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Infosys BPO and Subsidiary Financials 2013-14

Contents

Infosys BPO Limited 2
- Infosys BPO s.r.o. 24
- Infosys BPO (Poland) Sp. z o.o.. 38
- Infosys McCamish Systems LLC 52
- Portland Group Pty. Limited 65
- Portland Procurement Services Pty. Limited 79

Infosys BPO Limited

Independent Auditor's Report

To the Members of Infosys BPO Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Infosys BPO Limited ('the Company') which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the 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, 2003 ('the Order') issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion, a proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
   e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number : 101248W

Akhil Bansal
Partner
Membership Number : 090906

Bangalore
April 11, 2014

Annexure to the Auditors' Report

The Annexure referred to in our Report to the Members of Infosys BPO Limited ('the Company') for the year ended March 31, 2014. 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 all fixed assets are verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) The Company is a service company, primarily rendering business process management services. Accordingly, it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of ₹5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the services rendered by the Company.

(ix) (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, Wealth tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases with respect to Income tax. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Employees' State Insurance, Sales tax, Wealth tax, Service tax and other material statutory dues were in arrears as at March 31, 2014 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 dues of Sales tax, Wealth tax and Cess 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 and Service tax have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues demanded	Amount demanded (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Interest / Tax Demands	45,02,275	AY 2006-07	Deputy Commissioner Income Tax, Bangalore
Income Tax Act, 1961	Tax deducted at source	16,65,470	AY 2008-09	Assistant Commissioner of Income Tax (TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	(1) 1,19,12,344	AY 2009-10	Commissioner of Income Tax (Appeals), Bangalore
Income Tax Act, 1961	Tax deducted at source	4,36,81,730	AY 2009-10	Assistant Commissioner of Income Tax (TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	33,67,190	AY 2010-11	Commissioner of Income Tax (Appeals), Bangalore
Income Tax Act, 1961	Tax deducted at source	3,88,830	AY 2011-12	Assistant Commissioner of Income Tax (TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	44,090	AY 2012-13	Assistant Commissioner of Income Tax (TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	6,25,80,020	AY 2013-14	Assistant Commissioner of Income Tax (TDS), Bangalore
Income Tax Act, 1961	Tax deducted at source	13,02,460	AY 2014-15	Assistant Commissioner of Income Tax (TDS), Bangalore
Finance Act, 1994	Service tax demands / Penalties	37,98,26,474	April 2007 to September 2010	Central Excise Service Tax Appellate Tribunal
Finance Act, 1994	Service tax demands / Penalties	5,54,05,040	January 2005 to March 2007	Central Excise Service Tax Appellate Tribunal
Finance Act, 1994	Service tax demands / Penalties	7,64,15,315	October 2010 to September 2011	Central Excise Service Tax Appellate Tribunal

(1) *Net of amounts paid of ₹ 1,70,14,316.*

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) The Company has not raised any funds on short-term basis.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issues during the year.

(xxi) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number : 101248W

Akhil Bansal
Partner
Membership Number : 090906

Bangalore
April 11, 2014

Balance Sheet

in ₹ crore

Particulars	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	34	34
Reserves and surplus	2.2	2,351	1,839
		2,385	1,873
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	25	47
		25	47
CURRENT LIABILITIES			
Trade payables		8	43
Other current liabilities	2.4	438	431
Short-term provisions	2.5	66	47
		512	521
		2,922	2,441
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	217	218
Intangible assets	2.6	19	19
Capital work-in-progress		5	1
		241	238
Non-current investments	2.7	593	579
Deferred tax assets, net	2.8	43	32
Long-term loans and advances	2.9	99	87
Other non-current assets	2.10	47	38
		782	736
CURRENT ASSETS			
Current investments	2.7	275	151
Trade receivables	2.11	391	382
Cash and cash equivalents	2.12	1,104	788
Short-term loans and advances	2.13	129	146
		1,899	1,467
		2,922	2,441
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Akhil Bansal
Partner
Membership Number : 090906

S. Gopalakrishnan
Chairman and Director

Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A. G. S. Manikantha
Company Secretary

Statement of Profit and Loss

in ₹ crore, except per share data

Particulars	Note	Year ended March 31,	
		2014	2013
INCOME			
Revenues from business process management services		2,323	1,831
Other income	2.14	150	139
Total revenue		2,473	1,970
EXPENSES			
Employee benefit expenses	2.15	1,201	917
Cost of technical sub-contractors	2.15	157	84
Travel expenses	2.15	90	89
Cost of software packages	2.15	24	30
Communication expenses	2.15	46	33
Professional charges	2.15	40	50
Office expenses	2.15	46	41
Power and fuel	2.15	27	24
Insurance charges	2.15	13	9
Rent	2.15	66	57
Depreciation and amortization expenses	2.6	70	65
Other expenses	2.15	37	17
Total expenses		1,817	1,416
PROFIT BEFORE TAX		656	554
Tax expense	2.16		
Current tax		156	133
Deferred tax		(12)	(7)
		144	126
PROFIT FOR THE YEAR		512	428
EARNINGS PER SHARE			
Equity shares of par value ₹ 10/- each			
Basic		151.32	126.45
Diluted		151.32	126.45
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 AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

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Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A. G. S. Manikantha
Company Secretary

Cash Flow Statement

in ₹ crore

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit Before Tax		656	554
Adjustments to reconcile Profit Before Tax to cash generated by operating activities			
Depreciation		70	65
Interest income		(84)	(61)
Dividend income		(17)	(7)
Non cash item included in other income (Refer to *Note 2.3*)		(26)	(58)
Dividend from subsidiary		(24)	–
Changes in assets and liabilities			
Trade receivables		(9)	(118)
Loans and advances	2.31.1	1	(50)
Other assets	2.31.2	(9)	(6)
Liabilities	2.31.3	10	111
Trade payables	2.31.4	(34)	39
Provisions	2.31.5	20	9
Income tax paid during the year, net	2.31.6	(148)	(131)
NET CASH GENERATED BY OPERATING ACTIVITIES		406	347
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets and change in capital work-in-progress / advances	2.31.7	(80)	(50)
Interest received	2.31.8	86	66
Dividend received from Mutual Fund		17	7
Purchase of units in liquid mutual funds		(1,489)	(829)
Proceeds from sale of units in liquid mutual funds		1,413	697
Investment in Government Bonds		(3)	–
Investment in subsidiary	2.31.9	(11)	(16)
Investment in Certificate of deposit		(47)	–
Dividend received from subsidiary		24	–
NET CASH USED IN INVESTING ACTIVITIES		(90)	(125)
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 CHANGE IN CASH AND CASH EQUIVALENTS		316	222
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		788	566
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2.31.10	1,104	788

As per our report attached

for B S R & Co. LLP
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Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A. G. S. Manikantha
Company Secretary

Significant accounting policies and notes on accounts

Company overview

Infosys BPO Limited ('Infosys BPO' or 'the Company') was incorporated as Progeon Limited 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 ('Infosys', NYSE : INFY). The Company helps clients improve their competitive positioning by managing their business processes in addition to providing increased value. The name of the Company was changed from Progeon Limited to Infosys BPO Limited with effect from August 29, 2006.

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 by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent 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 financial statements.

1.3. Revenue recognition

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

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. The Company recognizes changes in the estimated amount of obligation for discount using a cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

1.4. Expenditure

The cost of software user licenses purchased for rendering business process management services is charged to revenue when put to use. 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 profit and loss account over the lease term.

1.5. Fixed assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill, recorded on amalgamation in the nature of purchase is tested periodically for impairment.

1.6. Depreciation

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

Management estimates the useful life for the various fixed assets as follows:

Buildings	15 years
Computer equipment	2 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Office equipment	5 years

1.7. Retirement benefits to employees

Gratuity

In accordance with the Payment of Gratuity Act, 1972, Infosys BPO provides for gratuity, a defined benefit retirement plan (the 'Gratuity Plan') covering all 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 eligible salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by an actuarial valuation, carried out at the period end by an independent actuary using the projected unit credit method, based upon which Company contributes to the Infosys BPO employees Gratuity Fund Trust (the 'Trust'). The trustee administer contributions made to the Trust and invest the corpus of the trust with the Life Insurance Corporation ('LIC') 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 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 ₹ 100/- per employee 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.

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 based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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

1.9. Forward contracts and option contracts in foreign currencies

The Company uses forward contracts 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 arising. The Company does not use the forward contracts and option contracts 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 does 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 foreign currency fluctuation reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract or option contracts as an effective hedge, the Management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and subsequently whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently the hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Statement of Profit and Loss at each reporting date.

1.10. Income tax

Income taxes are computed using the tax effect accounting method, where 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 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 being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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.

1.11. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation. The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.12. Impairment of fixed assets

Management periodically assesses, using external and internal sources, whether there is an indication that a fixed 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 i.e. 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 there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13. Earnings per share

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

1.14. Investments

Trade investments are investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on the Management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value, determined on an individual investment basis. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment. Long-term investments are carried at cost and provisions recorded to recognize any diminution, other than temporary, in the carrying value of each 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 cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated. Cash flows in foreign currency are accounted at average monthly exchange rates that approximate the actual rates of exchange prevailing at the date of the transaction.

1.17. Employee stock options

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Research Committee of the Institute of Chartered Accountants of India, Accounting for employee share based payments, to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. The options vest on a graded basis; however there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant.

2. Notes on accounts for the year ended March 31, 2014

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 period 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,	
	2014	2013
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		
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

The Company has only one class of shares referred to as equity shares having a par value ₹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 shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist as at the date of Balance Sheet. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding

Particulars	As at March 31, 2014	2013
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	Number of shares as at		Percentage of total shares	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Infosys Limited, the holding company	3,38,22,319	3,38,22,319	99.98%	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.

Employee stock option plan

The guidance note on 'Accounting for employee share based payments' (the guidance note) issued by Institute of Chartered Accountants of India establishes financial accounting and reporting principles for employee share based payment plans. The guidance note applies to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005.

The Company applies the intrinsic value-based method of accounting to account for its fixed plan stock options. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price on this date. The options vest on a graded basis. However there is no compensation expense since the grants are made at exercise prices equal to or greater than fair market value, as of the date of the grant further there were no stock option granted during the years ended March 31, 2013 and 2014.

Infosys BPO Employee Stock Option Plan 2002 ('the 2002 Plan')

The Company's 2002 Plan provides for the grant of stock options to employees of the Company and was approved by the Board of Directors and shareholders in June 2002. All options under the 2002 Plan are exercisable for equity shares. The 2002 Plan is administered by a Compensation Committee comprising three members, all of whom are directors of the Company. The 2002 Plan provides for the issue of 52,50,000 equity shares to employees, at an exercise price, which shall not be less than the Fair Market Value (FMV) on the date of grant. Options may also be issued to employees at exercise prices that are less than the FMV only if specifically approved by the members of the Company in general meeting. Options granted under the 2002 plan vest over 1-6 years.

On March 12, 2007, Infosys Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of ₹57.87 crore. As at March 31, 2014, nil (March 31, 2013 : nil) options are held by Infosys Limited. Accordingly these options have not been considered while computing diluted earnings per share of the Company from the date Infosys Limited owned these options.

There are no outstanding stock options under the 2002 Plan as at March 31, 2014.

Movement of Options under the 2002 Plan during the year ended March 31, 2013 was as follows :

Particulars	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	4,76,250	483.73
Granted during the year	–	–
Forfeitures during the year	4,76,250	483.73
Exercised during the year	–	–
Outstanding at the end of the year	–	–
Exercisable at the end of the year	–	–

Infosys 1999 Employee Stock Option Plan ('1999 Plan')

On March 12, 2007, Infosys Limited purchased 12,19,532 unvested options held by the employees of Infosys BPO Limited for a cash consideration of ₹57.87 crore and has swapped 5,18,360 unvested options with 1,51,932 unvested stock options of Infosys Limited. In addition, certain employees were granted additional 4,86,828 Infosys Limited stock options under the Infosys 1999 Employee Stock Option Plan. The Infosys 1999 Employees Stock Option Plan was approved by the Board of Directors and stockholders in June 1999. All options under the 1999 Plan are exercisable for equity shares of Infosys Limited. The options granted under the 1999 plan vests over 2-6 years.

There are no outstanding stock options under the 1999 Plan as at March 31, 2014.

Movement of Options under the 1999 Plan during the year ended March 31, 2013 was as follows :

Particulars	Shares arising out of options	Weighted average exercise prices (in ₹)
Outstanding at the beginning of the year	11,684	2,120.95
Granted during the year	–	–
Forfeitures during the year	5,518	2,120.95
Exercised during the year	6,166	2,120.95
Outstanding at the end of the year	–	–
Exercisable at the end of the year	–	–

2.2. Reserves and surplus

in ₹ crore

Particulars	As at March 31, 2014	2013
Securities premium – Opening balance	25	25
Add : Transferred from Surplus	–	–
Securities premium – Closing balance	25	25
Capital redemption reserve – Opening balance	1	1
Add : Transferred from Surplus	–	–
Capital redemption reserve – Closing balance	1	1
General reserve – Opening balance	1,000	1,000
Add : Transfer from Surplus	–	–
General reserve – Closing balance	1,000	1,000
Balance in Statement of Profit and Loss – Opening balance	813	385
Add : Net profit after tax transferred from Statement of Profit and Loss	512	428

Particulars	As at March 31,	
	2014	2013
Less : Amount transferred to General reserve	–	–
Balance in Statement of Profit and Loss – Closing balance	1,325	813
	2,351	1,839

2.3. Other long-term liabilities

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	4	3
Earnest money deposit received [2]	21	21
Contingent consideration payable [1]	–	23
	25	47

[1] On December 4, 2009, Infosys BPO acquired 100% of the voting interests in McCamish Systems LLC (McCamish), a business process solutions provider based in Atlanta, Georgia, in the U.S.. The business acquisition was concluded by entering into a Membership Interest Purchase Agreement for a cash consideration of ₹173 crore and a contingent consideration of ₹67 crore as on the date of acquisition.
The Company assessed the contingent consideration payable and concluded that McCamish was not likely to meet targets, in spite of their acquisition of a business process outsourcing division from Marsh Inc. Group in the U.S. Accordingly, the Company reduced the liability payable by ₹58 crore, in September 2012, and ₹23 crore during the year ended March 31, 2014 based on such assessment.

[2] Includes dues to subsidiaries and other group companies (Refer to Note 2.22)"

2.4. Other current liabilities

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Salaries	51	47
Bonus and incentives	108	106
Other liabilities		
Provision for expenses [1]	249	241
Retention money payable	2	7
Withholding and other taxes	16	12
Other payables [1]	1	8
Mark to market loss on forward contracts	4	–
Advances received from customers	2	–
Unearned revenue	5	10
	438	431

[1] Includes dues to subsidiaries and other group companies (Refer to Note 2.22)

2.5. Short-term provisions

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	46	37
Others		
Provision for		
Income taxes	2	3
SLA compliance	18	7
	66	47

Provision for SLA compliance

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 compliance is given below:

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	7	6
Additional provision made during the year	12	1
Provisions used during the year	1	–
Balance at the end of the year	18	7

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

2.6. Fixed assets

in ₹ crore

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 01, 2013	Additions during the year	Deletions during the year	Cost as at March 31, 2014	As at April 01, 2013	Charge for the year	Deletions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets										
Land-Leasehold	12	–	–	12	1	–	–	1	11	11
Buildings	146	2	–	148	30	10	–	40	108	116
Leasehold improvements	55	11	–	66	38	7	–	45	21	17
Office equipment	121	4	–	125	93	14	–	107	18	28
Plant and machinery	22	2	–	24	6	5	–	11	13	16
Computer equipment	138	45	6	177	117	30	6	141	36	21
Furniture and fixtures	52	5	–	57	43	4	–	47	10	9
	546	69	6	609	328	70	6	392	217	218
Intangible assets										
Goodwill	19	–	–	19	–	–	–	–	19	19
	19	–	–	19	–	–	–	–	19	19
Total	565	69	6	628	328	70	6	392	236	237
Previous year	519	51	5	565	266	65	3	328	237	–

Profit / (Loss) on disposal of fixed asset during the year ended March 31, 2014 is less than ₹1 crore each

2.7. Investments

in ₹ crore

Particulars	As at March 31, 2014	As at March 31, 2013
Non current investments-at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Infosys BPO s.r.o., Czech Republic	3	3
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, 17,45,00,000 (17,45,00,000) equity share of AUD 1 each, fully paid	211	211
Infosys McCamish Systems LLC [(2)]	317	306
Investment in Government bonds [(1)]	3	–
	593	579
Current investments – at the lower of cost and fair value		
Unquoted		
Investment in Certificate of Deposits	47	–
Investment in liquid mutual fund units	185	151
Investment in Fixed Maturity Plan	43	–
	275	151
Aggregate amount of unquoted investments	868	730

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

(2) *During the year ₹11 crore (USD 1.7 million) has been infused in Infosys McCamish Systems LLC, a subsidiary, as additional equity investment in the subsidiary.*

Details of investment in Certificate of Deposits as at March 31, 2014 and March 31, 2013 are as follows:

Particulars	Face Value ₹	Units	As at March 31, 2014 (in ₹ crore)	As at March 31, 2013 (in ₹ crore)
Central Bank of India	1,00,000/-	2,500	23	–
Indian Overseas Bank	1,00,000/-	2,500	24	–
			47	–

Details of investment in liquid mutual funds as at March 31, 2014 and March 31, 2013 are as follows:

Particulars	As at March 31,			
	2014	2013	2014	2013
	Number of units		in ₹ crore	
Birla Sun Life AMC Ltd – Liquid	15,02,428	2,27,946	15	2
ICICI Prudential – Liquid	10,43,402	46,77,205	10	47
TATA Asset Management Ltd – Liquid	3,32,456	1,83,682	38	21
Reliance Mutual Fund – Liquid	–	3,34,060	–	33
Kotak Mutual Fund – Liquid	–	1,88,131	–	23
SBI Mutual Fund – Liquid	4,93,192	–	49	–
Religare Mutual Fund – Liquid	547	2,53,382	–	25
JPMorgan Asset Management MF– Liquid	–	–	–	–
IDFC mutual fund – liquid	4,39,648	–	44	–
UTI Mutual Fund – Liquid	–	–	–	–
Templeton Mutual Fund – Liquid	2,87,986	–	29	–
	40,99,659	58,64,406	185	151

Details of investment in FMP mutual funds as at March 31, 2014 and March 31, 2013 are as follows:

in ₹ crore

Particulars	As at March 31,			
	2014	2013	2014	2013
	Number of units		in ₹ crore	
Birla Sunlife AMC Ltd. – FMP	1,30,00,000	–	13	–
ICICI Prudential SIP FMP	3,00,00,000	–	30	–
	4,30,00,000	–	43	–

2.8. Deferred tax assets, net

in ₹ crore

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax assets		
Fixed assets	24	19
Unavailed leave	12	9
Trade receivables	2	1
Others	5	3
	43	32

2.9. Long-term loans and advances

in ₹ crore

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured considered good		
Capital advances	1	–
Other loans and advances		
Prepaid expenses	–	2
Rental deposits [(1)]	48	33
Electricity and other deposits	1	2
MAT credit entitlement	–	15
Advance income taxes, net of provision	49	35
	99	87

(1) *Includes deposits with holding company (Refer to Note 2.22)*

2.10. Other non-current assets

in ₹ crore

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Restricted deposits (Refer to *Note 2.28*)	46	38
Advance to gratuity trust (Refer to *Note 2.24*)	1	–
	47	38

2.11. Trade receivables

in ₹ crore

Particulars	As at March 31, 2014	As at March 31, 2013
Debt outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5	1

Particulars	As at March 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	391	382
Considered doubtful	1	–
	397	383
Less : Provision for doubtful debts	6	1
	391	382

[(1)] *Includes dues from subsidiaries and holding (Refer to Note 2.22)*

Provision for doubtful debts

Periodically, the Company evaluates all customer dues 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 Company normally provides for debtor dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date. The Company pursues the recovery of the dues, in part or full.

