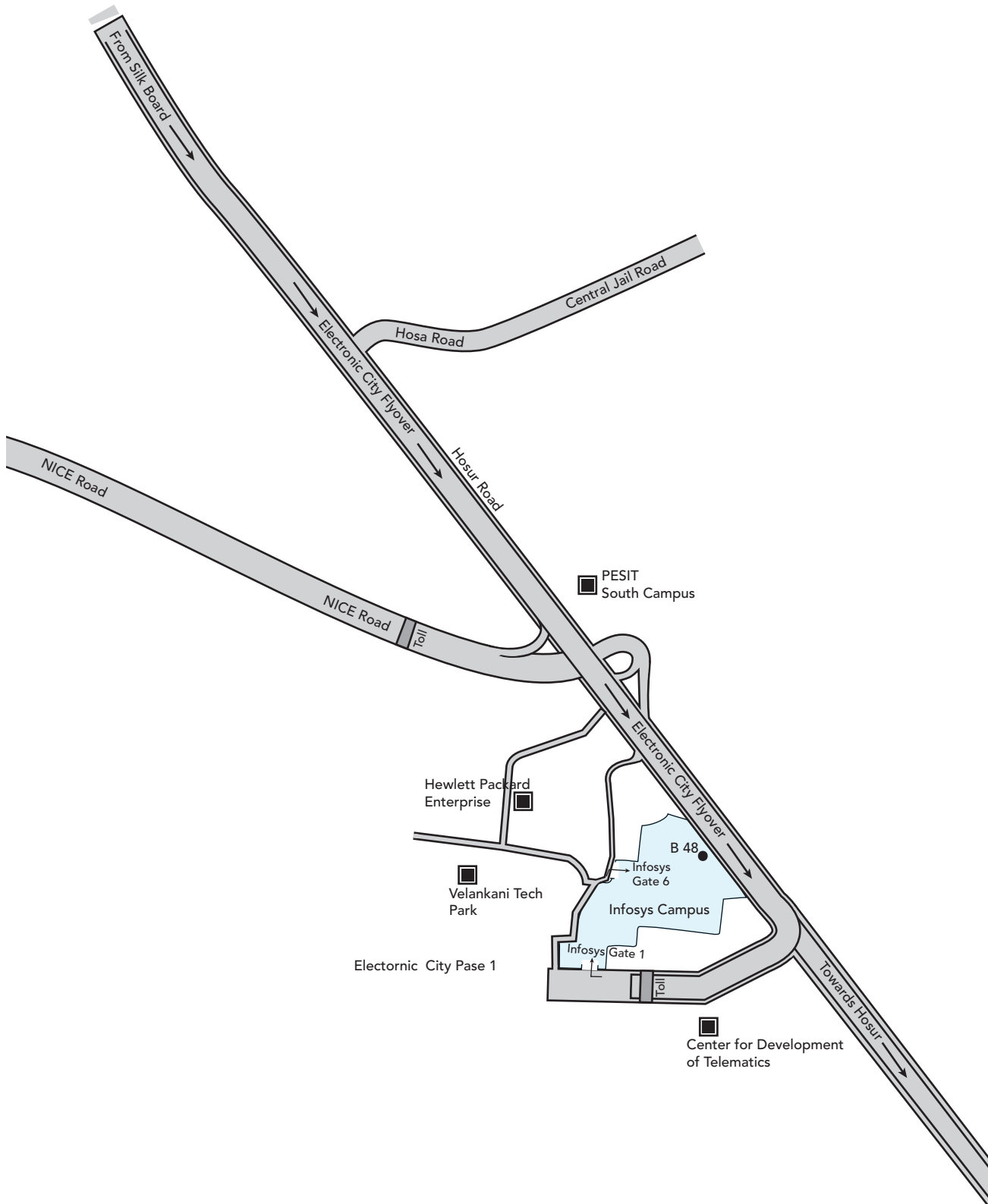
T 91 80 2858 2405

F 91 80 2852 2411

cosecretarybpo@infosys.com

www.infosys.com

Road map to the venue of the AGM



Notice

NOTICE is hereby given that the 14th Annual General Meeting (AGM) of the Members of Infosys BPO Limited (the "Company") will be held on Wednesday, August 31, 2016 at 10.00 A.M. IST at the Registered Office of the Company at Plot No 26 / 3, 26 / 4 and 26 / 6, Electronics City, Hosur Road, Bangalore 560100, to transact the following business:

Ordinary business

Item no. 1 - Adoption of financial statements

To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2016 and the reports of the Board of Directors ('the Board') and auditors thereon.

Item no. 2 – Appointment of U. B. Pravin Rao as a director liable to retire by rotation

To appoint a director in place of U.B. Pravin Rao, who retires by rotation and, being eligible, seeks re-appointment.

Item no. 3 - Appointment of auditors

To appoint B S R & Co. LLP, Chartered Accountants (LLP registration No.AAB 8181) as statutory auditors of the Company and to fix their remuneration and pass the following resolution thereof.

RESOLVED THAT, B S R & Co. LLP, Chartered Accountants (LLP registration No.AAB 8181) be and are here by appointed as the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next AGM and that the Board of Directors be and are hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2017, in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed between the auditors and the Board of Directors

Special business

Item no. 4 - Reappointment of Dr. Omkar Goswami, as an Independent Director of the Company

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Special Resolution

RESOLVED THAT pursuant to provisions of sections 149, 152, and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force), read with Schedule IV to the Companies Act, 2013, Dr. Omkar Goswami (DIN: 00004258), who was appointed as an Independent Director of the Company for a term up to March 31, 2016 by the shareholders and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying intention to propose Dr. Omkar Goswami as a candidate for the office of director of the Company, be and is hereby reappointed as an independent director of the Company for a period of two years up to March 31, 2018, not liable to retire by rotation;

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of directors, with power to further delegate to any executives / officers of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings, etc., as may be necessary in this regard.

Item no. 5 - Appointment of Anantharaman Radhakrishnan as Director / Chief Executive Officer and Managing Director of the Company

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to Section 161(1) and other applicable

provisions of the Companies Act, 2013 and the Rules made thereunder, Anantharaman Radhakrishnan (DIN:07516278) who was appointed as an additional director of the Company by the Board of Directors with effect from May 17, 2016, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying intention to propose Anantharaman Radhakrishnan as a candidate for the office of the director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

RESOLVED FURTHER pursuant to the provisions of Sections 149, 196, 197 and any other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment(s) read with Schedule V to the Companies Act, 2013, consent of the members be and is here by accorded to the appointment of Anantharaman Radhakrishnan as Chief Executive Officer and Managing Director of the Company for a period of five (5) years with effect from May 17, 2016 as per the terms and conditions as stated in the explanatory statement and on the remuneration set out below:

- Fixed Gross Salary per annum – ₹1,20,77,400 / - in the scale of 1,00,00,000 / - to 4,00,00,000 / -;
- Performance Bonus - ₹68,49,852 / - in the scale of ₹50,00,000 / - to 3,00,00,000 / -;
- Long term Bonus – ₹54,29,000 / - in the scale of ₹50,00,000 / - to ₹2,00,00,000 / -.

Perquisites and allowances: Anantharaman Radhakrishnan shall be entitled to the following perquisites and allowances

- a. Medical reimbursement / allowance: As per the rules of the Company
- b. Leave travel concession / allowance: As per the rules of the Company
- c. Personal accident insurance: As per the rules of the Company.

Other benefits: Anantharaman Radhakrishnan shall be entitled to the other benefits as follows:

- a. Earned / privilege leave: As per the rules of the Company.
- b. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
- c. Gratuity: As per the rules of the Company.
- d. Encashment of leave: As per the rules of the Company.
- e. Company car and telephone: As per the rules of the Company.

RESOLVED FURTHER THAT notwithstanding anything hereinabove contained, wherein any financial year during the tenure of his appointment, the Company has incurred loss or its profits are inadequate, the Company shall pay to Anantharaman Radhakrishnan, the remuneration by way of salary, perquisites, other allowances and other benefits as aforesaid as minimum remuneration, subject however to the limit specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the government from time-to-time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary, alter or modify the different components of the above stated remuneration as may be agreed to by the Board of Directors and Anantharaman Radhakrishnan.