2.12. Cash and cash equivalents

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Balances with banks		
In current and deposit accounts	1,024	708
Others		
Deposit with body corporate / financial institutions	80	80
	1,104	788

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

The details of balances with banks as at March 31, 2013 and March 31, 2013 are as follows :

in ₹ crore

Particulars	As at March 31,	
	2014	2013
In current accounts		
Bank of America, California, U.S.	10	14
Bank of America, California – Trust account, U.S. [(1)]	–	–
Citi Bank, South Africa	3	–
Citi Bank, Costa Rica	1	2
Deutsche Bank, Netherlands	1	1
Deutsche Bank, London, U.K.	1	–
Deutsche Bank, Philippines	35	4
ICICI Bank, India	2	2
ICICI Bank – EEFC (Euro account)	1	2
ICICI Bank – EEFC (U.K. Pound Sterling account)	2	6
ICICI Bank – EEFC (U.S. Dollar account)	8	4
	64	35
In deposit accounts		
Syndicate Bank	80	–
Axis Bank	80	60
Canara Bank	80	80
Allahabad Bank	80	–
Corporation Bank	80	80
ICICI Bank	24	98
IDBI Bank	63	–
Kotak Mahindra Bank	–	80
Oriental Bank of Commerce	5	74
Punjab National Bank	80	–
Bank of Baroda	80	–
Indian Overseas Bank	18	–
South Indian Bank	25	41
Union Bank	20	80
Vijaya Bank	80	80
Yes Bank	30	–
Central Bank of India	55	–
Bank of India	80	–
	960	673
Other deposits with body corporate / financial institutions		
HDFC Limited	80	80
	80	80
	1,104	788

[(1)] *This represents restricted bank balance, in trust account, in accordance with collection agency licensing requirements*

2.13. Short-term loans and advances

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Prepaid expenses	5	5
Advances for goods and services	16	12
Withholding and other taxes receivable	23	27
	44	44
Unbilled revenue [(1)]	47	24
Interest accrued but not due	5	6
Loans and advances to employees	12	13
Rental deposits	–	13
Electricity and other deposits	1	1
Mark to market gain on forward contracts	–	12
MAT credit entitlement	16	23
Loans and advances to group companies [(1)]	4	10
	129	146
Unsecured, considered doubtful		
Loans and advances to employees	1	1
	130	147
Less : Provision for doubtful loans and advances	1	1
	129	146

[(1)] *Includes dues from subsidiaries and other group companies (Refer to Note 2.22)*

2.14. Other income

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Interest on deposits with bank and others	85	61
Dividend on investment in mutual fund units	17	7
Miscellaneous income, net	38	71
Dividend income from subsidiary	24	–
Gains / (losses) on foreign currency, net	(14)	–
	150	139

2.15. Expenses

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus including overseas staff expenses	1,155	867
Staff welfare	3	9
Contribution to provident and other funds	43	41
	1,201	917
Cost of technical sub-contractors		
Consultancy charges	157	84
	157	84
Travel expenses		
Overseas travel expenses	63	64
Traveling expenses	27	25
	90	89
Cost of software packages		
Cost of software for own use	24	30
	24	30
Communication expenses		
Communication expenses	46	33
	46	33
Professional charges		
Legal and professional	26	34
Recruitment and training	14	16
	40	50
Office expenses		
Computer maintenance	2	2
Printing and stationery	3	2
Office maintenance	41	37
	46	41
Power and fuel		
Power and fuel	27	24
	27	24
Insurance charges		
Insurance charges	13	9
	13	9
Rent		
Rent (Refer to *Note 2.17*)	66	57
	66	57
Other expenses		
Consumables	5	2
Brand building and advertisement	5	7
Marketing expenses	2	2
Rates and taxes	4	3
Bank charges and commission	1	1
Postage and courier	1	–
Provision for doubtful debts	4	(1)
Provision for doubtful loans and advances	1	–
Professional membership and seminar participation fees	2	1
Other miscellaneous expenses	12	2
	37	17

2.16. Tax expense

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Current Income taxes	156	133
Deferred taxes	(12)	(7)
	144	126

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. Infosys BPO operations are conducted through Software Technology Parks ('STPs') and Special Economic Zones ('SEZs'). Income from STPs were tax exempt till March 31, 2011. Income from SEZs is fully tax exempt for the first five years, 50% exempt for the next five years and 50% exempt for another five 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.

2.17. 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,	
	2014	2013
Lease rentals charged during the period	66	57

in ₹ crore

Lease obligations	As at March 31,	
	2014	2013
Within one year of the Balance Sheet date	14	16
Due in a period between one year and five years	22	14
Later than five years	–	–

The existing operating lease arrangements extend for periods between 36 months and 72 months from their respective dates of inception.

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

in ₹ crore

Particulars	As at March 31,			
	2014		2013	
Contingent				
Estimated amount of unexecuted capital contracts (net of advance and deposits)		17		10
Claims against the Company not acknowledged as debts		26		13
Bank guarantees towards lease premises		12		12
Commitments				
Forward contracts outstanding	in million	in ₹ crore	in million	in ₹ crore
USD / INR	19	114	32	174
EUR / INR	2	14	–	–
GBP / INR	4	40	10	84

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹71 crore (₹Nil as at March 31, 2013).

The foreign exchange forward and option contracts mature between 1 to 12 months. The table below analyzes the derivate financial instruments into relevant maturity groupings based on the remaining period as of the Balance Sheet date :

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Not later than one month	36	33
Later than one month and not later than three months	66	69
Later than three months and not later than one year	66	156
	168	258

The Company recognized a loss of ₹40 crore and a gain of ₹5 crore on derivative financial instruments during the year ended March 31, 2014 and March 31, 2013, respectively, which are included in other income.

2.19. Quantitative details

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

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

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Capital goods	17	8

2.21. Earnings and expenditures in foreign currency

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Earnings in foreign currency		
Business process management services	1,909	1,356
	1,909	1,356
Expenditure in foreign currency		
Salary, legal and professional	386	245
Overseas travel	45	55
Bank charges, consultancy and others	207	86
Communication	21	18
	659	404

2.22. Related party transactions

List of related parties :

Name of the Holding Company	Country	Holding as at March 31,	
		2014	2013
Infosys Limited	India	99.98%	99.98%

Name of the subsidiaries	Country	Holding as at March 31,	
		2014	2013
Infosys BPO Poland Sp. z o.o. (2)	Poland	100%	100%
Infosys BPO, S. de R.L. de C.V. (2)(6)	Mexico	99.97%	–
Infosys McCamish Systems LLC (2)	U.S.	100%	100%
Portland Group Pty. Ltd (2)	Australia	100%	100%

Name of fellow Subsidiaries	Country
Portland Procurement Services Pty. Ltd (3)	Australia
Infosys Consulting India Limited (1)	India
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1)	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) (1)	Brazil
Infosys Sweden (1)	Sweden
Infosys Shanghai (1)	China
Infosys Americas (7)	U.S.
Edgeverve Systems Limited (8)	India
Infosys Public Services, Inc. (1)	U.S.
Lodestone Holding AG (1)	Switzerland
Lodestone Management Consultants (4)(9)	Canada
Lodestone Management Consultants Inc. (4)	U.S.
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants (Asia Pacific) Limited (4)(10)	Thailand
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (12)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (5)	Belgium
Lodestone Management Consultants GmbH (4)	Germany
Lodestone Management Consultants Pte Ltd. (4)	Singapore
Lodestone Management Consultants SAS (4)	France
Lodestone Management Consultants s.r.o. (4)	Czech
Lodestone Management Consultants GmbH (4)	Austria
Lodestone Management Consultants China Co., Ltd. (4)	China
Lodestone Management Consultants Ltd. (4)	U.K.
Lodestone Management Consultants B.V. (4)	Netherlands
Lodestone Management Consultants Ltda. (5)	Brazil
Lodestone Management Consultants sp. z o.o. (4)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (4)	Portugal
S.C. Lodestone Management Consultants S.R.L. (4)	Romania
Lodestone Management Consultants S.R.L. (4)(11)	Argentina

(1) *Wholly-owned subsidiaries of Infosys Limited*
(2) *Wholly-owned subsidiaries of Infosys BPO Limited.*
(3) *Wholly-owned subsidiary of Portland Group Pty. Ltd*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
(6) *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
(7) *Incorporated effective June 25, 2013*
(8) *Incorporated effective February 14, 2014*
(9) *Liquidated effective December 31, 2013*
(10) *Liquidated effective February 14, 2013*
(11) *Incorporated effective January 10, 2013*
(12) *Wholly-owned subsidiaries of Lodestone Management Consultants AG*

On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of entity. The liquidation of Portland Procurement Services Pty. Ltd will be effected upon deregistration of the Company by ASIC as per the liquidation application filed on March 7, 2014. The assets and liabilities of Portland Procurement Services Pty. Ltd. will be transferred to Portland Group Pty. Ltd upon liquidation.

List of key management personnel

Name of the related party	Designation
V. Balakrishnan [1]	*Chairman and Director*
S. Gopalakrishnan [2]	*Chairman and Director*
D. Swaminathan [6]	*Managing Director and Chief Executive Officer*
Gautam Thakkar [7]	*Managing Director and Chief Executive Officer*
Prof. Jayanth R. Varma	*Director*
Sridar A. Iyengar [3]	*Director*
Chandrashekar Kakal [8]	*Director*
Dr. Omkar Goswami [4]	*Director*
Prasad Thrikutam [5]	*Director*

[1] *Resigned as Chairman and Director effective December 31, 2013*
[2] *Appointed as Chairman and Director effective January 1, 2014*
[3] *Retired as a Director effective August 13, 2012*
[4] *Appointed as a Director effective August 13, 2012*
[5] *Appointed as a Director effective April 1, 2014*
[6] *Retired as a Managing Director and Chief Executive Officer effective March 31, 2013*
[7] *Appointed as a Managing Director and Chief Executive Officer effective April 1, 2013*
[8] *Resigning as a Director effective from April 18, 2014*

The details of the related party transactions entered into by the Company, for the quarter and year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Financing transactions		
McCamish Systems LLC	11	16
	11	16
Revenue transactions		
Purchase of services		
Infosys Limited	62	39
Portland Group Pty. Limited	42	6
Lodestone Management Consultants Ltd.	5	–
Lodestone Management Consultants (U.K.)	2	–
Lodestone Management Consultants Pty. Limited (Australia)	2	–
Infosys BPO Poland Sp. z o.o.	7	6
	119	51
Purchase of shared services including facilities and personnel		
Infosys Limited	36	39
	36	39
Sale of services		
Infosys Public Services, Inc.	5	–
Infosys BPO Poland Sp. z o.o.	3	–
Infosys Limited	217	118
Infosys McCamish Systems LLC	24	36
Portland Group Pty. Ltd	4	–
	253	154
Sale of shared services including facilities and personnel		
Infosys Limited	16	–
Infosys McCamish Systems LLC	3	72
	19	72
Dividend Income		
Infosys BPO Poland Sp. z o.o.	24	–
	24	–

During the period, the Company has received certain managerial services from V. Balakrishnan and Chandrashekar Kakal, directors of the Company who are also directors of Infosys Limited, at no cost. V. Balakrishnan resigned as a director of Infosys Limited effective December 31, 2013.

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

Infosys BPO Limited guarantees the performance of certain contracts entered into by its subsidiaries.

Details of amounts due to or due from related parties as at March 31, 2014 and March 31, 2013:

in ₹ crore

Particulars	As at March 31,	
	2014	2013
Loans		
McCamish Systems LLC	–	–
Trade receivables		
Infosys Limited	–	69
Lodestone Management Consultants Ltd.(U.K.)	–	–
Infosys McCamish Systems LLC	2	–
Portland Group Pty. Ltd	–	1
Infosys Poland	3	–
	5	70
Other receivables		
Infosys Limited	–	10
Infosys McCamish Systems LLC	3	–
	3	10
Unbilled revenues		
Infosys Limited	2	–
Infosys Public Services	5	–
	7	–
Trade payables		
Infosys Limited	1	39
Infosys BPO Poland Sp. z o.o.	1	1
Portland Group Pty. Ltd	3	2
	4	42
Other payables		
Infosys Limited	–	6
Provision for expenses		
Lodestone Management Consultants Ltd.(U.K.)	4	–
Lodestone Management Consultants Pty. Limited Australia	5	–
	9	–
Rental deposit given for shared services		
Infosys Limited	27	27
Rental deposit received for shared services		
Infosys Limited	21	21
Advance received		
Infosys Limited	2	–

Particulars of remuneration and other benefits paid to Managing Director during the year ended March 31, 2014 and March 31, 2013 are given below:

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Salary and other benefits	3	2

Managerial remuneration paid to non-whole time directors.

Particulars of remuneration and other benefits paid to non-whole time directors during the year ended March 31, 2014 and 2013 are given below:

in ₹ crore

Particulars	Quarter ended March 31,	
	2014	2013
Sitting fees	–	–
Commission	–	–
	–	–

Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to non whole time directors.

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Net profit after tax from ordinary activities	512	428
Add:		
Whole time director's remuneration	3	2
Director's sitting fee	–	–
Commission to non whole time directors	–	–
Depreciation as per books of account	70	65
Provision for doubtful debts	4	(1)
Provision for doubtful loans and advances	1	–
Provision for taxation	144	126
	735	620
Less:		
Depreciation as envisaged under Section 350 of the Companies Act, 1956[1]	70	65
Carried forward losses for previous years as computed under Section 349 of the Companies Act, 1956	–	–
Net profit on which commission is payable	665	555
Commission payable to non whole time directors	–	–
Maximum allowed as per the Companies Act, 1956 at 1%	7	6
Commission approved by the Board	–	–

[1] *The Company depreciates fixed assets based on estimated useful lives that are lower than those implicit is Schedule XIV of the Companies Act, 1956. Accordingly, the rates of depreciation used by the Company are higher than the minimum rates prescribed by the Schedule XIV of the Companies Act, 1956.*

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

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

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

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

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 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, 2014 and *March 31, 2013*

in ₹ crore

Particulars	FSI	MFG	RCL	ECS	Total
Revenues from business process management services	696	749	225	653	2,323
	492	*528*	*165*	*646*	*1,831*
Identifiable operating expenses	253	327	99	274	953
	132	*166*	*67*	*278*	*643*
Allocated expenses	237	256	77	224	794
	191	*204*	*63*	*250*	*708*
Segmental operating profit	206	166	49	155	576
	169	*158*	*35*	*118*	*480*
Unallocable expenses					70
					65
Other income					150
					139
Profit Before Tax					656
					554
Tax expense					144
					126
Profit for the year					512
					428

Geographical segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹ crore

Particulars	United States of America	Europe	Others	Total
Revenues from business process management services	1,234	714	375	2,323
	952	*570*	*309*	*1,831*
Identifiable operating expenses	421	320	212	953
	279	*193*	*171*	*643*
Allocated expenses	420	243	131	794
	368	*220*	*120*	*708*
Segmental operating profit	393	151	32	576
	305	*157*	*18*	*480*
Unallocable expenses				70
				65
Other income				150
				139
Profit Before Tax				656
				554
Tax expense				144
				126
Profit for the year				512
				428

2.24. Gratuity plan

Gratuity is applicable to all permanent and full time employees of the Company. Gratuity paid out is based on last drawn basic salary and dearness allowance at the time of termination or retirement. The scheme takes into account each completed year of service or part thereof in excess of six months. The normal age of retirement is 60 years and the entire contribution is borne by the Company.

The Company recognizes actuarial gains and losses as and when these arise. The charge in respect of these gains / losses is taken to the Statement of Profit and Loss.

The following table set 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 :

in ₹ crore

Particulars	As at March 31,				
	2014	2013	2012	2011	2010
Obligations at the beginning of the year	37	28	19	14	11
Service cost	5	18	13	6	7
Interest cost	3	1	1	1	–
Benefits settled	(6)	(9)	(5)	(4)	(4)
Curtailment [(1)]	–	(1)	–	–	–
Actuarial (gain) / loss	1	–	–	2	–
Obligations at the end of the year	40	37	28	19	14

Defined benefit obligation liability as at the Balance Sheet is wholly funded by the Company.

[(1)] *Effective April 1, 2012 the Company reduced the benefits provided to employees under the Gratuity plan resulting in curtailment. The effect of curtailment amounted to ₹ 1.4 crore and was recognized in the Statement of Profit and Loss for the quarter ended June 30, 2012.*

Change in plan assets :

in ₹ crore

Particulars	As at March 31,				
	2014	2013	2012	2011	2010
Plan assets at beginning, at fair value	37	30	20	15	12
Expected return on plan assets	4	3	2	2	1
Actuarial gain / (loss)	–	–	–	–	–
Contributions	6	13	14	7	6
Benefits settled	(6)	(9)	(5)	(4)	(4)
Plan assets at end, at fair value	41	37	31	20	15

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

in ₹ crore

Particulars	As at March 31,				
	2014	2013	2012	2011	2010
Fair value of plan assets at the year end	41	37	31	20	15
Present value of the defined benefit obligations at the year end	40	37	28	19	14
Asset / (Liability) recognized in the Balance Sheet	1	–	3	1	1

Gratuity cost for the year :

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Service cost	5	18
Interest cost	3	1
Expected return on plan assets	(4)	(3)
Actuarial (gain) / loss	1	–
Curtailment	–	(1)
Net gratuity cost	5	15
Actual return on plan assets	4	3

100% of plan assets are maintained by Life Insurance Corporation of India.

Assumptions

Particulars	As at March 31,				
	2014	2013	2012	2011	2010
Interest rate	9.20%	7.95%	8.57%	7.98%	7.82%
Discount rate	9.20%	7.95%	8.57%	7.98%	7.82%
Estimated rate of return on plan assets	9.60%	9.58%	9.45%	9.36%	9.00%
Retirement age	60	60	60	60	60

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 NIL to its defined benefit plan for the remaining period.

2.25. Provident Fund

The Company contributed ₹16 crore towards Provident Fund during the year ended March 31, 2014 (₹28 crore during the year ended March 31, 2013).

2.26. Pension Fund

The Company contributed ₹8 crore to pension funds during the year ended March 31, 2014 (₹Nil during the year ended March 31, 2013).

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

Particulars	Year ended March 31,	
	2014	2013
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

2.28. Restricted deposits

Other non-current assets as at March 31, 2014 includes ₹46 crore (₹38 crore as at March 31, 2013) deposited with Life Insurance Corporation of India to settle employee-related obligations as and when they arise during the normal course of business. This amount is considered as restricted cash and is hence not considered as 'cash and cash equivalents'.

2.29. Dues to micro and small enterprises

The Company has no dues to micro and small enterprises during the year ended March 31, 2014 and during year ended March 31, 2013.

2.30. Function-wise classification of Statement of Profit and Loss

in ₹ crore

Particulars	Year ended March 31,	
	2014	2013
Income from business process management services	2,323	1,831
Cost of revenue	1,441	1,096
GROSS PROFIT	882	735
Selling and marketing expenses	103	82
General and administration expenses	203	173
	306	255
OPERATING PROFIT BEFORE DEPRECIATION	576	480
Depreciation and amortization expense	70	65
OPERATING PROFIT	506	415
Other income, net	150	139
PROFIT BEFORE TAX	656	554
Tax expense		
Current tax	156	133
Deferred tax	(12)	(7)
PROFIT FOR THE YEAR	512	428

2.31. Schedule to the Cash Flow Statement

in ₹ crore

Particulars		Year ended March 31,	
		2014	2013
2.31.1	Changes in loans and advances during the year		
	As per Balance Sheet	229	238
	Less: MAT credit entitlement	(16)	(37)
	Advance taxes separately considered	(49)	(35)
	Loans to subsidiary considered as investing activity	–	–
	Interest accrued but not yet due	(5)	(6)
	Capital advances	(1)	–
		158	159
	Less: Opening balance considered	(159)	(109)
		(1)	50
2.31.2	Changes in other assets during the year		
	As per Balance Sheet	47	38
	Less: Opening balance considered	(38)	(32)
		9	6
2.31.3	Changes in liabilities during the year		
	As per Balance Sheet	463	484
	Add: Reduction in contingent liability (Refer to *Note 2.3*)	26	58
	Less: Retention money considered separately	(2)	(7)
	Less: Opening balance considered	(477)	(424)
		10	111
2.31.4	Changes in trade payables during the year		
	As per Balance Sheet	8	43
	Less: Trade payables capital considered separately	–	–
	Less: Opening balance considered	(43)	(4)
		(34)	39
2.31.5	Changes in provisions during the year		
	As per Balance Sheet	66	47
	Less: Provision for income taxes considered separately	(2)	(2)
	Less: Opening balance considered	(44)	(36)
		20	9

Particulars		Year ended March 31, 2014	2013
2.31.6	Current tax expenses		
	Movement in advance taxes	14	12
	Movement in provision for tax	146	119
	Movement in MAT credit entitlement	(12)	–
		148	131
2.31.7	Purchase of fixed assets and changes in capital work in progress / advances		
	Additions as per Balance Sheet	69	52
	Less: Opening capital work-in-progress	(1)	(2)
	Add: Closing capital work-in-progress	5	1
	Less: Opening capital advances	–	(1)
	Add: Closing capital advances	1	–
	Add: Opening retention monies	8	7
	Less: Closing retention monies	(2)	(7)
		80	50
2.31.8	Interest income received during the year		
	As per Statement of Profit and Loss	85	61
	Add: Opening interest accrued but not yet due	6	11
	Less: Closing interest accrued but not yet due	(5)	(6)
		86	66
2.31.9	Investments in subsidiary during the year		
	As per Balance Sheet	590	579
	Less: Opening balance considered	(579)	(563)
		11	16
2.31.10	Cash and cash equivalents at the end of the year		
	As per Balance Sheet		
	Cash on hand	–	–
	Balances with banks	1,024	708
	Deposit with financial institution / body corporate	80	80
		1,104	788

As per our report attached

for B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W

Akhil Bansal
Partner
Membership Number : 090906

S. Gopalakrishnan
Chairman and Director

Gautam Thakkar
Managing Director and Chief Executive Officer

Prof. Jayanth R. Varma
Director

Dr. Omkar Goswami
Director

Prasad Thrikutam
Director

Abraham Mathews
Chief Financial Officer

Bangalore
April 11, 2014

A.G.S. Manikantha
Company Secretary

Infosys BPO s.r.o.

Independent Auditors' Report

To the Members of Infosys BPO s.r.o.

Report on the Financial Statements

We have audited the accompanying financial statement of Infosys BPO s.r.o. ('the Company') which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement ('financial statements') of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility included the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

1) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date;
3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 227(3) of the Act, we report that;

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

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

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

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bangalore
April 8, 2014

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,49,78,993	3,49,78,993
Reserves and surplus	2.2	26,04,10,108	26,74,06,176
		29,53,89,101	30,23,85,169
CURRENT LIABILITIES			
Unsecured Loans	2.3	–	5,60,51,609
Trade payables		17,61,068	5,94,278
Other current liabilities	2.4	20,87,99,895	15,34,74,623
Short-term provisions	2.5	4,19,70,248	2,53,62,526
		25,25,31,211	23,54,83,036
		54,79,20,312	53,78,68,205
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	3,64,61,622	1,94,31,759
Capital work-in-progress		–	–
		3,64,61,622	1,94,31,759
Long-term loans and advances	2.7	1,63,78,113	1,19,17,970
		1,63,78,113	1,19,17,970
CURRENT ASSETS			
Trade receivables	2.8	11,70,17,015	13,75,29,072
Cash and cash equivalents	2.9	25,81,74,778	12,80,94,996
Short-term loans and advances	2.10	11,98,88,784	24,08,94,408
		49,50,80,577	50,65,18,476
		54,79,20,312	53,78,68,205
SIGNIFICANT ACCOUNTING POLICIES	1		
NOTES ON ACCOUNTS	2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath *Partner* Membership Number : 202841	Gautam Thakkar *Chairman*	Anantha Radhakrishnan *Director*	Abraham Mathews *Director*
Bangalore April 8, 2014	Rajesh K. Murthy *Director*		

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31, 2014	2013
Revenues from business process management services		112,00,71,879	87,44,59,115
Other income	2.11	1,99,10,050	2,14,52,944
Total revenue		113,99,81,929	89,59,12,059
EXPENSES			
Employee benefit expenses	2.12	87,17,59,642	68,45,01,124
Cost of technical sub-contractors	2.12	(3,03,615)	39,47,729
Travel expenses	2.12	3,27,65,762	3,25,74,251
Cost of software packages	2.12	77,83,533	64,20,444
Communication expenses	2.12	1,16,66,289	87,71,760
Professional charges	2.12	7,50,80,659	6,64,72,017
Office expenses	2.12	1,06,33,801	1,37,15,974
Power and fuel	2.12	1,94,06,884	1,45,94,454
Insurance charges	2.12	44,34,525	29,68,075
Rent	2.12	8,24,77,622	6,42,57,777
Interest expense	2.12	8,83,189	4,79,712
Depreciation expenses	2.6	2,86,69,653	1,67,45,107
Other expenses	2.12	2,02,90,414	71,90,555
Total Expenses		116,55,48,358	92,26,38,979
PROFIT / (LOSS) BEFORE TAX		(2,55,66,429)	(2,67,26,920)
Tax expense	2.13		
Current tax		–	–
Deferred tax		–	–
		–	–
PROFIT / (LOSS) FOR THE YEAR		(2,55,66,429)	(2,67,26,920)

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

Anantha Radhakrishnan
Director

Abraham Mathews
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	(2,55,66,429)	(2,67,26,920)
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	2,86,69,653	1,67,45,107
Interest Income	(16,54,713)	(23,83,769)
Effect of exchange rate differences on translation of assets and liabilities	1,06,58,309	(37,48,266)
Changes in assets and liabilities		
Trade receivable	2,05,12,057	18,61,566
Unbilled revenue	98,48,261	(4,15,57,117)
Other assets	1,02,97,995	(1,95,03,091)
Trade payables	11,66,790	(82,88,351)
Client deposits	(2,76,79,001)	2,76,79,001
Unearned revenue	–	(1,04,18,865)
Employee benefit obligations	–	82,87,713
Provisions	1,66,07,722	29,40,107
Other liabilities	7,85,44,130	2,46,97,677
Income tax paid during the year, net	–	–
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	12,14,04,774	(1,81,51,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in capital work-in-progress / advances	(4,56,99,516)	(1,16,03,917)
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	(4,56,99,516)	(1,16,03,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	34,92,956	–
Loans repaid by subsidiaries	11,83,93,060	–
Loan received from subsidiary	4,97,21,280	5,55,87,600
Loan repaid to subsidiary	(11,60,16,320)	–
Interest repaid	(12,16,452)	–
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	5,43,74,524	5,55,87,600
Net change in cash and cash equivalents	13,00,79,782	2,58,32,545
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,80,94,996	10,22,62,451
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25,81,74,778	12,80,94,996

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

Anantha Radhakrishnan
Director

Abraham Mathews
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Significant accounting policies and notes on accounts

Company overview

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

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent 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 (SLA) 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 financial statements.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The Company presents revenues net of service taxes and value added taxes in its profit and loss account.

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 if the amount thereof cannot be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from customer.

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

1.4. Expenditure

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

1.5. Tangible assets, intangible assets and capital work-in-progress

Tangible assets are stated at cost, after reducing accumulated depreciation and impairment up to the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. Depreciation

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

The Management estimates the useful lives for the various fixed assets as follows:

Building	15 years
Computer equipment	2 years
Plant and machinery	5 years
Furniture and fixtures	5 years

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

1.8. Forward contracts and option contracts in foreign currencies

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

Effective April 1, 2008 the Company adopted Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement, to the extent that the adoption does 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 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 option contracts as an effective hedge, the 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 a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently the hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the profit and loss account at each reporting date.

1.9. Income tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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 date. The income tax provision for the period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.10. Provisions and contingent liability

'The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.11. Earnings per share

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

1.12. Employee benefits

Compensated absences

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

1.13. Impairment of assets

Management periodically assesses, using external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e., 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 there has been a change in the estimates used to determine the recoverable amount since the last 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. Cash and cash equivalents

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

1.15. Cash flow statement

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

2. Notes on accounts for the year ended March 31, 2014

2.1. Share capital

in ₹

Particulars	As at March 31,	
	2014	2013
AUTHORIZED		
Share capital	3,49,78,993	3,49,78,993
	3,49,78,993	3,49,78,993
Issued, subscribed and paid-up		
Share capital	3,49,78,993	3,49,78,993
(Wholly-owned subsidiary of Infosys BPO Limited)		
	3,49,78,993	3,49,78,993

2.2. Reserves and surplus

in ₹

Particulars	As at March 31,	
	2014	2013
Foreign currency translation reserve	5,98,23,374	4,12,53,013
Surplus – opening balance	22,61,53,163	25,28,80,083
Add: Loss during the year	(2,55,66,429)	(2,67,26,920)
Surplus – closing balance	20,05,86,734	22,61,53,163
	26,04,10,108	26,74,06,176

2.3. Unsecured loans

in ₹

Particulars	As at March 31,	
	2014	2013
Long-term borrowings	–	5,60,51,609
		5,60,51,609

2.4. Other current liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Salaries	5,43,63,074	4,55,68,967
Bonus and incentives	1,16,60,223	93,40,570
For other liabilities		
Provision for expenses	12,68,84,992	5,70,73,921
Withholding and other taxes	1,20,32,831	1,38,12,164
	20,49,41,120	12,57,95,622
Advances received from clients	–	2,76,79,001
Mark to market loss on forward exchange contract	38,58,775	–
	20,87,99,895	15,34,74,623

2.5. Short-term provisions

in ₹

Particulars	As at March 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	2,78,75,527	2,09,92,573
Others		
SLA compliance	1,40,94,721	43,69,953
	4,19,70,248	2,53,62,526

Provision for SLA compliance

The provision for service level agreement (SLA) compliance is based on estimates made by the Management for on going contracts. The movement in provision for SLA is given below:

in ₹

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	43,69,953	14,29,846
Additional provision made during the year	97,24,768	29,40,107
Provisions used during the year	–	–
Balance at the end of the year	1,40,94,721	43,69,953

Management believes that the aforesaid provision will be utilized within a year.

2.6. Fixed assets

in ₹

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 1, 2013	Additions / adjustments during the year	Deletions during the year	Cost as at March 31, 2014	As at April 1, 2013	Charge for the year	Deductions / adjustments during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets										
Land – Leasehold										
Buildings										
Leasehold improvements	1,75,36,046	20,78,347	–	1,96,14,393	1,63,01,239	14,84,814	(18,28,340)	1,9614,393	–	12,34,807
Plant and Machinery	1,18,10,822	34,53,773	–	1,52,64,595	86,51,686	17,15,807	(9,91,902)	1,13,59,395	39,05,200	31,59,136
Computer equipment	7,47,06,809	4,13,71,709	–	11,60,78,518	6,29,94,005	2,27,43,952	(69,47,329)	9,26,85,286	2,33,93,232	1,17,12,804
Furniture and fixtures	2,28,74,289	1,08,11,772	–	3,36,86,061	1,95,49,277	27,25,080	(22,48,514)	2,45,22,871	91,63,190	33,25,012
Vehicles										
	12,69,27,966	5,77,15,601	–	18,46,43,567	10,74,96,207	2,86,69,653	(1,20,16,085)	14,81,81,945	3,64,61,622	2,45,72,949
Intangible assets										
Goodwill										
	–	–	–	–	–	–	–	–	–	–
Total	12,69,27,966	5,77,15,601	–	18,46,43,567	10,74,96,207	2,86,69,653	(1,20,16,085)	14,81,81,945	3,64,61,622	1,94,31,759
Previous year	11,81,86,000	87,41,966	–	12,69,27,966	9,36,13,051	1,67,45,107	28,61,951	10,74,96,207	1,94,31,759	
Capital Work in Progress				–						

2.7. Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Rental deposits	1,63,78,113	1,19,17,970
	1,63,78,113	1,19,17,970

2.8. Trade receivables

in ₹

Particulars	As at March 31,	
	2014	2013
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	31,94,277	4,876
Less: Provision for doubtful debts	31,94,277	4,876
	–	–
Other debts		
Unsecured		
Considered good [(1)]	11,70,17,015	13,75,29,072
Considered doubtful	64,11,931	–
	12,34,28,946	13,75,29,072
Less: Provision for doubtful debts	64,11,931	–
	11,70,17,015	13,75,29,072

[(1)] *includes dues from subsidiary companies (Refer to Note 2.17)*

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company 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 Company normally provides for debtor dues outstanding for six months or longer as at the Balance Sheet date.

2.9. Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2014	2013
Cash on hand	3,06,041	1,13,535
Balances with bank		
In current and deposit accounts	25,78,68,737	12,79,81,461
	25,81,74,778	12,80,94,996

The details of balances with banks as at March 31, 2014 and March 31, 2013 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2014	2013
In current accounts		
Deutsche bank – USD account	14,08,27,740	2,30,74,775
Deutsche bank – EUR account	7,60,83,473	5,25,91,721
Deutsche bank – CZK account	2,18,72,712	2,87,51,231
Citibank – subsidy account	8,562	7,673
Citibank – CZK account	1,39,03,745	1,91,72,981
Citibank – USD account	44,03,275	37,38,088
Citibank – EUR account	7,69,230	6,44,992
	25,78,68,737	12,79,81,461

2.10. Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Prepaid expenses	–	70,273
Advances for goods and services	48,61,632	1,17,38,536
Loan to group company	6,24,34,190	16,60,10,156
Withholding and other taxes receivable	31,06,514	20,863
	7,04,02,336	17,78,39,828
Unbilled revenue	4,62,25,274	5,60,73,536
Loans and advances given to group companies	7,90,983	–
Loans and advances to employees	11,61,459	44,88,368
Electricity and other deposits	13,08,732	18,23,859
Mark to market gain on forward exchange contract	–	6,68,817
	11,98,88,784	24,08,94,408
Unsecured, considered doubtful		
Loans and advances to employees	1,05,481	5,27,331
	11,99,94,265	24,14,21,739
Less: Provision for doubtful loans and advances	1,05,481	5,27,331
	11,98,88,784	24,08,94,408

2.11. Other income

in ₹

Particulars	As at March 31,	
	2014	2013
Miscellaneous income, net	1,41,00,466	2,35,50,118
Gains / (losses) on foreign currency, net	58,09,584	(20,97,174)
	1,99,10,050	2,14,52,944

2.12. Expenses

in ₹

Particulars	As at March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	64,60,09,068	50,61,97,421
Staff welfare	1,89,01,606	2,06,95,122
Contribution to provident and other funds	20,68,48,968	15,76,08,581
	87,17,59,642	68,45,01,124
Cost of technical sub-contractors		
Consultancy charges	(3,03,615)	39,47,729
	(3,03,615)	39,47,729
Travel expenses		
Overseas travel expenses	3,27,65,762	3,25,74,251
	3,27,65,762	3,25,74,251
Cost of software packages		
Cost of software for own use	77,83,533	64,20,444
	77,83,533	64,20,444
Communication expenses		
Communication expenses	1,16,66,289	87,71,760
	1,16,66,289	87,71,760

Particulars	As at March 31, 2014	2013
Professional Charges		
Legal and professional charges	75,47,359	1,32,68,331
Auditor's remuneration		
Audit fees	14,36,447	18,74,113
Recruitment and training expenses	6,60,96,853	5,13,29,573
	7,50,80,659	6,64,72,017
Office expenses		
Computer maintenance	5,29,573	8,70,871
Printing and stationery	5,23,429	12,71,411
Office maintenance	95,80,799	1,15,73,692
	1,06,33,801	1,37,15,974
Power and fuel		
Power and fuel	1,94,06,884	1,45,94,454
	1,94,06,884	1,45,94,454
Insurance		
Insurance	44,34,525	29,68,075
	44,34,525	29,68,075
Rent		
Rent	8,24,77,622	6,42,57,777
	8,24,77,622	6,42,57,777
Interest expense		
Interest expense on loans to subsidiary	8,83,189	4,79,712
	8,83,189	4,79,712

in ₹

Particulars	As at March 31, 2014	2013
Other expenses		
Consumables	24,53,745	21,28,107
Marketing expenses	84,105	41,824
Sales promotion expenses	–	32,183
Rates and taxes	16,80,027	15,11,403
Bank charges and commission	7,64,847	13,70,507
Postage and courier	6,08,310	11,63,298
Provision for doubtful debts	98,84,334	5,090
Provision for doubtful loans and advances	1,05,481	5,27,331
Professional membership and seminar participation fees	51,340	47,260
Other miscellaneous expenses	46,58,225	3,63,552
	2,02,90,414	71,90,555

2.13. Tax expense

in ₹

Particulars	As at March 31, 2014	2013
Current tax		
Income taxes	–	–
Deferred taxes	–	–
	–	–

2.14. Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	As at March 31, 2014	2013
Lease rentals charged during the period	8,24,77,622	6,42,57,777

in ₹

Lease obligations	As at March 31, 2014	2013
Within one year of the Balance Sheet date	7,30,68,741	6,36,85,176
Due in a period between one year and five years	23,13,84,348	27,82,41,896
Later than five years	–	–

2.15. Commitments and contingent liabilities

in ₹

Particulars	As at March 31, 2014	2013
Estimated amount of unexecuted capital contracts (net of advance and deposits)	47,47,177	81,02,212
Sell: Forward contracts outstanding		
USD / CZK	3,000,000	3,000,000
(Equivalent approximate in ₹)	(17,97,60,000)	(16,28,70,000)
CZK / USD	2,000,000	–
(Equivalent approximate in ₹)	(11,98,40,000)	–
Buy: Forward Contracts outstanding		
USD / CZK	–	–
(Equivalent approximate in ₹)	–	–

As at the Balance Sheet date, the Company's net foreign currency exposure that is underhedged by a derivative instrument or otherwise is ₹34,52,34,906 (Nil as at March 31, 2013).