Item no. 6 - Appointment of Ravikumar Singiseti as Director of the Company

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to Section 161(1) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Ravikumar Singiseti (DIN:07534544) who was appointed as an additional director of the Company by the Board of Directors with effect from June 2, 2016, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying intention to propose Ravikumar Singiseti as a candidate for the office of the director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

Bangalore
Date : July 12, 2016

Item no. 7 - Appointment of Diaz Murillo Dalupan & Co as branch auditors for Philippines branch

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

RESOLVED THAT Diaz Murillo Dalupan & Co, Chartered Accountants, Philippines be and hereby appointed as the Branch Auditors of the Company for auditing the books of accounts maintained by the Manila Branch of the Company situated in Philippines from the conclusion of this meeting until the conclusion of the next annual general meeting, pursuant to Section 143(8) of the Companies Act 2013, at a remuneration to be fixed by the Board of Directors of the Company after discussion with the aforesaid auditors.

By order of the Board of Directors
for Infosys BPO Limited
Sd / -
A. G. S. Manikantha
Company Secretary

Notes

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, stating all material facts and the reasons for the proposal as annexed here with:
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be accompanied by resolution of the Board / Power of Attorney / Attested specimen signature, as may be applicable.
4. Members / proxies should bring duly-filled attendance slips sent herewith to attend the meeting.
5. The Register of Director's and Key Managerial Personnel and their shareholdings, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the registered office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Dr. Omkar Goswami was appointed as an Independent Director for a period of two years for a term up to March 31, 2016 by the shareholders of the Company and had served his first term as independent director after the notification of the new Companies Act, 2013. Based on his skills, experience, knowledge on performance evaluation, it is proposed that Dr. Omkar Goswami be reappointed for another term of two years up to March 31, 2018 as an independent director of the Board.

In accordance with Section 149 (10) and (11) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a Company, but shall be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

Dr. Omkar Goswami fulfills the requirements of independent director as laid down under Section 149(6) of the Companies Act, 2013. No independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:

The Company has received notice in writing pursuant to Section 160 of the Companies Act, 2013, from a member along with a deposit of 100,000/- proposing the reappointment of Dr. Omkar Goswami for the office of independent director under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Dr. Omkar Goswami (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such reappointment, and (iii) a declaration to the effect that he meets the criteria of independence as

provided in sub section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, and based on the Board's evaluation, Dr. Omkar Goswami fulfils the conditions specified in the Companies Act, 2013 and Rules made thereunder for his reappointment as an independent director of the Company and is independent of the Management. A copy of the draft letter for the appointment of Dr. Omkar Goswami as an independent director setting out the terms and conditions would be available for inspection without any fee by the Members at the registered office of the Company during normal business hours on any working day up to the date of AGM. The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Dr. Omkar Goswami as an independent director. Accordingly, the Board recommends the resolution in relation to the reappointment of Dr. Omkar Goswami as an independent director, for the approval by Members of the Company.

No director, key managerial personnel or their relatives, except Dr. Omkar Goswami to whom the resolution relates, is interested in or concerned with the resolution.

The Board recommends the resolution set forth in Item no. 4 for the approval of the Members.

Item No. 5

The Board upon the recommendation of the Nomination and remuneration committee, at its meeting held on May 17, 2016, appointed Anantharaman Radhakrishnan as an additional director and Chief Executive Officer and Managing Director with effect from May 17, 2016. The Company has received a notice in writing from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Anantharaman Radhakrishnan for the office of the director under the provisions of Section 160 of the Companies Act, 2013

The Company has received from Anantharaman Radhakrishnan (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013

The terms and conditions of his appointment are as follows :

1. Date of appointment : May 17, 2016
2. Tenure of appointment : Five (5) years with effect from May 17, 2016
3. Details of remuneration :
 - Fixed Gross Salary per annum – ₹ 1,20,77,400 / - in the scale of 1,00,00,000 / - to 4,00,00,000 / -;
 - Performance Bonus - ₹ 68,49,852 / - in the scale of ₹. 50,00,000 / - to 3,00,00,000 / -;
 - Long term Bonus – ₹ 54,29,000 / - in the scale of Rs. 50,00,000 / - to ₹ 2,00,00,000 / -.

Perquisites and allowances: Anantharaman Radhakrishnan shall be entitled to the following perquisites and allowances

- a. Medical reimbursement / allowance: As per the rules of the Company
- b. Leave travel concession / allowance: As per the rules of the Company
- c. Personal accident insurance: As per the rules of the Company.