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

in ₹

Particulars	As at March 31, 2014	2013
Later than one month and not later than three months	–	–
Later than three months and not later than one year	29,96,00,000	16,28,70,000
	29,96,00,000	16,28,70,000

2.16. Quantitative details

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

2.17. Related party transactions

List of related parties:

Name of the Holding Company	Country	Holding as at March 31, 2014	2013
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow Subsidiaries	Country
Infosys BPO Poland Sp. z o.o. (2)	Poland
Infosys BPO, S. de R.L. de C.V. (2)(6)	Mexico
Infosys McCamish Systems LLC (2)	U.S.
Portland Group Pty. Ltd (2)	Australia
Portland Procurement Services Pty. Ltd (3)	Australia
Infosys Consulting India Limited (1)	India

Name of fellow Subsidiaries	Country
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(1)]	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) [(1)]	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) [(1)]	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) [(1)]	Brazil
Infosys Sweden [(1)]	Sweden
Infosys Shanghai [(1)]	China
Infosys Americas [(7)]	U.S.
Edgeverve Systems Limited [(8)]	India
Infosys Public Services, Inc. [(1)]	U.S.
Lodestone Holding AG [(1)]	Switzerland
Lodestone Management Consultants [(4)(9)]	Canada
Lodestone Management Consultants Inc. [(4)]	U.S.
Lodestone Management Consultants Pty. Limited [(4)]	Australia
Lodestone Management Consultants (Asia Pacific) Limited [(4)(10)]	Thailand
Lodestone Management Consultants AG [(4)]	Switzerland
Lodestone Augmentis AG [(12)]	Switzerland
Hafner Bauer & Ödman GmbH [(4)]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [(5)]	Belgium
Lodestone Management Consultants GmbH [(4)]	Germany
Lodestone Management Consultants Pte Ltd. [(4)]	Singapore
Lodestone Management Consultants SAS [(4)]	France
Lodestone Management Consultants s.r.o. [(4)]	Czech
Lodestone Management Consultants GmbH [(4)]	Austria
Lodestone Management Consultants China Co., Ltd. [(4)]	China
Lodestone Management Consultants Ltd. [(4)]	U.K.
Lodestone Management Consultants B.V. [(4)]	Netherlands
Lodestone Management Consultants Ltda. [(5)]	Brazil
Lodestone Management Consultants sp. z o.o. [(4)]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [(4)]	Portugal
S.C. Lodestone Management Consultants S.R.L. [(4)]	Romania
Lodestone Management Consultants S.R.L. [(4)(11)]	Argentina

(1) *Wholly-owned subsidiaries of Infosys Limited*
(2) *Wholly-owned subsidiaries of Infosys BPO Limited.*
(3) *Wholly-owned subsidiary of Portland Group Pty. Ltd*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
(6) *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
(7) *Incorporated effective June 25, 2013*
(8) *Incorporated effective February 14, 2014*
(9) *Liquidated effective December 31, 2013*
(10) *Liquidated effective February 14, 2013*
(11) *Incorporated effective January 10, 2013*
(12) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of entity. The liquidation of Portland Procurement Services Pty. Ltd will be effected upon deregistration of the Company by ASIC as per the liquidation application filed on March 7, 2014. The assets and liabilities of Portland Procurement Services Pty. Ltd. will be transferred to Portland Group Pty. Ltd upon liquidation.

The details of the related party transactions entered into by the Company for the year ended March 31, 2014 and March 31, 2013 are as follows :

in ₹

Particulars	As at March 31,	
	2014	2013
Capital transactions		
Financial transactions		
Loan taken		
Infosys BPO Poland Sp. z o.o.	4,96,14,000	56,051,609
Loan repaid to		
Infosys BPO Poland Sp. z o.o.	11,57,66,000	–
Loan repaid by		
Infosys McCamish Systems LLC	11,80,42,400	–
Revenue transactions		
Interest income		
Infosys McCamish Systems LLC	16,54,713	16,20,072
Interest expense		
Infosys BPO Poland Sp. z o.o.	8,83,189	3,00,774
Sale of services		
Infosys Limited	10,55,81,598	8,74,36,781
Infosys BPO Poland Sp. z o.o.	86,89,052	98,29,331

Details of amounts due to or due from related parties as at March 31, 2014 and March 31, 2013 are as follows :

in ₹

Particulars	As at March 31,	
	2014	2013
Loans to subsidiary		
Infosys McCamish Systems LLC	6,24,34,190	16,60,10,156
Loans accepted		
Infosys BPO Poland Sp. z o.o.	–	5,60,51,609
Advances received		
Infosys Limited	–	2,76,79,001
Debtors		
Infosys Limited	1,17,39,531	36,99,008
Other receivables		
Infosys Limited	7,90,983	–

2.18. Segment reporting

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

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

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

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

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

Industry segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	13,87,90,604	85,45,15,109	8,15,46,825	4,52,19,341	112,00,71,879
	7,31,63,663	*71,03,48,902*	*8,06,56,365*	*1,02,90,185*	*87,44,59,115*
Identifiable operating expenses	6,28,38,859	54,56,72,350	4,26,31,892	1,83,18,132	66,94,61,233
	5,40,01,580	*42,16,00,335*	*4,82,46,802*	*77,12,773*	*53,15,61,490*
Allocated expenses	5,60,95,285	35,77,38,988	3,34,94,888	2,00,88,311	46,74,17,472
	3,16,88,748	*30,17,94,589*	*3,79,50,919*	*28,98,126*	*37,43,32,282*
Segmental operating profit	1,98,56,460	(4,88,96,229)	54,20,045	68,12,898	(1,68,06,826)
	(1,25,26,665)	*(1,30,46,022)*	*(55,41,356)*	*(3,20,714)*	*(3,14,34,757)*
Unallocable expenses					2,86,69,653
					1,67,45,107
Profit before other income					(4,54,76,479)
					(4,81,79,864)
Other income					1,99,10,050
					2,14,52,944
Profit / (Loss) Before Tax					(2,55,66,429)
					(2,67,26,920)
Tax expense					–
					–
Profit / (Loss) for the year					(2,55,66,429)
					(2,67,26,920)

Geographical segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	North America	Europe	Total
Revenues	17,52,60,384	94,48,11,495	112,00,71,879
	10,95,47,126	*76,49,11,989*	*87,44,59,115*
Identifiable operating expenses	7,53,84,138	59,40,77,096	66,94,61,234
	6,22,07,319	*46,93,54,171*	*53,15,61,490*
Allocated expenses	7,28,18,228	39,45,99,243	46,74,17,471
	5,06,23,893	*32,37,08,489*	*37,43,32,382*
Segmental operating profit	2,70,58,018	(4,38,64,844)	(1,68,06,826)
	(32,84,086)	*(2,81,50,671)*	*(3,14,34,757)*
Unallocable expenses			2,86,69,653
			1,67,45,107
Profit before other income			(4,54,76,479)
			(4,81,79,864)
Other income			1,99,10,050
			2,14,52,944
Profit / (Loss) Before Tax			(2,55,66,429)
			(2,67,26,920)
Tax expense			–
			–
Profit / (Loss) for the year			(2,55,66,429)
			(2,67,26,920)

2.19. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	As at March 31,	
	2014	2013
Income from software services and products	1,12,00,71,879	87,44,59,115
Cost of revenue	1,00,44,17,813	80,46,49,906
GROSS PROFIT / (LOSS)	11,56,54,066	6,98,09,209
Selling and marketing expenses	85,51,980	25,41,600
General and administration expenses	12,39,08,912	9,87,02,366
	13,24,60,892	10,12,43,966
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	(1,68,06,826)	(3,14,34,757)
Depreciation	2,86,69,653	1,67,45,107
OPERATING PROFIT / (LOSS)	(4,54,76,479)	(4,81,79,864)
Other income, net	1,99,10,050	2,14,52,944
PROFIT / (LOSS) BEFORE TAX	(2,55,66,429)	(2,67,26,920)
Tax expense		
Current tax	–	–
PROFIT / (LOSS) FOR THE YEAR	(2,55,66,429)	(2,67,26,920)

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

Anantha Radhakrishnan
Director

Abraham Mathews
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

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

Independent Auditors' Report

To the Members of Infosys BPO (Poland) Sp. z o.o.

Report on the Financial Statements

We have audited the accompanying financial statement of Infosys BPO (Poland) Sp. z o.o. ('the Company') which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement ('financial statements') of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility included the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

1) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 227(3) of the Act, we report that;

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

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

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

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bangalore
April 8, 2014

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	3,93,50,000	3,93,50,000
Reserves and surplus	2.2	2,36,41,24,827	1,70,14,35,291
		2,40,34,74,827	1,74,07,85,291
CURRENT LIABILITIES			
Trade payables		3,90,55,042	2,22,81,292
Other current liabilities	2.3	55,80,38,696	30,82,04,366
Short-term provisions	2.4	31,45,98,870	20,35,45,173
		91,16,92,608	53,40,30,831
		3,31,51,67,435	2,27,48,16,122
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	25,59,43,915	19,54,12,121
Intangible assets	2.5	35,20,12,240	35,20,12,240
		60,79,56,155	54,74,24,361
Deferred tax assets, net	2.6	8,41,19,050	–
Long-term loans and advances	2.7	1,59,28,806	5,07,57,092
		10,00,47,856	5,07,57,092
CURRENT ASSETS			
Trade receivables	2.8	1,01,55,70,146	70,96,33,301
Cash and cash equivalents	2.9	1,25,88,09,149	70,06,91,647
Short-term loans and advances	2.10	33,27,84,129	26,63,09,721
		2,60,71,63,424	1,67,66,34,669
		3,31,51,67,435	2,27,48,16,122
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Managing Director and Chief Executive Officer

Anantha Radhakrishnan
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Abraham Mathews
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31,	
		2014	2013
INCOME			
Revenues from business process management services		3,94,36,43,149	2,64,79,66,368
Other income	2.11	2,97,16,298	7,37,17,391
Total Revenue		3,97,33,59,447	2,72,16,83,759
EXPENSES			
Employee benefit expenses	2.12	2,19,03,98,260	1,39,47,45,520
Cost of technical sub-contractors	2.12	6,20,83,297	2,01,93,643
Travel expenses	2.12	22,19,46,758	17,36,03,573
Cost of software packages	2.12	60,68,498	2,82,03,972
Communication expenses	2.12	5,67,14,740	4,54,12,742
Professional charges	2.12	13,46,07,922	11,02,34,332
Office maintenance	2.12	8,21,41,906	5,72,98,031
Power and fuel	2.12	94,93,453	1,57,46,419
Insurance	2.12	72,02,528	56,78,664
Rent	2.12	20,64,14,851	14,75,65,534
Depreciation expense	2.5	10,24,50,083	4,59,37,440
Other expenses	2.12	11,09,50,669	6,62,93,440
		3,19,04,72,965	2,11,09,13,310
PROFIT BEFORE TAX		78,28,86,482	61,07,70,449
Tax expense	2.13		
Current tax		23,81,07,904	12,36,67,210
Deferred tax		(8,51,35,418)	–
		15,29,72,486	12,36,67,210
PROFIT FOR THE PERIOD		62,99,13,996	48,71,03,239
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Managing Director and Chief Executive Officer

Anantha Radhakrishnan
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Abraham Mathews
Director

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	78,28,86,482	61,07,70,449
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation	10,24,50,083	4,59,37,440
Interest Income	(2,73,49,363)	(1,84,90,501)
Loss on sale of asset	67,43,662	–
Effect of exchange differences on translation of assets and liabilities	23,73,75,947	7,78,387
Changes in assets and liabilities		
Trade receivable	(30,59,36,845)	(19,54,47,463)
Unbilled revenue	(2,74,73,037)	1,88,30,244
Other assets	1,85,40,041	(34,28,919)
Trade payables	1,67,73,750	1,93,10,222
Client deposits	6,26,88,755	80,07,301
Unearned revenue	3,10,42,401	(1,76,96,536)
Provisions	7,26,87,248	2,42,10,194
Other liabilities	15,61,03,174	8,50,20,468
Income taxes paid, net	(16,38,96,801)	(7,11,73,556)
Net cash provided by operating activities	96,26,35,497	50,66,27,730
CASH FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(13,31,67,744)	(19,83,83,448)
Interest income	2,73,49,363	(184,90,501)
Net cash provided by / (used in) investment in subsidiaries	(13,56,32,514)	(17,98,92,947)
CASH FROM FINANCING ACTIVITIES		
Dividend payment	(24,11,58,200)	–
Loan repaid by subsidiary	11,83,44,147	–
Loan to subsidiary	(17,58,85,561)	(5,82,33,306)
Net cash provided by / (used in) financing activities	(29,86,99,614)	(5,82,33,306)
Net change in cash and cash equivalents	28,41,83,760	26,77,23,090
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	70,06,91,647	43,21,90,170
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	125,88,09,149	70,06,91,647

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Managing Director and Chief Executive Officer

Anantha Radhakrishnan
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Abraham Mathews
Director

Significant accounting policies and notes on accounts

Company overview

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

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as of the date of the financial statements. Examples of such estimates include 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 (SLA) 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 financial statements.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and 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 processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue.

Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The Company presents revenues net of service taxes and value added taxes in its profit and loss account.

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 if the amount thereof cannot be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from the customer.

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

1.4. Expenditure

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

1.5. Tangible assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. Depreciation

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

The Management estimates the useful lives for the various fixed assets as follows:

Building	15 years
Computer equipment	2 years
Office equipments	5 years
Furniture and fixturess	5 years
Plant and machinary	5 years

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

1.8. Forward contracts and option contracts in foreign currencies

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

Effective April 1, 2008 the Company adopted Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement, to the extent that the adoption does 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 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 option contracts as an effective hedge, the 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 a designation as an effective hedge, a gain or loss is recognized in the profit and loss account. Currently, the hedges undertaken by the Company are all ineffective in nature and the resultant gain or loss consequent to fair valuation is recognized in the profit and loss account at each reporting date.

1.9. Income tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty 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 date. The income tax provision for the period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.10. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.The provision is measured at the lower of the expected cost of terminating the contract and the expected cost of fulfilling the contract.

1.11. Impairment of fixed assets

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. 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 there has been a change in the estimates used to determine the recoverable amount since the last 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.

1.12. Earnings per share

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

1.13. Employee benefits

Compensated absences

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

1.14. Cash and cash equivalents

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

1.15. Cash flow statement

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

2. Notes on accounts for the year ended March 31, 2014

2.1. Share capital

in ₹

Particulars	As at March 31,	
	2014	2013
Authorized share capital, 500 PLN (₹7,870) par value, 5,000 (5,000) shares	3,93,50,000	3,93,50,000
	3,93,50,000	3,93,50,000
Issued, subscribed and paid up share capital, 500 PLN (₹7,870) par value, 5,000 (5,000) shares	3,93,50,000	3,93,50,000
	3,93,50,000	3,93,50,000

2.2. Reserves and surplus

in ₹

Particulars	As at March 31,	
	2014	2013
Securities premium account	39,34,96,852	39,34,96,852
Foreign currency translation reserve	32,97,47,285	5,58,13,543
Surplus – opening balance	125,21,24,896	76,50,21,657
Add: Profit during the year	62,99,13,996	48,71,03,239
Less: Interim dividend paid during the year	24,11,58,202	–
Surplus – closing balance	1,64,08,80,690	1,25,21,24,896
	236,41,24,827	170,14,35,291

2.3. Other current liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Salaries	6,95,033	7,03,74,437
Bonus and incentives	11,18,79,028	6,58,80,339
For other liabilities		
Provision for expenses	25,10,09,663	11,12,79,750
Withholding and other taxes	8,62,34,985	4,61,81,009
	44,98,18,709	29,37,15,535
Advances subsidy claim received	7,11,84,374	84,95,619
Unearned revenue	3,70,35,613	59,93,212
	55,80,38,696	30,82,04,366

2.4. Short-term provisions

in ₹

Particulars	As at March 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	9,86,25,878	5,79,68,435
Others		
Provision for		
Income taxes	16,95,57,208	13,11,90,759
SLA compliance	4,64,15,784	1,43,85,979
	31,45,98,870	20,35,45,173

Provision for SLA compliance

The provision for service level agreement (SLA) 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, the movement in provision for SLA is given below.

in ₹

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	1,43,85,979	74,42,052
Additional provision made during the year	3,20,29,805	69,43,927
Provisions used during the year	–	–
Balance at the end of the year	4,64,15,784	1,43,85,979

The Management believes that the aforesaid provision will be utilized within a year.

2.5. Fixed assets

in ₹

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 1, 2013	Additions / adjustments during the year (1)	Deletions during the year	Cost as at March 31, 2014	As at April 1, 2013	Charge for the year	Deductions / adjustments during the year (2)	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets										
Leasehold improvements	13,17,21,441	6,44,99,231	78,28,512	18,83,92,160	1,16,09,961	3,54,82,050	40,67,970	4,30,24,041	14,53,68,119	12,01,11,480
Office equipment	5,13,56,531	1,35,27,398	1,56,39,284	4,92,44,645	3,95,67,857	32,98,538	27,03,892	4,01,62,503	90,82,142	1,17,88,674
Computer equipment	15,42,58,191	10,38,52,276	1,98,26,132	23,82,84,335	11,19,14,167	5,54,14,704	(27,02,747)	17,00,31,618	6,82,52,717	4,23,44,024
Furniture and fixtures	4,72,20,243	2,59,35,306	16,46,428	7,15,09,121	2,60,52,300	82,54,791	(39,61,093)	3,82,68,184	3,32,40,937	2,11,67,943
Vehicles	3,52,452	68,414	–	4,20,866	3,52,452	–	(68,414)	4,20,866	–	–
	38,49,08,858	20,78,82,625	4,49,40,356	54,78,51,127	18,94,96,737	10,24,50,083	39,608	29,19,07,212	25,59,43,915	19,54,12,121
Intangible assets										
Goodwill	35,20,12,240	–	–	35,20,12,240	–	–	–	–	35,20,12,240	35,20,12,240
	35,20,12,240	–	–	35,20,12,240	–	–	–	–	35,20,12,240	35,20,12,240
Total	73,69,21,098	20,78,82,625	4,49,40,356	89,98,63,367	18,94,96,737	10,24,50,083	39,608	29,19,07,212	60,79,56,155	54,74,24,361
Previous year	53,79,14,629	19,90,06,469	–	73,69,21,098	14,29,36,276	4,59,37,440	(6,23,021)	18,94,96,737	54,74,24,361	–

(1) *Includes foreign exchange conversion variance of ₹7,47,14,881*

(1) *Includes foreign exchange conversion variance of ₹3,81,57,086*

2.6. Deferred tax assets

in ₹

Particulars	As at March 31,	
	2014	2013
Others	9,18,64,733	–
Less : Deferred Tax Liability		
Others	77,45,683	–
	8,41,19,050	–

2.7. Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Advance income tax	1,59,28,806	5,07,57,092
	1,59,28,806	5,07,57,092

2.8. Trade receivables

in ₹

Particulars	As at March 31,	
	2014	2013
Other debts		
Unsecured		
Considered good [(1)]	1,01,55,70,146	70,96,33,301
Considered doubtful	82,85,174	10,33,594
	1,02,38,55,320	71,06,66,895
Less : Provision for doubtful debts	82,85,174	10,33,594
	1,01,55,70,146	70,96,33,301

[(1)] *Includes dues from subsidiary companies (Refer to Note 2.17)*

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company 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 Company normally provides for debtor dues outstanding for six months or longer as at the Balance Sheet date.

2.9. Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2014	2013
Cash on hand	9,84,678	7,66,971
Balances with bank		
In current and deposit accounts	1,25,78,24,471	69,99,24,676
	1,25,88,09,149	70,06,91,647

The details of balances with banks as at March 31, 2014 and March 31, 2013 are as follows :

in ₹

Balances with scheduled banks	As at March 31,	
	2014	2013
In current accounts		
Deutsche Bank – PLN Account	11,59,971	12,34,45,754
Deutsche Bank – EUR Account	5,94,491	1,61,12,495
Deutsche Bank, Esfund – PLN Account	42,60,009	8,43,615
DB-Wklad – Wlasny (EU Subsidy)	–	1,96,685
Deutsche Bank, EU Subsidy	–	1,02,06,127
	60,14,471	15,08,04,676
In deposit account		
Deutsche Bank	1,25,18,10,000	54,91,20,000
	125,78,24,471	69,99,24,676

2.10. Short-term loans and advances :

in ₹

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Prepaid Expenses	43,22,619	89,79,694
Advances for goods and services	2,64,132	1,22,138
Loans to subsidiary	18,41,25,394	11,16,22,467
Withholding and other taxes receivables	1,92,62,157	8,10,97,403
	20,79,74,302	20,18,21,702
Unbilled revenue	2,74,73,037	–
Interest accrued but not due	11,32,688	6,07,060
Loans and advances to employees	1,18,57,145	2,13,27,736
Electricity and other deposits	1,22,81,011	1,31,45,966
Rental deposits	1,83,71,623	2,67,17,800
Loans and advances to group companies	2,74,19,130	–
Mark to market loss on forward exchange contract	2,62,75,193	26,89,457
Less : Provision for doubtful loans and advances	–	–
	33,27,84,129	26,63,09,721

2.11. Other income

in ₹

Particulars	Year ended March 31,	
	2014	2013
Interest Income	2,73,49,363	1,84,90,501
Miscellaneous income	1,45,47,824	2,06,94,621
Exchange differences	(121,80,889)	3,45,32,269
	2,97,16,298	7,37,17,391

2.12. Expenses

in₹

Particulars	Year ended March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus excluding overseas staff expenses	181,15,08,979	115,02,07,417
Staff welfare	5,37,09,586	3,70,43,574
Contribution to provident and other funds	32,51,79,695	20,74,94,529
	219,03,98,260	139,47,45,520
Cost of technical sub-contractors		
Consultancy charges	6,20,83,297	2,01,93,643
	6,20,83,297	2,01,93,643
Travel expenses		
Overseas travel expenses	22,12,74,288	17,35,90,755
Travelling expenses	6,72,470	12,818
	22,19,46,758	17,36,03,573
Cost of software for own use		
Cost of software for own use	60,68,498	2,82,03,972
	60,68,498	2,82,03,972
Communication expenses		
Communication expenses	5,67,14,740	4,54,12,742
	5,67,14,740	4,54,12,742
Professional Charges		
Legal and professional charges	2,28,14,116	2,28,94,932
Auditor's remuneration		
Audit fees	21,37,042	17,81,114
Recruitment and training expenses	10,96,56,764	8,55,58,286
	13,46,07,922	11,02,34,332

Particulars	Year ended March 31,	
	2014	2013
Office expenses		
Printing and stationery	5,68,358	20,92,526
Office maintenance	8,15,73,548	5,52,05,505
	8,21,41,906	5,72,98,031
Power and fuel		
Power and fuel	94,93,453	1,57,46,419
	94,93,453	1,57,46,419
Insurance		
Insurance	72,02,528	56,78,664
	72,02,528	56,78,664
Rent		
Rent	20,64,14,851	14,75,65,534
	20,64,14,851	14,75,65,534

in ₹

Particulars	Year ended March 31,	
	2014	2013
Other expenses		
Brand building and advertisement	22,28,186	63,08,507
Sales promotion expenses	5,74,090	18,03,728
Rates and taxes	3,54,73,268	2,32,06,310
Donations	11,72,819	6,90,685
Bank charges and commission	40,18,676	16,57,432
Postage and courier	90,13,778	1,48,83,231
Provision for doubtful debts	75,28,692	(35,53,780)
Other miscellaneous expenses	5,09,41,160	2,12,97,327
	11,09,50,669	6,62,93,440

2.13. Tax expense

in ₹

Particulars	Year ended March 31,	
	2014	2013
Current tax	23,81,07,904	12,36,67,210
Deferred tax	(8,51,35,418)	–
	15,29,72,486	12,36,67,210

2.14. Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	Year ended March 31,	
	2014	2013
Lease rentals charged during the period	20,64,14,851	14,75,65,534

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

in ₹

Particulars	As at March 31,	
	2014	2013
Contingent	–	–
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposits)	2,15,94,422	2,43,19,830
Forward contracts outstanding		
EUR / PLN	13,500,000	12,000,000
(Equivalent approximate in ₹)	(1,11,63,15,000)	(83,40,00,000)
USD / PLN	3,000,000	1,668,750
(Equivalent approximate in ₹)	(17,97,45,000)	(9,05,96,438)
EUR / USD	–	500,000
(Equivalent approximate in ₹)	–	(3,47,50,000)

As at the Balance Sheet date, the Company's net foreign currency exposure that is overhedged by a derivative instrument or otherwise is ₹33,25,86,792 (Nil as at March 31,2013)

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

in ₹

Particulars	Year ended March 31,	
	2014	2013
Not later than one month	12,40,35,000	10,49,19,639
Later than one month and not later than three months	24,80,70,000	19,20,11,799
Later than three months and not later than one year	92,39,70,000	66,24,15,000
	1,29,60,75,000	95,93,46,438

2.16. Quantitative details

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

2.17. Related party transactions

List of related parties:

Name of the Holding Company	Country	Holding as at March 31,	
		2014	2013
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow Subsidiaries	Country
Infosys BPO s.r.o (2)	Czech Republic
Infosys BPO, S. de R.L. de C.V. (2)(6)	Mexico
Infosys McCamish Systems LLC (2)	U.S.
Portland Group Pty. Ltd (2)	Australia
Portland Procurement Services Pty. Ltd (3)	Australia
Infosys Consulting India Limited (1)	India
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1)	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) (1)	Brazil
Infosys Sweden (1)	Sweden
Infosys Shanghai (1)	China
Infosys Americas(7)	U.S.
Edgeverve Systems Limited(8)	India
Infosys Public Services, Inc. (1)	U.S.
Lodestone Holding AG (1)	Switzerland
Lodestone Management Consultants (4)(9)	Canada

Name of fellow Subsidiaries	Country
Lodestone Management Consultants Inc. (4)	U.S.
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants (Asia Pacific) Limited (4)(10)	Thailand
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (12)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (5)	Belgium
Lodestone Management Consultants GmbH (4)	Germany
Lodestone Management Consultants Pte Ltd. (4)	Singapore
Lodestone Management Consultants SAS (4)	France
Lodestone Management Consultants s.r.o. (4)	Czech
Lodestone Management Consultants GmbH (4)	Austria
Lodestone Management Consultants China Co., Ltd. (4)	China
Lodestone Management Consultants Ltd. (4)	U.K.
Lodestone Management Consultants B.V. (4)	Netherlands
Lodestone Management Consultants Ltda. (5)	Brazil
Lodestone Management Consultants sp. z o.o. (4)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (4)	Portugal
S.C. Lodestone Management Consultants S.R.L. (4)	Romania
Lodestone Management Consultants S.R.L. (4)(11)	Argentina

(1) *Wholly-owned subsidiaries of Infosys Limited*
(2) *Wholly-owned subsidiaries of Infosys BPO Limited.*
(3) *Wholly-owned subsidiary of Portland Group Pty. Ltd*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
(6) *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
(7) *Incorporated effective June 25, 2013*
(8) *Incorporated effective February 14, 2014*
(9) *Liquidated effective December 31, 2013*
(10) *Liquidated effective February 14, 2013*
(11) *Incorporated effective January 10, 2013*
(12) *Wholly-owned subsidiaries of Lodestone Management Consultants AG*
On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of entity. The liquidation of Portland Procurement Services Pty. Ltd will be effected upon deregistration of the Company by ASIC as per the liquidation application filed on March 7, 2014. The assets and liabilities of Portland Procurement Services Pty. Ltd. will be transferred to Portland Group Pty. Ltd upon liquidation.

The details of the related party transactions entered into by the Company, for the year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹

Particulars	Year ended March 31,	
	2014	2013
Capital transactions		
Financial transactions		
Loans given		
Infosys BPO s.r.o	5,10,12,866	5,82,33,306
Infosys McCamish Systems, LLC	12,48,72,695	–
Loans repaid		
Infosys BPO s.r.o	11,83,44,147	–
Revenue transactions		
Purchase of services		
Infosys BPO s.r.o.	87,40,295	91,56,706
Infosys BPO Ltd	2,93,14,749	–
Interest income		
Infosys BPO s.r.o.	8,12,994	4,75,174
Infosys McCamish Systems, LLC	16,44,511	7,21,611

Particulars	Year ended March 31,	
	2014	2013
Sale of services		
Infosys Limited	3,55,40,478	7,77,83,501
Infosys BPO Limited	7,06,65,803	5,75,64,722
Lodestone Management Consultants Ltd. (U.K.)	8,51,00,514	–

Details of amounts due to or due from related party as at March 31, 2014 and March 31, 2013.

in ₹

Particulars	Year ended March 31,	
	2014	2013
Loans		
Infosys BPO s.r.o	–	5,82,33,306
Infosys McCamish Systems, LLC	18,41,25,394	5,65,73,676
Debtors		
Infosys Limited	49,62,481	1,70,49,174
Infosys BPO Limited	52,98,976	46,88,071
Lodestone	3,37,51,342	–
Creditors		
Infosys BPO Limited	2,89,80,684	–
Infosys BPO s.r.o, Czech Republic	13	–
Other receivables		
Lodestone Management Consultants Ltd. (U.K.)	2,74,19,130	–

2.18. Segment reporting

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

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

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

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

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

Industry segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	47,07,805	322,19,75,874	53,98,57,538	17,71,01,932	394,36,43,149
	6,63,109	*229,14,76,876*	*32,95,66,215*	*2,62,60,168*	*264,79,66,368*
Identifiable operating expenses	26,20,037	165,26,96,747	27,24,39,591	12,96,47,241	205,74,03,616
	–	*108,31,94,759*	*15,01,29,097*	*1,22,93,656*	*124,56,17,512*
Allocated expenses	12,03,245	84,25,31,260	14,10,96,186	4,57,88,575	103,06,19,266
	1,54,242	*71,19,57,393*	*9,93,39,790*	*79,06,933*	*81,93,58,358*
Segmental operating profit	8,84,523	72,67,47,867	12,63,21,761	16,66,116	85,56,20,267
	5,08,867	*49,63,24,724*	*8,00,97,328*	*60,59,579*	*58,29,90,498*
Unallocable expenses					10,24,50,083
					4,59,37,440
Profit before other income					75,31,70,184
					53,70,53,058
Other income, net					2,97,16,298
					7,37,17,391
Net Profit Before Tax					78,28,86,482
					61,07,70,449
Tax expense					15,29,72,486
					12,36,67,210
Profit for the period					62,99,13,996
					48,71,03,239

Geographical segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	North America	Europe	Others	Total
Revenues	35,41,68,237	317,23,43,138	41,71,31,774	394,36,43,149
	23,05,35,432	*210,56,48,240*	*31,17,82,696*	*264,79,66,368*
Identifiable operating expenses	19,70,92,063	170,02,75,702	16,00,35,851	205,74,03,616
	10,49,59,155	*101,49,13,120*	*12,57,45,237*	*124,56,17,512*
Allocated expenses	9,25,29,172	82,89,29,954	10,91,60,140	103,06,19,266
	6,87,74,831	*65,40,10,420*	*9,65,73,107*	*81,93,58,358*
Segmental operating profit	6,45,47,002	64,31,37,482	14,79,35,783	85,56,20,267
	5,68,01,446	*43,67,24,700*	*8,94,64,352*	*58,29,90,498*
Unallocable expenses				10,24,50,083
				4,59,37,440
Profit before other income				75,31,70,184
				53,70,53,058
Other income, net				2,97,16,298
				7,37,17,391
Net Profit Before Tax				78,28,86,482
				61,07,70,449
Tax expense				15,29,72,486
				12,36,67,210
Profit for the period				62,99,13,996
				48,71,03,239

2.19. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended March 31,	
	2014	2013
Revenue from business process management services	3,94,36,43,149	2,64,79,66,368
Cost of revenue	2,67,54,70,295	1,78,30,29,281
GROSS PROFIT	1,26,81,72,854	86,49,37,087
Selling and marketing expenses	1,15,80,871	1,15,72,651
General and administration expenses	40,09,71,716	27,03,73,938
	41,25,52,587	28,19,46,589
OPERATING PROFIT BEFORE DEPRECIATION	85,56,20,267	58,29,90,498
Depreciation	10,24,50,083	4,59,37,440
OPERATING PROFIT	75,31,70,184	53,70,53,058
Other income, net	2,97,16,298	7,37,17,391
PROFIT BEFORE TAX	78,28,86,482	61,07,70,449
Tax expense		
Current tax	15,29,72,486	12,36,67,210
PROFIT FOR THE PERIOD	62,99,13,996	48,71,03,239

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Managing Director and Chief Executive Officer

Anantha Radhakrishnan
Director

Bangalore
April 8, 2014

Rajesh K. Murthy
Director

Abraham Mathews
Director

Infosys McCamish Systems LLC

Independent Auditors' Report

To the Members of Infosys McCamish Systems LLC

Report on the Financial Statements

We have audited the accompanying financial statement of Infosys McCamish Systems LLC ('the Company') which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement ('financial statements') of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility included the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

1) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 227(3) of the Act, we report that;

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

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

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

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bangalore
April 7, 2014

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	174,50,06,854	163,93,17,854
Reserves and surplus	2.2	(159,23,13,027)	(163,27,07,104)
		15,26,93,827	66,10,750
CURRENT LIABILITIES			
Unsecured loans	2.14	24,52,30,869	22,19,13,430
Trade payables		5,15,95,494	1,65,01,988
Other current liabilities	2.3	183,94,13,277	164,54,81,425
Short-term provisions	2.4	3,34,25,533	1,67,33,481
		216,96,65,173	190,06,30,324
		232,23,59,000	190,72,41,074
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.5	7,95,95,810	4,05,78,897
Intangible assets		9,76,00,704	9,76,00,704
Capital work-in-progress		–	1,99,75,245
		17,71,96,514	15,81,54,846
CURRENT ASSETS			
Trade receivables	2.6	38,55,62,551	37,27,47,756
Cash and cash equivalents	2.7	26,02,37,653	12,34,54,211
Short-term loans and advances	2.8	149,93,62,282	125,28,84,261
		214,51,62,486	174,90,86,228
		232,23,59,000	190,72,41,074
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

Gordon Beckam
Chief Executive Officer

Ravi Kumar S.
Director

Abraham Mathews
Director

Kapil Jain
Director

Rishi Kumar Jain
Director

Bangalore
April 7, 2014

Rich Magner
Director

Statement of Profit and Loss

in ₹, except per share data

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
Revenues from business process management services		318,25,55,680	261,40,37,396
Other income	2.9	5,86,01,955	(21,89,111)
Total revenue		324,11,57,635	261,18,48,285
Expenses			
Employee benefit expenses	2.10	163,53,52,549	146,63,44,673
Cost of technical sub-contractors	2.10	81,20,39,683	63,28,32,009
Travel expenses	2.10	3,56,91,687	2,92,63,523
Cost of software packages	2.10	26,69,23,676	8,92,68,549
Communication expenses	2.10	4,27,95,872	2,18,82,210
Professional charges	2.10	3,34,13,561	24,48,51,785
Office expenses	2.10	8,64,61,343	8,85,00,431
Power and fuel	2.10	28,51,972	33,54,873
Insurance charges	2.10	41,73,448	73,69,654
Rent	2.10	7,10,47,120	5,03,76,033
Depreciation	2.5	6,34,56,501	6,02,22,046
Other expenses	2.10	11,22,55,805	7,65,65,574
		316,64,63,217	277,08,31,360
PROFIT / (LOSS) BEFORE TAX		7,46,94,418	(15,89,83,075)
Provision for taxation		–	–
Current tax		–	–
Deferred tax		–	–
		–	–
PROFIT / (LOSS) FOR THE PERIOD		7,46,94,418	(15,89,83,075)

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

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Ravi Kumar S.
Director

Abraham Mathews
Director

Kapil Jain
Director

Rishi Kumar Jain
Director

Bangalore
April 7, 2014

Rich Magner
Director

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	7,46,94,418	(15,89,83,075)
Adjustments to reconcile net profit to net cash provided by Operating activities		
Depreciation	6,34,56,501	6,02,22,046
Non cash interest expense	35,42,867	50,626
Change in other long-term liability	–	(4,57,92,000)
Liability for deferred consideration	(5,42,90,000)	–
Effect of exchange differences on translation of assets and liabilities	(4,31,54,804)	15,56,132
Changes in assets and liabilities		
Trade receivables	(1,28,14,795)	(5,31,42,899)
Loans and advances	(28,55,491)	(8,10,288)
Other assets	(24,36,22,530)	(1,15,30,80,827)
Trade payables	3,50,93,506	(9,96,80,050)
Provisions	1,66,92,052	46,55,892
Other liabilities	27,15,39,291	1,53,53,95,579
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	10,82,81,015	9,03,91,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditure on acquisition of property, plant and equipment	(8,24,98,169)	(10,75,13,481)
Cash paid towards acquisition of marsh assets	–	(5,43,60,000)
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	(8,24,98,169)	(16,18,73,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	10,56,89,000	16,40,70,000
Loan taken from subsidiary	11,98,40,000	–
Loan repaid to subsidiary	(11,80,42,400)	–
Interest paid on loan	35,13,996	–
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	11,10,00,596	16,40,70,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,67,83,442	9,25,87,655
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,34,54,211	3,08,66,556
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26,02,37,653	12,34,54,211

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

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Director

Abraham Mathews
Director

Kapil Jain
Director

Rishi Kumar Jain
Director

Bangalore
April 7, 2014

Rich Magner
Director

Significant accounting policies and notes on accounts

Company overview

Infosys McCamish Systems LLC (formerly McCamish Systems LLC) is a leading provider of business process management services to organizations that outsource their business processes. Infosys McCamish Systems LLC is a wholly-owned and controlled entity of Infosys BPO Limited. The Company leverages the benefits of service delivery globalization, process redesign and technology and thus drives efficiency and cost effectiveness into client's business processes and thereby improves their competitive position by managing their business processes in addition to providing increased value. The name of the Company was changed from McCamish Systems LLC to Infosys McCamish Systems LLC w.e.f May 30, 2013.