Other benefits: Anantharaman Radhakrishnan shall be entitled to the other benefits as follows:

- a. Earned / privilege leave: As per the rules of the Company.
- b. Company's contribution to provident fund and superannuation fund: As per the rules of the Company.
- c. Gratuity: As per the rules of the Company.
- d. Encashment of leave: As per the rules of the Company.
- e. Company car and telephone: As per the rules of the Company.

4. The agreement executed between the company and Anantharaman Radhakrishnan, may be terminated by either party by giving of three calendar months' notice or three months salary in lieu thereof
5. Anantharaman Radhakrishnan shall perform such duties as shall from time-to-time be entrusted to him, subject to the superintendence, guidance and control of the board of directors.

The resolution seeks the approval of the members in terms of Section 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) for the appointment of Anantharaman Radhakrishnan as the whole-time director and Chief Executive Officer and Managing Director with effect from May 17, 2016.

No director, key managerial personnel or their relatives, except Anantharaman Radhakrishnan to whom the resolution relates, is interested in or concerned with the resolution. The Board recommends the resolution set forth in Item no. 5 for the approval of the Members. The copies of relevant resolutions of the Board and agreement with respect to the appointment is available for inspection by the members at the registered office of the company during working hours on any working day till the date of this Annual General Meeting.

The Board accordingly recommends the resolution as set out in item No. 5 of the notice for the approval of the members.

Item No. 6

Ravikumar Singiseti was appointed as an additional director of the Company with effect from June 2, 2016 pursuant to Section 161 of the Companies Act, 2013 and Article 114 of the Articles of Association of the Company. Ravikumar Singiseti holds office of the additional director up to the date of the ensuing annual general meeting and is eligible for reappointment as a Director liable to retire by rotation. The Company has received a notice in writing from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Ravikumar Singiseti for the office of the director under the provisions of Section 160 of the Companies Act, 2013

The Company has received from Ravikumar Singiseti (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013

The Board considers that his appointment as a Director will be beneficial to and in the interest of the company.

No director, key managerial personnel or their relatives, except Ravikumar Singiseti to whom the resolution relates, is interested in or concerned with the resolution.

The Board recommends the resolution set forth in Item no. 6 for approval of the members.

Item No. 7

The Board of Directors had appointed Diaz Murillo Dalupan & Co, Chartered Accountants, Philippines as the Branch Auditors of the Company for auditing the books of accounts maintained by the Manila Branch of the Company situated in Philippines from the conclusion of this meeting until the conclusion of the next annual general meeting. In this context, it is highlighted to the approval of the shareholders is taken as matter of abundant caution as we have been advised that there is no requirement to have an statutory audit under the laws of Philippines but the audit is done only from tax perspective.

No directors or Key Managerial Personnel of the Company and their relatives are interested or concerned in the proposed resolution as set out in Item No. 7 above.

The Board recommends the resolution set forth in Item no. 7 for approval of the members.

Additional information on directors seeking election at the annual general meeting



Omkar Goswami

Founder and Chairman of Corporate and Economic Research Group (CERG) Advisory Private Limited.

Dr. Omkar Goswami is the Founder and Chairman of Corporate & Economic Research Group (CERG) Advisory Private Limited. An economist, Omkar did his master's from the Delhi School of Economics in 1978 and D. Phil (Ph.D) from Oxford in 1982. He taught and researched economics for 18 years at various universities abroad and in India. During 1996-98, he was the editor of Business India. From August 1998 up to March 2004, he was the Chief Economist of the Confederation of Indian Industry.

He has served on several government committees. He was the Chairman of the Committee on Industrial Sickness and Corporate Re-structuring in 1993; member of the Working Group on the Companies Act; the CII Committee on Corporate Governance; the Rakesh Mohan Committee on Railway Infrastructure Reform; the Vijay Kelkar Committee on Direct Tax Reforms; the Naresh Chandra Committee on Auditor-Company Relationship; the N. R. Narayana Murthy SEBI Committee on Corporate Governance Reforms, among others.

Omkar has been a consultant to the World Bank, the International Monetary Fund, the Asian Development Bank and the Organization for Economic Co-operation Development.

In addition to his columns for newspapers and magazines, he has written three books and over 70 research papers on economic history, industrial economics, public sector, bankruptcy laws and procedures, economic policy, corporate governance, public finance, tax enforcement and legal reforms.