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 by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent 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 (SLA) 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 financial statements.

1.3. Revenue recognition

The Company derives its revenues primarily from business process management services, on time-and-material, fixed-price, fixed-time frame and unit-price basis. Revenue on time-and-material contracts is recognized as the related services are rendered and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement and collectability of consideration, is recognized as per the percentage of completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output. Cost and earnings in excess of billings are classified as unbilled revenue while billing in excess of cost and earnings is classified as deferred revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates. When the Company receives advances for its services, such amounts are reflected as advance received from clients until all conditions for revenue recognition are met. The Company presents revenues net of service taxes and value added taxes in its profit and loss account.

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 if the amount thereof cannot be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on to the customers either as direct payments or as a reduction of payments due from customers.

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

1.4. Expenditure

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

1.5. Tangible assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. Depreciation

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

Management estimates the useful lives for the various fixed assets as follows:

Building	15 years
Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

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

1.8. Impairment of assets

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. 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 there has been a change in the estimates used to determine the recoverable amount since the last 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.

1.9. Employee benefits

Compensated absences

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

1.10. Income tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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 date. The income tax provision for the period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.11. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.12. Earnings per share

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

1.13. Cash and cash equivalents

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

2. Notes on accounts for the year ended March 31, 2014

2.1. Share capital

in ₹

Particulars	As at March 31,	
	2014	2013
Authorized share capital	174,50,06,854	163,93,17,854
	174,50,06,854	163,93,17,854
Issued, subscribed and paid up Share Capital	174,50,06,854	163,93,17,854
	174,50,06,854	163,93,17,854

2.2. Reserves and surplus

in ₹

Particulars	As at March 31,	
	2014	2013
Foreign currency translation reserve	(5,76,59,859)	(2,33,59,518)
Surplus – opening balance	(160,93,47,586)	(145,03,64,511)
Add: Profit / (loss) during the year	7,46,94,418	(15,89,83,075)
Surplus – closing balance	(153,46,53,168)	(160,93,47,586)
	(159,23,13,027)	(163,27,07,104)

2.3. Other current liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Salaries	9,39,68,282	4,22,88,491
For other liabilities		
Provision for expenses	35,14,52,551	30,56,71,158
Withholding and other taxes receivable	15,86,202	20,54,822
Premiums held in trust (1)	135,09,29,318	116,98,05,489
	179,79,36,353	151,98,19,960
Unearned revenue	4,14,76,924	7,13,71,465
Liability for deferred consideration (2)	–	5,42,90,000
	183,94,13,277	164,54,81,425

(1) *These amounts represents premiums collected from policy holders and payable to insurance providers by a service provider maintaining the amounts in fiduciary capacity*

(2) *The deferred consideration of ₹6.26 crore (US $1 million) was reversed and credited to other income during the second quarter due to seller not having met the condition of the Purchase Agreement.*

2.4. Short-term provisions

in ₹

Particulars	As at March 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	–	–
Provision for SLA compliance	3,34,25,533	1,67,33,481
	3,34,25,533	1,67,33,481

Provision for SLA compliance

The provision for service level agreement (SLA) 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, the movement in provision for SLA is given below:

in ₹

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	1,67,33,481	1,20,77,589
Additional provision made during the year	1,66,92,052	46,55,892
Provisions used during the year	–	–
Balance at the end of the year	3,34,25,533	1,67,33,481

The Management believes that the aforesaid provision will be utilized within a year.

2.5. Fixed assets

in ₹

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 1, 2013	Additions during the year	Deletions during the year	Cost as at March 31, 2014	As at April 1, 2013	Charge for the year	Deletions during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets										
Leasehold improvements	26,83,338	2,78,268	–	29,61,606	25,26,114	1,68,719	(2,66,773)	29,61,606	–	1,57,224
Office equipment	62,84,719	23,85,885	–	86,70,604	23,75,622	16,36,028	(2,20,799)	42,32,449	44,38,155	39,09,097
Computer equipment	19,50,45,674	9,20,94,561	–	28,71,40,235	16,51,06,531	5,36,24,565	(1,63,21,103)	23,50,52,199	5,20,88,036	2,99,39,143
Furniture and fixtures	1,95,36,636	2,57,14,467	–	4,52,51,103	1,29,63,203	80,27,189	(11,91,093)	2,21,81,485	2,30,69,619	65,73,433
	22,35,50,367	12,04,73,181	–	34,40,23,548	18,29,71,470	6,34,56,501	(1,79,99,768)	26,44,27,739	7,95,95,810	4,05,78,897
Intangible assets										
Goodwill	9,76,00,704	–	–	9,76,00,704	–	–	–	–	9,76,00,704	9,76,00,704
	9,76,00,704	–	–	9,76,00,704	–	–	–	–	9,76,00,704	9,76,00,704
Total	32,11,51,071	12,04,73,181	–	44,16,24,252	18,29,71,470	6,34,56,501	(1,79,99,768)	26,44,27,739	17,71,96,514	13,81,79,601
Previous year	17,18,21,506	14,93,29,565	–	32,11,51,071	11,53,18,095	6,02,22,046	(74,31,329)	18,29,71,470	13,81,79,601	–

2.6. Trade receivables

in ₹

Particulars	As at March 31,	
	2014	2013
Debts outstanding for a period exceeding six months		
Unsecured		
Considered doubtful	5,23,652	2,375
Less : Provision for doubtful debts	5,23,652	2,375
Other debts		
Unsecured		
Considered good [(1)]	38,55,62,551	37,27,47,756
Considered doubtful	66,255	–
	38,56,28,806	37,27,47,756
Less : Provision for doubtful debts	66,255	–
	38,55,62,551	37,27,47,756

[(1)] *Of which dues from subsidiary companies (Also refer to note 2.16)*

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company 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 Company normally provides for debtor dues outstanding for six months or longer as at the Balance Sheet date.

2.7. Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2014	2013
Cash on hand	–	–
Balances with bank		
In current and deposit accounts	26,02,37,653	12,34,54,211
	26,02,37,653	12,34,54,211

The details of balances with banks as at March 31, 2014 and March 31, 2013 are as follows :

in ₹

Particulars	As at March 31,	
	2014	2013
In current accounts		
Bank of America – USD	25,99,32,061	12,31,82,761
Bank of America – USD – Trust Funds [(1)]	2,99,600	2,71,450
Wells Fargo	5,992	–
	26,02,37,653	12,34,54,211

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

2.8. Short-term loans and advances :

in ₹

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Prepaid expenses	97,27,413	1,76,25,140
Advances for goods and services	1,39,48,118	12,78,475
	2,36,75,531	1,89,03,615
Unbilled revenue	8,64,15,965	6,20,09,495
Loans and advances to employees	40,13,442	11,57,951
Loans and Advances – Others	3,20,85,782	–
Electricity and other deposits	22,42,266	10,07,731
Premiums held in trust [(1)]	1,35,09,29,296	1,16,98,05,469
	1,49,93,62,282	1,25,28,84,261

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

2.9. Other income

in ₹

Particulars	As at March 31,	
	2014	2013
Interest income / (expenses)	(35,42,867)	(27,61,533)
Miscellaneous income	6,26,40,000	18,34,445
Exchange differences	(4,95,178)	(12,62,023)
	5,86,01,955	(21,89,111)

2.10. Expenses

in ₹

Particulars	As at March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	1,62,85,40,946	1,45,72,40,833
Staff welfare	68,11,603	91,03,840
	1,63,53,52,549	1,46,63,44,673
Cost of technical sub – contractors		
Consultancy charges	81,20,39,683	63,28,32,009
	81,20,39,683	63,28,32,009
Travel expenses		
Overseas travel expenses	3,56,54,226	2,92,13,293
Travelling expenses	37,461	50,230
	3,56,91,687	2,92,63,523
Cost of software packages		
Cost of software for own use	26,69,23,676	8,92,68,549
	26,69,23,676	8,92,68,549
Communication expenses		
Communication expenses	4,27,95,872	2,18,82,210
	4,27,95,872	2,18,82,210
Professional charges		
Legal and professional charges	2,80,12,391	23,43,17,883
Auditor's remuneration		
Audit fees	19,26,312	16,19,574
Recruitment and training expenses	34,74,858	89,14,328
	3,34,13,561	24,48,51,785
Office expenses		
Computer maintenance	7,31,62,289	8,03,11,901
Printing and stationery	77,00,976	49,94,329
Office maintenance	55,98,078	31,94,201
	8,64,61,343	8,85,00,431
Power and fuel		
Power and fuel	28,51,972	33,54,873
	28,51,972	33,54,873
Insurance		
Insurance	41,73,448	73,69,654
	41,73,448	73,69,654
Rent		
Rent	7,10,47,120	5,03,76,033
	7,10,47,120	5,03,76,033
Other expenses		
Consumables	15,93,851	17,57,926
Brand building and advertisement	98,77,888	48,07,691
Marketing expenses	62,697	–
Rates and taxes	1,06,56,334	53,28,376
Bank charges and commission	14,49,100	4,56,376
Postage and courier	7,36,79,132	4,23,21,251
Professional membership and seminar participation fees	24,79,918	14,96,553
Provision for doubtful debts	545,166	(8,833)
Other miscellaneous expenses	1,19,11,719	2,04,06,234
	11,22,55,805	7,65,65,574

2.11. Leases

Obligations on long-term non-cancellable operating leases

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

in ₹

Particulars	As at March 31,	
	2014	2013
Lease rentals charged during the period	7,10,47,120	5,03,76,033

in ₹

Lease obligations	As at March 31,	
	2014	2013
Within one year of the Balance Sheet date	5,61,17,338	4,29,40,315
Due in a period between one year and five years	17,05,36,271	20,53,57,550
Later than five year	–	–

2.12. Commitments and contingent liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Estimated amount of unexecuted capital contracts (net of advance and deposits)	2,50,42,902	73,33,252

As at the Balance Sheet date, the Company's net foreign currency exposure that is not hedged by a derivative instrument or otherwise is ₹42 lakh (Nil as at March 31, 2013).

2.13. Quantitative details

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

2.14. Related party transactions

List of related parties:

Name of the Holding Company	Country	Holding as at March 31,	
		2014	2013
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow Subsidiaries	Country
Infosys BPO Poland Sp. z o.o. (2)	Poland
Infosys BPO, S. de R.L. de C.V. (2)(6)	Mexico
Infosys BPO s.r.o (2)	Czech Republic
Portland Group Pty. Ltd (2)	Australia
Portland Procurement Services Pty. Ltd (3)	Australia
Infosys Consulting India Limited (1)	India
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (1)	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) (1)	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) (1)	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) (1)	Brazil
Infosys Sweden (1)	Sweden
Infosys Shanghai (1)	China
Infosys Americas (7)	U.S.
Edgeverve Systems Limited (8)	India
Infosys Public Services, Inc. (1)	U.S.
Lodestone Holding AG (1)	Switzerland
Lodestone Management Consultants (4)(9)	Canada
Lodestone Management Consultants Inc. (4)	U.S.
Lodestone Management Consultants Pty. Limited (4)	Australia
Lodestone Management Consultants (Asia Pacific) Limited (4)(10)	Thailand
Lodestone Management Consultants AG (4)	Switzerland
Lodestone Augmentis AG (12)	Switzerland
Hafner Bauer & Ödman GmbH (4)	Switzerland
Lodestone Management Consultants (Belgium) S.A. (5)	Belgium
Lodestone Management Consultants GmbH (4)	Germany
Lodestone Management Consultants Pte Ltd. (4)	Singapore
Lodestone Management Consultants SAS (4)	France
Lodestone Management Consultants s.r.o. (4)	Czech
Lodestone Management Consultants GmbH (4)	Austria
Lodestone Management Consultants China Co., Ltd. (4)	China
Lodestone Management Consultants Ltd. (4)	U.K.
Lodestone Management Consultants B.V. (4)	Netherlands
Lodestone Management Consultants Ltda. (5)	Brazil
Lodestone Management Consultants sp. z o.o. (4)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (4)	Portugal
S.C. Lodestone Management Consultants S.R.L. (4)	Romania
Lodestone Management Consultants S.R.L. (4)(11)	Argentina

(1) *Wholly-owned subsidiaries of Infosys Limited*
(2) *Wholly-owned subsidiaries of Infosys BPO Limited.*
(3) *Wholly-owned subsidiary of Portland Group Pty. Ltd*
(4) *Wholly-owned subsidiaries of Lodestone Holding AG*
(5) *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
(6) *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
(7) *Incorporated effective June 25, 2013*
(8) *Incorporated effective February 14, 2014*
(9) *Liquidated effective December 31, 2013*
(10) *Liquidated effective February 14, 2013*
(11) *Incorporated effective January 10, 2013*
(12) *Wholly-owned subsidiary of Lodestone Management Consultants AG*
On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of entity. The liquidation of Portland Procurement Services Pty. Ltd will be effected upon deregistration of the Company by ASIC as per the liquidation application filed on March 7, 2014. The assets and liabilities of Portland Procurement Services Pty. Ltd. will be transferred to Portland Group Pty. Ltd upon liquidation.

The details of the related party transactions entered into by the Company, for the year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹

Particulars	As at March 31,	
	2014	2013
Capital transactions		
Share Capital		
Infosys BPO Limited	10,56,89,000	16,40,70,000
Financial transactions		
Loan taken		
Infosys BPO Poland Sp. z o.o.	11,98,40,000	–
Loan repaid		
Infosys BPO s.r.o.	11,80,42,400	–
Revenue transactions		
Purchase of services		
Infosys Limited	8,73,75,403	19,56,01,599
Infosys BPO Limited	24,15,30,765	36,19,46,752

Particulars	As at March 31,	
	2014	2013
Interest expense		
Infosys BPO Limited	–	–
Infosys BPO Poland Sp. z o.o.	18,17,294	6,87,847
Infosys BPO s.r.o.	17,25,573	20,73,688
Sale of services		
Infosys Limited	–	78,19,040
Infosys BPO Limited	–	18,03,760
Sale of shared services including facilities and personnel		
Infosys Limited	–	–
Infosys BPO Limited	–	5,95,977

Details of amounts due to or dues from related parties as at March 31, 2014 and March 31, 2013

in ₹

Particulars	As at March 31,	
	2014	2013
Loans accepted		
Infosys BPO Poland Sp. z o.o.	18,29,84,843	5,56,10,428
Infosys BPO s.r.o.	6,22,46,026	16,63,03,002
Advance paid		
Infosys Limited	3,20,85,782	–
Creditors		
Infosys Limited	–	1,15,26,853
Infosys BPO Limited	4,69,62,300	49,75,136

2.16. Segment reporting

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

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

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

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

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

Industry segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	3,17,72,80,164	13,86,948	22,45,786	16,42,782	3,18,25,55,680
	2,60,92,65,274	*12,73,863*	*20,36,007*	*14,62,252*	*2,61,40,37,396*
Identifiable operating expenses	1,26,16,34,701	70,854	99,942	42,11,383	1,26,60,16,880
	1,21,28,40,765	*1,01,000*	*1,99,247*	*23,33,739*	*1,21,54,74,751*
Allocated expenses	1,83,39,31,942	7,82,114	13,49,352	9,26,428	1,83,69,89,836
	1,49,23,93,049	*7,35,564*	*11,71,867*	*8,34,083*	*1,49,51,34,563*
Segmental operating profit	8,17,13,521	5,33,980	7,96,492	(34,95,029)	7,95,48,964
	(9,59,68,540)	*4,37,299*	*6,64,893*	*(17,05,570)*	*(9,65,71,918)*
Unallocable expenses					6,34,56,501
					6,02,22,046
Profit before other income					1,60,92,463
					(15,67,93,964)
Other income, net					5,86,01,955
					(21,89,111)
Net Profit Before Tax					7,46,94,418
					(15,89,83,075)
Tax expense					–
					–
Loss for the period					7,46,94,418
					(15,89,83,075)

Geographical segments

Year ended March 31, 2014 and *March 31, 2013*

in ₹

Particulars	North America	Europe	Others	Total
Revenues	3,18,25,55,680	–	–	3,18,25,55,680
	2,61,40,37,396	–	–	*2,61,40,37,396*
Identifiable operating expenses	1,26,60,16,880	–	–	1,26,60,16,880
	1,21,54,74,751	–	–	*1,21,54,74,751*
Allocated expenses	1,83,69,89,836	–	–	1,83,69,89,836
	1,49,51,34,563	–	–	*1,49,51,34,563*
Segmental operating profit	7,95,48,964	–	–	7,95,48,964
	(9,65,71,918)	–	–	*(9,65,71,918)*
Unallocable expenses				6,34,56,501
				6,02,22,046
Profit before other income				1,60,92,463
				(15,67,93,964)
Other income, net				5,86,01,955
				(21,89,111)
Net Profit Before Tax				7,46,94,418
				(15,89,83,075)
Tax expense				–
				–
Loss for the period				7,46,94,418
				(15,89,83,075)

2.17. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	As at March 31, 2014	As at March 31, 2013
Income from business process management services	3,18,25,55,680	2,61,40,37,396
Cost of revenue	2,64,32,02,724	2,38,00,86,819
GROSS PROFIT / (LOSS)	53,93,52,956	23,39,50,577
Selling and marketing expenses	12,70,02,463	13,23,72,440
General and administration expenses	33,28,01,529	19,81,50,055
	45,98,03,992	33,05,22,495
OPERATING LOSS BEFORE DEPRECIATION	7,95,48,964	(9,65,71,918)
Depreciation	6,34,56,501	6,02,22,046
OPERATING LOSS	1,60,92,463	(15,67,93,964)
Other income, net	5,86,01,955	(21,89,111)
PROFIT / (LOSS) BEFORE TAX	7,46,94,418	(15,89,83,075)
Tax expense		
Current tax	–	–
PROFIT / (LOSS) FOR THE PERIOD	7,46,94,418	(15,89,83,075)

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

M. Rathnakar Kamath
Partner
Membership Number : 202841

Gautam Thakkar
Chairman

Gordon Beckam
Chief Executive Officer

Ravi Kumar S.
Director

Abraham Mathews
Director

Kapil Jain
Director

Rishi Kumar Jain
Director

Bangalore
April 7, 2014

Rich Magner
Director

Portland Group Pty. Limited

Independent Auditors' Report

To the Members of Portland Group Pty. Limited

Report on the Financial Statements

We have audited the accompanying financial statement of Portland Group Pty. Limited ('the Company') which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement ('financial statements') of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility included the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

1) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 227(3) of the Act, we report that;

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

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

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

d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bangalore
April 7, 2014

Balance Sheet

in ₹

Particulars	Note	as at March 31, 2014	as at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	17,86,70,669	17,86,70,669
Reserves and surplus	2.2	34,46,51,791	12,20,87,412
		52,33,22,460	30,07,58,081
NON-CURRENT LIABILITIES			
Other long-term liabilities	2.3	19,14,23,162	21,78,07,531
		19,14,23,162	21,78,07,531
CURRENT LIABILITIES			
Trade payables		4,17,06,762	14,19,14,326
Other current liabilities	2.4	63,23,54,007	47,21,47,586
Short-term provisions	2.5	17,85,66,797	9,37,20,215
		85,26,27,566	70,77,82,127
		156,73,73,188	122,63,47,739
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	2.6	1,14,12,151	1,62,59,832
Capital work-in-progress		–	3,97,826
		1,14,12,151	1,66,57,658
Non-current investments	2.7	34,80,95,947	34,80,95,947
Deferred tax assets, net	2.8	2,65,44,830	2,97,40,491
Long-term loans and advances	2.9	7,59,93,758	4,51,41,075
		46,20,46,686	43,96,35,171
CURRENT ASSETS			
Trade receivables	2.10	34,75,51,265	48,09,86,225
Cash and cash equivalents	2.11	59,12,97,960	22,98,28,835
Short-term loans and advances	2.12	16,64,77,277	7,58,97,508
		110,53,26,502	78,67,12,568
		156,73,73,188	122,63,47,739
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath *Partner* Membership Number : 202841	Bruce Stevenson *Managing Director and Chief Executive Officer*	Gautam Thakkar *Director*	Anantha Radhakrishnan *Director*	Gavin Solsky *Director*
Bangalore April 7, 2014	Binny Mathews *Director*	David Gardiner *Director*	Abraham Mathews *Director*	Jackie Korhonen *Director*

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31, 2014	Year ended March 31, 2013
Revenues from business process management services		211,14,70,941	171,86,94,184
Other income	2.13	1,24,82,970	43,09,979
Total revenue		212,39,53,911	172,30,04,163
Expenses			
Employee benefit expenses	2.14	137,14,42,959	136,57,14,061
Cost of technical sub-contractors	2.14	17,72,69,824	14,32,85,982
Travel expenses	2.14	9,26,66,861	8,59,69,631
Cost of software packages	2.14	1,67,57,549	–
Communication expenses	2.14	1,56,93,464	1,29,15,374
Professional charges	2.14	1,36,30,005	4,51,40,065
Office expenses	2.14	1,15,38,045	85,96,276
Power and fuel	2.14	19,13,506	12,66,530
Insurance charges	2.14	73,78,116	61,37,144
Rent	2.14	3,30,22,945	3,29,26,583
Depreciation	2.6	77,44,692	1,28,17,783
Other expenses	2.14	3,86,70,999	7,17,88,597
		178,77,28,965	178,78,67,445
PROFIT / (LOSS) BEFORE TAX		33,62,24,946	(6,48,63,282)
Provision for taxation			
Current tax	2.15	11,61,73,918	3,57,51,404
Deferred tax	2.15	(9,91,481)	(6,51,12,919)
		11,51,82,437	(2,93,61,515)
PROFIT / (LOSS) FOR THE PERIOD		22,10,42,509	(3,55,01,767)
EARNINGS / (LOSS) PER SHARE			
Equity shares			
Basic		1.27	(0.20)
Diluted		1.27	(0.20)
Number of shares used in computing earnings / (loss) per share	2.28		
Basic		17,45,00,000	17,45,00,000
Diluted		17,45,00,000	17,45,00,000
SIGNIFICANT ACCOUNTING POLICIES NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bruce Stevenson
Managing Director and Chief Executive Officer

Gautam Thakkar
Director

Anantha Radhakrishnan
Director

Gavin Solsky
Director

Bangalore
April 7, 2014

Binny Mathews
Director

David Gardiner
Director

Abraham Mathews
Director

Jackie Korhonen
Director

Cash Flow Statement

in ₹

Particulars	Year ending March 31, 2014	Year ending March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	33,62,24,946	(6,48,63,282)
Adjustments to reconcile net profit to net cash provided by Operating activities		
Depreciation	77,44,692	1,28,17,783
Interest Income	(1,08,02,468)	(32,71,595)
Provision for Growth Plan	(2,63,84,369)	17,71,07,519
Effect of exchange differences on translation of assets and liabilities	15,21,870	(3,15,587)
Changes in assets and liabilities		
Trade receivable	13,34,34,960	(14,98,12,218)
Unbilled revenue	(16,03,28,691)	–
Prepayments and other assets	6,97,48,922	(3,64,36,596)
Trade payables	(10,02,07,564)	11,75,66,890
Client deposits	1,37,69,829	2,34,18,936
Employee benefit obligations	94,06,421	2,53,11,999
Provisions	1,21,94,067	13,42,827
Other liabilities	14,64,36,592	59,13,273
Cash generation from operations	43,27,59,207	10,87,79,949
Income taxes paid (net)	(7,95,93,365)	(1,64,08,485)
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	35,31,65,842	9,23,71,464
Investing Activities		
Expenditure on acquisition of property, plant and equipment	(24,99,185)	(53,25,724)
Interest income	1,08,02,468	32,71,595
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	83,03,283	(20,54,129)
Financing Activities		
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	–	–
NET CHANGE IN CASH AND CASH EQUIVALENTS	35,99,47,255	9,06,32,922
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	22,98,28,835	13,95,11,500
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	59,12,97,960	22,98,28,835

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
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Bruce Stevenson
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Gautam Thakkar
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Bangalore
April 7, 2014

Binny Mathews
Director

David Gardiner
Director

Abraham Mathews
Director

Jackie Korhonen
Director

Significant accounting policies and notes on accounts

Company overview

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

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent 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 (SLA) 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 financial statements.

1.3. Revenue recognition

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

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 if the amount thereof cannot be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on to the customers either as direct payments or as a reduction of payments due from customers.

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

1.4. Expenditure

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

1.5. Tangible assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. Depreciation

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

The Management estimates the useful lives for the various fixed assets as follows:

Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

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

1.8. Income tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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 date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.9. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.10. Impairment of assets

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. 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 there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11. Earnings per share

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

1.12. Employee benefits

Compensated absences

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

1.13. Cash and cash equivalents

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

1.14. Cash flow statement

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

2. Notes on accounts for the year ended March 31, 2014

2.1. Share capital

in ₹

Particulars	As at March 31,	
	2014	2013
AUTHORIZED		
Share Capital	17,86,70,669	17,86,70,669
Issued, subscribed and paid-up		
Share capital		
Equity shares		
17,45,00,000 (17,45,00,000) equity shares fully paid up	17,86,70,669	17,86,70,669
[of the above, 17,45,00,000 (17,45,00,000) equity shares are held by the holding company, Infosys BPO Limited]		
	17,86,70,669	17,86,70,669

2.2. Reserves and surplus

in ₹

Particulars	As at March 31,	
	2014	2013
Foreign currency translation reserve	15,45,227	23,357
Surplus – opening balance	12,20,64,055	15,75,65,822
Add : Profit / (Loss) during the year	22,10,42,509	(3,55,01,767)
Surplus – closing balance	34,31,06,564	12,20,64,055
	34,46,51,791	12,20,87,412

2.3. Other long-term liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	19,14,23,162	21,78,07,531
	19,14,23,162	21,78,07,531

2.4. Other current liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Accrued salaries and benefits		
Bonus and incentives	14,82,02,230	7,27,63,321
For other liabilities		
Provision for expenses	3,90,81,948	1,21,62,426
Withholding and other taxes	7,47,90,762	3,07,12,601
	26,20,74,940	11,56,38,348
Advances received from clients	37,02,79,067	35,65,09,238
	63,23,54,007	47,21,47,586

2.5. Short-term provisions

in ₹

Particulars	As at March 31,	
	2014	2013
Provision for employee benefits		
Unavailed leave	5,79,84,428	4,85,78,007
Others		
Provision for		
Income taxes	9,89,31,092	3,56,84,998
SLA compliance	2,16,51,277	94,57,210
	17,85,66,797	9,37,20,215

Provision for SLA compliance

The provision for service level agreement (SLA) 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, the movement in provision for SLA is given below.

in ₹

Particulars	As at March 31,	
	2014	2013
Balance at the beginning of the year	94,57,210	81,14,383
Additional provision made during the year	1,21,94,067	13,42,827
Provisions used during the year	–	–
Balance at the end of the year	2,16,51,277	94,57,210

The Management believes that the aforesaid provision will be utilized within a year.

2.6. Fixed assets

in ₹

Particulars	Original cost				Depreciation and amortization				Net book value	
	Cost as at April 1, 2013	Additions during the year	Deletions / adjustments during the year	Cost as at March 31, 2014	As at April 1, 2013	Charge for the year	Deductions / adjustments during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets										
Office equipment	27,73,001	–	2,50,602	25,22,399	10,70,704	5,69,422	2,20,686	14,19,440	11,02,959	17,02,297
Computer equipment	1,23,57,063	31,46,570	2,90,216	1,52,13,417	91,86,349	37,02,524	2,77,653	1,26,11,220	26,02,197	31,70,714
Furniture and fixtures	1,75,94,998	–	4,13,233	1,71,81,765	62,08,177	34,72,746	2,06,153	94,74,770	77,06,995	1,13,86,821
Total	3,27,25,062	31,46,570	9,54,051	3,49,17,581	1,64,65,230	77,44,692	7,04,492	2,35,05,430	1,14,12,151	1,62,59,832
Previous year	2,74,98,650	52,26,412	–	3,27,25,062	33,48,933	1,28,17,783	(2,98,514)	1,64,65,230	1,62,59,832	

2.7. Non current investments

in ₹

Particulars	As at March 31,	
	2014	2013
Non current investments – at cost		
Trade (unquoted)		
Investments in equity of subsidiaries		
Portland Procurement Services Pty. Limited	34,80,95,947	34,80,95,947
	34,80,95,947	34,80,95,947

2.8. Deferred tax assets

in ₹

Particulars	As at March 31,	
	2014	2013
Deferred tax assets		
Accrued compensation to employees	5,74,26,949	–
Leave encashment	1,73,95,279	93,50,293
Others	–	2,03,90,198
	7,48,22,228	2,97,40,491
Deferred tax liabilities		
Others	4,82,77,398	–
	4,82,77,398	–
Deferred tax assets after set off	2,65,44,830	2,97,40,491

2.9. Long-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Advance Income tax	7,59,93,758	4,51,41,075
	7,59,93,758	4,51,41,075

2.10. Trade receivables

in ₹

Particulars	As at March 31,	
	2014	2013
Debts outstanding for a period less than six months		
Unsecured		
Considered good	34,75,51,265	48,09,86,225
Considered doubtful	–	–
	34,75,51,265	48,09,86,225
Provision for doubtful debts	–	–
	34,75,51,265	48,09,86,225

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company 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 Company normally provides for debtor dues outstanding for six months or longer as at the Balance Sheet date.

2.11. Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2014	2013
Cash on hand	–	–
Balances with bank		
In current and deposit accounts	59,12,97,960	22,98,28,835
	59,12,97,960	22,98,28,835

The details of balances with banks as at March 31, 2014 and March 31, 2013 are as follows:

in ₹

Balances with scheduled banks	As at March 31,	
	2014	2013
In current accounts		
CITI Bank	2,94,48,743	10,06,34,625
Bank of New Zealand	1,94,50,946	54,705
	4,88,99,689	10,06,89,330
In deposit account		
National Australia Bank (NAB)	54,23,98,271	7,25,09,505
Australia and New Zealand Banking Group (ANZ)	–	5,66,30,000
	54,23,98,271	12,91,39,505
	59,12,97,960	22,98,28,835

2.12. Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Prepaid expenses	44,56,240	41,81,729
Loans and advances to subsidiaries companies	–	6,90,92,904
Withholding and other taxes receivables	–	20,12,517
	51,18,458	7,52,87,150
Loans and advances to employees	16,03,28,691	–
Interest accrued but not due	4,67,893	6,10,358
Loans and advances to employees	5,62,235	–
	16,64,77,277	7,58,97,508

2.13. Other income

in ₹

Particulars	Year ended March 31,	
	2014	2013
Interest income	1,08,02,468	32,71,595
Miscellaneous income	13,30,074	21,12,094
Exchange differences	3,50,428	(10,73,710)
	1,24,82,970	43,09,979

2.14. Expenses

in ₹

Particulars	Year ended March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	136,23,43,188	135,48,93,650
Staff welfare	90,99,771	1,08,20,411
	137,14,42,959	136,57,14,061
Cost of technical sub-contractors		
Subsidiaries	13,27,72,570	9,34,39,106
Others	4,44,97,254	4,98,46,876
	17,72,69,824	14,32,85,982
Travel expenses		
Overseas travel expenses	2,65,91,628	8,21,04,303
Travelling expenses	6,60,75,233	38,65,328
	9,26,66,861	8,59,69,631
Cost of software		
For own use	1,67,57,549	–
	1,67,57,549	–
Communication expenses		
Communication expenses	1,56,93,464	1,29,15,374
	1,56,93,464	1,29,15,374

Particulars	Year ended March 31, 2014	2013
Professional Charges		
Legal and professional charges	35,05,354	3,15,19,150
Auditor's remuneration		
Audit fees	15,53,653	13,46,860
Recruitment and training expenses	85,70,998	1,22,74,055
	1,36,30,005	4,51,40,065
Office expenses		
Printing and stationery	20,68,415	34,22,940
Office maintenance	94,69,630	64,82,755
	1,15,38,045	99,05,695
Power and fuel		
Power and fuel	19,13,506	12,66,530
	19,13,506	12,66,530
Insurance		
Insurance	73,78,116	61,37,144
	73,78,116	61,37,144
Rent		
Rent	3,30,22,945	3,29,26,583
	3,30,22,945	3,29,26,583
Other expenses		
Consumables	3,09,75,863	4,19,02,539
Brand building and advertisement	3,84,060	33,29,456
Marketing expenses	40,65,511	23,09,500
Rates and taxes	9,74,965	2,00,04,649
Bank charges and commission	6,12,575	7,04,989
Postage and courier	2,38,046	3,75,575
Professional membership and seminar participation fees	14,07,269	23,31,787
Provision for doubtful debts	(8,09,588)	(1,22,491)
Other miscellaneous expenses	8,22,298	9,52,593
	3,86,70,999	7,17,88,597

2.15. Tax expense

in ₹

Particulars	Year ended March 31, 2014	2013
Income taxes		
Current tax	11,61,73,918	3,57,51,404
Deferred tax	(9,91,481)	(6,51,12,919)
	11,51,82,437	(2,93,61,515)

2.16. Quantitative details

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

2.17. Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at March 31, 2014	2013
Infosys BPO Limited	India	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO s.r.o [2]	Czech Republic
Infosys BPO Poland Sp. z o.o. [2]	Poland
Infosys BPO, S. de R.L. de C.V. [2][6]	Mexico
Infosys McCamish Systems LLC [2]	U.S.
Portland Procurement Services Pty. Ltd [3]	Australia
Infosys Consulting India Limited [1]	India
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1]	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) [1]	Brazil
Infosys Sweden [1]	Sweden
Infosys Shanghai [1]	China
Infosys Americas [7]	U.S.
Edgeverve Systems Limited [8]	India
Infosys Public Services, Inc. [1]	U.S.
Lodestone Holding AG [1]	Switzerland
Lodestone Management Consultants [4][9]	Canada
Lodestone Management Consultants Inc. [4]	U.S.
Lodestone Management Consultants Pty. Limited [4]	Australia
Lodestone Management Consultants (Asia Pacific) Limited [4][10]	Thailand
Lodestone Management Consultants AG [4]	Switzerland
Lodestone Augmentis AG [12]	Switzerland
Hafner Bauer & Ödman GmbH [4]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [5]	Belgium
Lodestone Management Consultants GmbH [4]	Germany
Lodestone Management Consultants Pte Ltd. [4]	Singapore
Lodestone Management Consultants SAS [4]	France
Lodestone Management Consultants s.r.o. [4]	Czech
Lodestone Management Consultants GmbH [4]	Austria
Lodestone Management Consultants China Co., Ltd. [4]	China
Lodestone Management Consultants Ltd. [4]	U.K.
Lodestone Management Consultants B.V. [4]	Netherlands
Lodestone Management Consultants Ltda. [5]	Brazil
Lodestone Management Consultants sp. z o.o. [4]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [4]	Portugal
S.C. Lodestone Management Consultants S.R.L. [4]	Romania
Lodestone Management Consultants S.R.L. [4][11]	Argentina

[1] *Wholly-owned subsidiaries of Infosys Limited*
[2] *Wholly-owned subsidiaries of Infosys BPO Limited.*
[3] *Wholly-owned subsidiary of Portland Group Pty. Ltd*
[4] *Wholly-owned subsidiaries of Lodestone Holding AG*
[5] *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
[6] *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
[7] *Incorporated effective June 25, 2013*
[8] *Incorporated effective February 14, 2014*
[9] *Liquidated effective December 31, 2013*
[10] *Liquidated effective February 14, 2013*
[11] *Incorporated effective January 10, 2013*
[12] *Wholly-owned subsidiary of Lodestone Management Consultants AG*
On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of entity. The liquidation of Portland Procurement Services Pty. Ltd will be effected upon deregistration of the Company by ASIC as per the liquidation application filed on March 7, 2014. The assets and liabilities of Portland Procurement Services Pty. Ltd. will be transferred to Portland Group Pty. Ltd upon liquidation.

The details of the related party transactions entered into by the Company, for the year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹

Particulars	Year ended March 31,	
	2014	2013
Revenue transactions		
Purchase of services		
Infosys BPO Ltd.	4,44,97,254	4,98,46,876
Purchase of shared services including facilities and personnel		
Portland Procurement Services Pty. Ltd.	–	2,03,835
Sale of services		
Infosys Limited	6,74,70,987	–
Infosys BPO Limited	40,87,20,187	6,01,65,758
Infosys Lodestone	34,92,233	–
Sale of shared services including facilities and personnel		
Portland Procurement Services Pty. Ltd.	–	3,02,81,183

Details of amounts due to or due from related party as at March 31, 2014 and March 31, 2013:

in ₹

Particulars	As at March 31,	
	2014	2013
Loans and advances given		
Portland Procurement Services Pty. Ltd.	–	1,68,75,004
Loans and advances taken		
Portland Procurement Services Pty. Ltd.	37,02,79,068	35,65,09,238
Debtors		
Infosys Limited	2,73,33,782	–
Infosys BPO Limited	1,77,54,961	1,72,26,846
Portland Procurement Services Pty. Ltd.	–	5,22,17,900
Creditors		
Infosys BPO Limited	39,34,484	56,74,553
Portland Procurement Services Pty. Ltd.	3,76,49,070	13,02,99,514

2.18. Segment reporting

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

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

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

Geographical segments are segregated based on the location of the customers, or in relation to which the revenue is otherwise recognized. 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 Others comprising all other places except those mentioned above.