Ravikumar Singiseti

President and the Chief Delivery Officer at Infosys

Ravikumar Singiseti (Ravi) is a President and the Chief Delivery Officer at Infosys. In this role, he leads the Infosys global delivery organization across all global industry segments, driving digital transformation services, application development and maintenance; independent validation services, engineering services, emerging technology solutions, business intelligence & analytics, cloud and infrastructure, and enterprise package applications service lines. He also oversees Infosys operations in Japan. He is the Chairman of the Board of Infosys China, Shanghai, Board member of Infosys Public Services and Infosys McCamish Systems.

Previously, Ravi was the Group Head for the Insurance, Healthcare, and Cards and Payments unit, where he drove client services, demand generation, next-generation service offerings, game-changing innovation, and a world-class delivery organization to support clients. Under his leadership, the Hyderabad Development Center, housing 22,000+ employees, won the Infosys Excellence Award for the Best Development Center five years in a row from 2010 – 2014. Ravi has over 18 years of experience in the consulting space, incubating new practice lines, driving large transformational programs, and evangelizing new business models across industry segments. Ravi started his career as a nuclear scientist at the Bhabha Atomic Research Center.



Anantharaman Radhakrishnan

Chief Executive Officer and Managing Director

Anantharaman Radhakrishnan ("Radha") was the Chief Operating Officer (COO) managing the entire delivery (India+ International centers) of the organization. He is also a Member of the Board of Portland Group Pty Limited, Infosys (Czech Republic) Limited s.r.o and Infosys Poland Sp. z.oo

He leads the Technology Services, Automation and Artificial Intelligence, as well as Quality and Transition functions at Infosys BPO, which provide clients with differentiated solutions and offerings to aid their transformation journey and deliver enhanced business value.

Prior to this role, he was the head of enterprise services and before that he incubated the Business Platforms group, which is a vital part of the Infosys vision and strategy for client value and business growth. He has spent many years with Infosys, working across consulting, IT services, and business process management (BPM). Prior to this, he worked with a transnational corporation. He brings with him rich leadership and intensive domain capability across multiple industries. He is a postgraduate from Indian Institute of Management, Lucknow (IIML), and an honors graduate in mechanical engineering from National Institute of Technology, Tiruchirappalli (NIT, Trichy).

Ravi is a part of several steering committee boards of large transformational initiatives for global clients. He actively writes and blogs on technology-led transformation, big data, next-generation supply chain, digital transformation, and disruptive business models. He is an Honorary Founding Board Member of the Technology Advisory Board at MIT Forum (launched in 2012); Advisory Board of the Global Supply Chain Center at Marshall Business School, University of Southern California; Oracle's Enterprise Project Portfolio Management (EPPM) Board; and many other industry forums. Ravi has a master's degree in business administration from Xavier Institute of Management, Bhubaneswar, India.

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014 - Form No. MGT-11]



INFOSYS BPO LIMITED
 CIN : U72200KA2002PLC030310
 Electronics City, Hosur Road, Bengaluru 560 100, India
cosecretarybpo@infosys.com | www.infosysbpo.com

I / We, being the member(s) of shares of the above named company, hereby appoint

Name :Email:

Address :

.....Signature :

or failing him / her

Name :Email:

Address :

.....Signature :

As my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Infosys BPO Limited Annual General Meeting of the Company, to be held on Wednesday, August 31, 2016 At 10.00 A.M IST at the Registered Office of the Company at Plot No. 26/3, 26/4 & 26/6, Electronics City, Hosur Road, Bangalore - 560100 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary business				
1	Adoption of Financial Statements (Including the consolidated Financial Statements)			
2	Appointment of U.B. Pravin Rao as a director liable to retire by rotation			
3	Appointment of auditors			
4	Reappointment of Dr. Omkar Goswami, as an Independent Director of the Company			
5	Appointment of Anantharaman Radhakrishnan as Director / Chief Executive Officer and Managing Director of the Company			
6	Appointment of Ravikumar Singiseti as Director of the Company			
7	Appointment of Diaz Murillo Dalupan & Co as branch auditors for Philippines branch			

Signed this day of 2016.

.....
 Signature of the member

.....
 Signature of the proxy holder(s)

Affix revenue stamp of not less than ₹ 1

1.Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2.Note : It is optional to indicate your preference, if you leave the 'for', 'against', or 'abstain', column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he /she may deem appropriate.

.....Please tear here.....