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

Industry segments

For the year ended March 31, 2014 and *March 31, 2013* :

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	49,58,43,897	15,68,44,273	70,97,03,678	74,90,79,093	211,14,70,941
	16,59,43,289	*30,53,40,133*	*102,03,38,006*	*22,70,72,756*	*171,86,94,184*
Identifiable operating expenses	10,80,62,069	3,42,31,142	16,74,07,990	11,39,69,970	42,36,71,171
	6,94,20,527	*13,84,19,484*	*67,08,19,932*	*21,17,34,569*	*109,03,94,512*
Allocated expenses	32,20,58,150	9,57,99,017	47,07,85,236	46,76,70,699	135,63,13,102
	7,25,24,169	*13,14,85,269*	*37,45,32,874*	*10,61,12,838*	*68,46,55,150*
Segmental operating profit	6,57,23,678	2,68,14,114	7,15,10,452	16,74,38,424	33,14,86,668
	2,39,98,593	*3,54,35,380*	*(2,50,14,800)*	*(9,07,74,651)*	*(5,63,55,478)*
Unallocable expenses					77,44,692
					1,28,17,783
Profit before other income					32,37,41,976
					(6,91,73,261)
Other income, net					1,24,82,970
					43,09,979
Net Profit Before Tax					33,62,24,946
					(6,48,63,282)
Tax expense					11,51,82,437
					(2,93,61,515)
Profit for the period					22,10,42,509
					(3,55,01,767)

Geographical segments

For the year ended March 31, 2014 and *March 31, 2013* :

in ₹

Particulars	North America	Europe	Others	Total
Revenues	–	–	211,14,70,941	211,14,70,941
	–	*6,86,782*	*171,80,07,402*	*171,86,94,184*
Identifiable operating expenses	–	–	42,36,71,171	42,36,71,171
	–	–	*109,03,94,512*	*109,03,94,512*
Allocated expenses	–	–	135,63,13,102	135,63,13,102
	–	*3,26,206*	*68,43,28,944*	*68,46,55,150*
Segmental operating profit	–	–	33,14,86,668	33,14,86,668
	–	*3,60,576*	*(5,67,16,054)*	*(5,63,55,478)*
Unallocable expenses				77,44,692
				1,28,17,783
Profit before other income				32,37,41,976
				(6,91,73,261)
Other income, net				1,24,82,970
				43,09,979
Net Profit Before Tax				33,62,24,946
				(6,48,63,282)
Tax expense				11,51,82,437
				(2,93,61,515)
Profit for the period				22,10,42,509
				(3,55,01,767)

2.19. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	As at March 31,	
	2014	2013
Income from software services and products	211,14,70,941	171,86,94,184
Cost of revenue	159,95,38,583	153,63,42,595
GROSS PROFIT	51,19,32,358	18,23,51,589
Selling and marketing expenses	1,18,51,060	56,38,956
General and administration expenses	16,85,94,630	23,30,68,111
	18,04,45,690	23,87,07,067
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	33,14,86,668	(5,63,55,478)
Depreciation	77,44,692	1,28,17,783
OPERATING PROFIT / (LOSS)	32,37,41,976	(6,91,73,261)
Other income, net	1,24,82,970	43,09,979
PROFIT / (LOSS) BEFORE TAX	33,62,24,946	(6,48,63,282)
Tax expense		
Current tax	11,61,73,918	3,57,51,404
Deferred tax	(9,91,481)	(6,51,12,919)
PROFIT / (LOSS) FOR THE PERIOD	22,10,42,509	(3,55,01,767)

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bruce Stevenson
Managing Director and Chief Executive Officer

Gautam Thakkar
Director

Anantha Radhakrishnan
Director

Gavin Solsky
Director

Bangalore
April 7, 2014

Binny Mathews
Director

David Gardiner
Director

Abraham Mathews
Director

Jackie Korhonen
Director

Portland Procurement Services Pty. Limited

Independent Auditors' Report

To the Members of Portland Procurement Services Pty. Limited

Report on the Financial Statements

We have audited the accompanying financial statement of Portland Procurement Services Pty. Limited ('the Company') which comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement ('financial statements') of the Company for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these 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 Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act') read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility included the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

1) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
2) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date;
3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 227(3) of the Act, we report that;

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/201 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bangalore
April 7, 2014

Balance Sheet

in ₹

Particulars	Note	Year ended March 31	
		2014	2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	2.1	16,73,74,718	16,73,74,718
Reserves and surplus	2.2	24,07,69,255	25,06,03,554
		40,81,43,973	41,79,78,272
CURRENT LIABILITIES			
Trade payables	2.3	–	7,48,69,900
Other current liabilities	2.4	–	1,71,46,941
		–	9,20,16,841
		40,81,43,973	50,99,95,113
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.5	–	41,453
Short-term loans and advances	2.6	40,81,43,973	50,99,53,660
		40,81,43,973	50,99,95,113
		40,81,43,973	50,99,95,113
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bruce Stevenson
Managing Director and Chief Executive Officer

Gautam Thakkar
Director

Anantha Radhakrishnan
Director

Gavin Solsky
Director

Bangalore
April 7, 2014

Binny Mathews
Director

David Gardiner
Director

Abraham Mathews
Director

Jackie Korhonen
Director

Statement of Profit and Loss

in ₹

Particulars	Note	Year ended March 31,	
		2014	2013
Revenues from business process management services		–	9,56,94,918
Other income	2.7	1,955	5,95,506
Total Revenue		1,955	9,62,90,424
Expenses			
Employee benefit expenses	2.8	–	7,02,49,082
Cost of technical sub-contractors	2.8	–	(1,64,190)
Travel expenses	2.8	–	(6,54,452)
Cost of software packages	2.8	–	1,14,714
Communication expenses	2.8	–	38,463
Office expenses	2.8	–	1,91,198
Power and fuel	2.8	–	1,45,849
Other expenses	2.8	19,797	55,19,093
		19,797	7,54,39,757
PROFIT / (LOSS) BEFORE TAX		(17,842)	2,08,50,667
Provision for taxation			
Current tax	2.9	–	(2,07,68,021)
		–	(2,07,68,021)
PROFIT / (LOSS) FOR THE PERIOD		(17,842)	4,16,18,688
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	1 and 2		

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

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Director

Cash Flow Statement

in ₹

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	(17,842)	2,08,50,667
Adjustments to reconcile net profit to net cash provided by Operating activities		
Interest Income	(1,955)	(6,06,728)
Effect of exchange differences on translation of assets and liabilities	(98,16,457)	2,45,38,827
Changes in assets and liabilities		
Trade receivable	–	9,51,08,529
Unbilled revenue	–	1,46,137
Prepayments and other assets	10,18,09,687	(17,03,48,286)
Trade payables	(7,48,69,900)	6,46,22,767
Client deposits	(1,68,75,004)	11,08,512
Employee benefit obligations	–	(1,77,28,289)
Other liabilities	(2,71,937)	(5,56,87,743)
Cash generation from operations	(43,408)	(3,79,95,607)
Income taxes paid (net)	–	15,92,802
NET CASH GENERATED / (USED) BY OPERATING ACTIVITIES	(43,408)	(3,64,02,805)
Investing Activities		
Interest income	1,955	6,06,728
NET CASH GENERATED / (USED) BY INVESTING ACTIVITIES	1,955	6,06,728
Financing Activities		
NET CASH GENERATED / (USED) BY FINANCING ACTIVITIES	–	–
Net change in cash and cash equivalents	41,453	3,58,37,530
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	(41,453)	(3,57,96,077)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	–	41,453

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
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Significant accounting policies and notes on accounts

Company overview

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

1. Significant accounting policies

1.1. Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) and guidelines issued by the Securities and Exchange Board of India (SEBI). 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.

On January 4, 2014 the board of directors of Portland Procurement Services Pty. Ltd, approved the liquidation of the entity. The liquidation will be effected upon deregistration of the Company by ASIC. The assets and liabilities of Portland Procurement Services Pty. Ltd will be transferred to Portland Group Pty. Ltd upon liquidation. Accordingly these financial statements have not been prepared on a going concern basis. Instead, these financial statements have been prepared on a liquidation basis. Assets and liabilities are presented as current. Assets have been recorded at their realizable value and liabilities recorded at their known estimated settlement value.

1.2. Use of estimates

The preparation of the financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, reported balances of assets and liabilities and disclosures relating to contingent 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 (SLA) 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 financial statements.

1.3. Revenue recognition

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

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 if the amount thereof cannot be estimated reliably. The Company recognizes changes in the estimated amount of obligation for discount using cumulative catch-up approach. The discounts are passed on the customer either as direct payments or as a reduction of payments due from the customer.

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

1.4. Expenditure

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

1.5. Tangible assets, intangible assets and capital work-in-progress

Fixed assets are stated at cost, after reducing accumulated depreciation and impairment up to the date of the Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use. Capital work-in-progress includes the cost of fixed assets that are not yet ready for their intended use before the Balance Sheet date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Goodwill on amalgamation is tested periodically for impairment.

1.6. Depreciation

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

Computer equipment	2 years
Office equipment	5 years
Furniture and fixtures	5 years

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

1.8. Income tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. 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 situation of unabsorbed depreciation and carry forward business losses exist, are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. 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 date. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full fiscal year.

1.9. Provisions and contingent liability

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit on fixed-price business process management contracts.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.10. Impairment of assets

The Management periodically assesses using external and internal sources, whether there is an indication that an asset (including goodwill) may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. 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 there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.11. Earnings per share

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

1.12. Employee Benefits

Compensated absences

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

1.13. Cash and Cash Equivalents

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

1.14. Cash Flow Statement

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

2. Notes on accounts for the year ended March 31, 2014

2.1. Share capital

in ₹

Particulars	As at March 31,	
	2014	2013
AUTHORIZED		
Share capital	16,73,74,718	16,73,74,718
Issued, subscribed and paid-up		
Share capital	16,73,74,718	16,73,74,718
	16,73,74,718	16,73,74,718

2.2. Reserves and surplus

in ₹

Particulars	As at March 31,	
	2014	2013
Foreign currency translation reserve	1,59,67,207	2,57,83,664
Surplus – opening balance	22,48,19,890	18,32,01,202
Add: Profit During the period	(17,842)	4,16,18,688
Surplus – closing balance	22,48,02,048	22,48,19,890
	24,07,69,255	25,06,03,554

2.3. Trade payables

in ₹

Particulars	As at March 31,	
	2014	2013
Trade payables	–	7,48,69,900
	–	7,48,69,900

2.4. Other current liabilities

in ₹

Particulars	As at March 31,	
	2014	2013
Withholding and other taxes	–	2,71,937
Advances received from clients	–	1,68,75,004
	–	1,71,46,941

2.5. Cash and cash equivalents

in ₹

Particulars	As at March 31,	
	2014	2013
Cash on hand	–	–
Balances with bank		
In current and deposit accounts	–	41,453
	–	41,453

The details of balances with banks as at June 30, 2013 and March 31, 2013 are as follows:

in ₹

Particulars	As at March 31,	
	2014	2013
In current accounts		
Commonwealth bank	–	41,453
	–	41,453

2.6. Short-term loans and advances

in ₹

Particulars	As at March 31,	
	2014	2013
Unsecured, considered good		
Loans and advances to group companies	40,79,28,137	50,94,60,696
Withholding and other taxes receivables	2,15,836	4,92,964
	40,81,43,973	50,99,53,660

2.7. Other income

in ₹

Particulars	Year ended March 31,	
	2014	2013
Interest income	1,955	6,06,728
Miscellaneous income	–	(11,222)
	1,955	5,95,506

2.8. Expenses

in ₹

Particulars	Year ended March 31,	
	2014	2013
Employee benefit expenses		
Salaries and bonus	–	7,02,61,461
Staff welfare	–	(12,379)
	–	7,02,49,082
Cost of technical sub-contractors		
Consultancy charges	–	(1,64,190)
	–	(1,64,190)
Travel expenses		
Overseas travel expenses	–	(6,54,452)
	–	(6,54,452)
Cost of software for own use		
Cost of software for own use	–	1,14,714
	–	1,14,714
Communication expenses		
Communication expenses	–	38,463
	–	38,463
Office expenses		
Office maintenance	–	1,91,198
	–	1,91,198
Power and fuel		
Power and fuel	–	1,45,849
	–	1,45,849
Other expenses		
Consumables	–	3,79,335
Marketing expenses	–	(8,402)
Rates and taxes	–	51,07,164
Bank charges and commission	19,797	26,400
Professional membership and seminar participation fees	–	14,596
Other miscellaneous expenses	–	0
	19,797	55,19,093

2.9. Tax expense

in ₹

Particulars	Year ended March 31,	
	2014	2013
Current tax		
Income taxes	–	(2,07,68,021)
	–	(2,07,68,021)

2.10 Quantitative details

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

2.11 Related party transactions

List of related parties:

Name of Holding Company	Country	Holding as at March 31,	
		2014	2013
Portland Group Pty. Ltd	Australia	100%	100%

Name of Ultimate Holding Company	Country
Infosys Limited	India

Name of fellow subsidiaries	Country
Infosys BPO s.r.o [2]	Czech Republic
Infosys BPO Poland Sp. z o.o. [2]	Poland
Infosys BPO, S. de R.L. de C.V. [2][5]	Mexico
Infosys McCamish Systems LLC [2]	U.S.
Infosys Consulting India Limited [1]	India
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [1]	Australia
Infosys Technologies S.de R.L.de C.V. (Infosys Mexico) [1]	Mexico
Infosys Technologies (China) Co. Limited (Infosys China) [1]	China
Infosys Technologia do Brasil Ltda (Infosys Brasil) [1]	Brazil
Infosys Sweden [1]	Sweden
Infosys Shanghai [1]	China
Infosys Americas [6]	U.S.
Edgeverve Systems Limited [7]	India
Infosys Public Services, Inc. [1]	U.S.
Lodestone Holding AG [1]	Switzerland
Lodestone Management Consultants [3][8]	Canada
Lodestone Management Consultants Inc. [3]	U.S.
Lodestone Management Consultants Pty. Limited [3]	Australia
Lodestone Management Consultants (Asia Pacific) Limited [3][9]	Thailand
Lodestone Management Consultants AG [3]	Switzerland
Lodestone Augmentis AG [11]	Switzerland
Hafner Bauer & Ödman GmbH [3]	Switzerland
Lodestone Management Consultants (Belgium) S.A. [4]	Belgium
Lodestone Management Consultants GmbH [3]	Germany
Lodestone Management Consultants Pte Ltd. [3]	Singapore
Lodestone Management Consultants SAS [3]	France
Lodestone Management Consultants s.r.o. [3]	Czech
Lodestone Management Consultants GmbH [3]	Austria
Lodestone Management Consultants China Co., Ltd. [3]	China
Lodestone Management Consultants Ltd. [3]	U.K.
Lodestone Management Consultants B.V. [3]	Netherlands
Lodestone Management Consultants Ltda. [4]	Brazil
Lodestone Management Consultants sp. z o.o. [3]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [3]	Portugal
S.C. Lodestone Management Consultants S.R.L. [3]	Romania
Lodestone Management Consultants S.R.L. [3][10]	Argentina

[1] *Wholly-owned subsidiaries of Infosys Limited*
[2] *Wholly-owned subsidiaries of Infosys BPO Limited.*
[3] *Wholly-owned subsidiaries of Lodestone Holding AG*
[4] *Majority-owned and controlled subsidiaries of Lodestone Holding AG acquired on October 22, 2012*
[5] *Infosys BPO incorporated Infosys BPO, S. de R.L. de C.V. on February 14, 2014 and holds 99.97% of voting rights*
[6] *Incorporated effective June 25, 2013*
[7] *Incorporated effective February 14, 2014*
[8] *Liquidated effective December 31, 2013*
[9] *Liquidated effective February 14, 2013*
[10] *Incorporated effective January 10, 2013*
[11] *Wholly-owned subsidiary of Lodestone Management Consultants AG*

The details of the related party transactions entered into by the Company, for the quarter and year ended March 31, 2014 and March 31, 2013 are as follows:

in ₹

Particulars	Year ended March 31,	
	2014	2013
Purchase of shared services including facilities and personnel		
Portland Group Pty. Ltd	–	3,02,81,183
Sale of shared services including facilities and personnel		
Portland Group Pty. Ltd	–	2,03,835

Details of amounts due to or due from related party as at March 31, 2014 and March 31, 2013:

in ₹

Particulars	As at March 31,	
	2014	2013
Loans and advances given		
Portland Group Pty. Ltd	37,02,79,068	37,91,61,182
Loans and advances taken		
Portland Group Pty. Ltd	–	1,68,75,004
Debtors		
Portland Group Pty. Ltd	3,76,49,070	13,02,99,514
Creditors		
Portland Group Pty. Ltd	–	7,48,69,900

2.12. Segment reporting

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

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

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

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

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

Industry segments

For the year ended March 31, 2014 and *March 31, 2013* :

in ₹

Particulars	FSI	MFG	RCL	ECS	Total
Revenues	–	–	–	–	–
	–	*20,23,868*	*3,56,83,439*	*5,79,87,611*	*9,56,94,918*
Identifiable operating expenses	–	–	–	–	–
	–	*–*	*(72,24,830)*	*4,78,17,707*	*4,05,92,877*
Allocated expenses	–	–	–	19,797	19,797
	–	*(7,53,187)*	*3,21,84,430*	*34,15,637*	*3,48,46,880*
Segmental operating profit	–	–	–	(19,797)	(19,797)
	–	*27,77,055*	*1,07,23,839*	*67,54,267*	*2,02,55,161*
Unallocable expenses					–
					–
Profit before other income					(19,797)
					2,02,55,161
Other income,net					1,955
					5,95,506
Net Profit Before Tax					(17,842)
					2,08,50,667
Tax expense					–
					(2,07,68,021)
Profit for the period					(17,842)
					4,16,18,688

Geographical segments

The entity operates in a single geographic segment, Asia Pacific (APAC) and hence geographic segment disclosures are not applicable.

2.13. Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income from software services and products	–	9,56,94,918
Cost of revenue	–	6,93,21,370
GROSS PROFIT	–	2,63,73,548
Selling and marketing expenses	–	(8,402)
General and administration expenses	19,797	61,26,789
	19,797	61,18,387
OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION	(19,797)	2,02,55,161
Depreciation	–	–
OPERATING PROFIT / (LOSS)	(19,797)	2,02,55,161
Other income, net	1,955	5,95,506
PROFIT / (LOSS) BEFORE TAX	(17,842)	2,08,50,667
Tax expense		
Current tax	–	(2,07,68,021)
PROFIT / (LOSS) FOR THE PERIOD	(17,842)	4,16,18,688

As per our report attached

for Shenoy & Kamath
Chartered Accountants
Firm's Registration Number : 006673S

M. Rathnakar Kamath
Partner
Membership Number : 202841

Bruce Stevenson
Managing Director and Chief Executive Officer

Gautam Thakkar
Director

Anantha Radhakrishnan
Director

Gavin Solsky
Director

Bangalore
April 7, 2014

Binny Mathews
Director

David Gardiner
Director

Abraham Mathews
Director

Jackie Korhonen
Director

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