



An Infosys company

Annual Report 2014-15



We are the verve!

We are the Verve!

EdgeVerve Systems Limited was incorporated as a subsidiary company of Infosys Limited on February 14, 2014 and was operationalized from July 01, 2014 with the employee strength of 302.

The company helps global corporations to sense, influence, fulfill, and serve the needs of digital consumers as well as leverages the potential of their business ecosystems. The company is engaged in defining, developing, and operating innovative cloud-hosted business platforms and software products, and offers client as 'pay-as-you-use' services. EdgeVerve focuses on realizing business outcomes for its clients by driving their revenue growth, cost effectiveness and improved profitability.

EdgeVerve accelerates the innovation journey of its clients in rapidly evolving business areas such as digital marketing, interactive commerce, distributive trade, micro-commerce, customer service, and experience and enterprise buying. The company leverages new technologies, software engineering, and outcome-based business models to innovate, co-create, and solve some of the most significant and complex business challenges for its clients.

At present, the Company is operating with six products viz, AssistEdge, BrandEdge, CreditfinanceEdge, InteractEdge, ProcureEdge and TradeEdge. The company acquired the business of Products, Platforms and Solutions (PPS) from Infosys Limited during September 2014. EdgeVerve products and platforms are used by global corporations across industries such as financial services, insurance, retail and CPG, life sciences, manufacturing, and telecom. These are deployed in US, Europe, Japan, Australia, and India. The cloud-based platforms are hosted at company's own data centers in US, Europe, Australia, and India. Our 600+ team operates in a startup-like environment based out of R&D centers located in Bengaluru and Pune.



Sanjay Purohit
Chief Executive Officer and Managing Director

“ Dreams are the seeds of change. Nothing ever grows without a seed, and nothing ever changes without a dream.

”

– Debby Boone

Letter to the stakeholder

1st July 2014 was a significant milestone in our journey. It was the moment of truth. It was the magical culmination of millions of moments of unrelenting hard work, of incessant planning and execution, of hope and anxiety. It was that moment when we took a deep breath, a step back, and said, “Today we realize a dream. EdgeVerve is born.”

At EdgeVerve, we are on a mission to help global corporations sense, influence, fulfil and serve the needs of their digital consumers and leverage the potential of their business ecosystems. Over fiscal 2015, we progressed on 6 innovative cloud hosted software products and offered them to clients on an pay-as-you-go business model. Our software products are leveraged by more than 50 global clients to innovate in key business areas such as digital marketing (BrandEdge), digital commerce (InteractEdge), distribution in emerging markets (TradeEdge), customer service (AssistEdge), credit finance (CreditFinanceEdge) and enterprise buying (ProcureEdge).

We rapidly extended our reach to serve multiple industries such as financial services, insurance, retail and CPG, life

sciences, manufacturing and telecom across US, Europe, Japan, Australia and India. Our products are hosted and operated from our enterprise-ready data centers in US, Europe, Australia and India. Our 600+ team of product managers, product architects and product engineers operate in a startup environment out of our R&D centers in Bangalore and Pune.

For first 9 months of our operations, year ended March 31, 2015, revenues were ₹147.73 crore, which were well above our business plan. In U.S. dollar terms, revenues were US \$23.21 million. We maintained a healthy book of business with a gross profit of ₹8.74 crore. Considering that we are investing into developing this new business as per a 5 year investment plan, we recorded a net loss of ₹70.50 crore for year ended March 31, 2015. Due to our start up like mindset and fiscal discipline, this was well within the investment plans laid out for the financial year.

We have established EdgeVerve as a great place to work, comparable to the best globally. Our collaborative high performance work culture, our respect for the individual, our creative and flexible workplaces and our intense

nurturing of our team has been instrumental in building a highly motivated and energized team. Our annualized attrition of just 4.56% is a testimony to this. Over the year, we added 465 high competent and motivated team members to EdgeVerve.

Over the last nine months, we made significant strides in setting up the foundation for long term and sustainable success of EdgeVerve. We worked diligently on a five-pronged strategy which focused on strengthening our sales and go-to-market, significantly improving the end-user / customer experience with our products, embracing the latest paradigms in product engineering, accelerating the adoption and network effect and deepening our capabilities and talent. These strategies have yielded early results and form the basis of our future development and success.

The EdgeVerve team, EVervians, are our biggest asset. Their commitment and hard work has enabled us to succeed. Appreciation and accolades from our clients and industry analysts corroborate the confidence we have in our strengths and capabilities. We salute them. We also place, on record, our appreciation of our clients, vendor partners, and bankers for their continued support.

We thank the Government of India, particularly, the Ministry of Communication and Information Technology, the Customs and Excise Departments, the Income Tax Department, the Software Technology Parks in Bangalore and Pune, the Ministry of Commerce, the State Governments, and other government agencies for their support, and look forward to their continued support.

We are looking forward to a great future ahead... At EdgeVerve, we are well on our way to make a significant impact to the world around us.

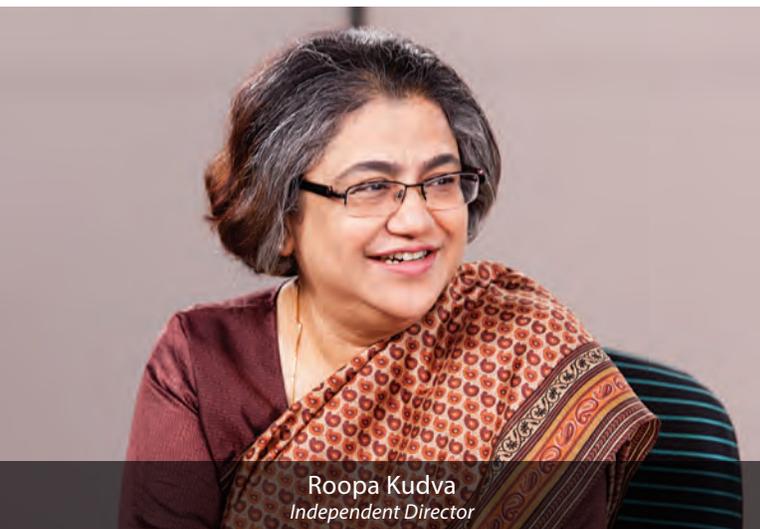


Bengaluru
April 17, 2015

Sanjay Purohit
*Chief Executive Officer and
Managing Director*

The EdgeVerve Board of Directors







Sushanth Tharappan
Chief People Officer

“ Our culture of responsible self-governance is accentuated through minimal and open policies that have been created in close partnership with our very young and active 12 member employee council. ”

People Team

Someone once said 'If you pick the right people and give them the opportunity to spread their wings, you almost don't have to manage them'. At EdgeVerve, we've really taken this to heart. In just 9 months, we have on-boarded bright talent who meet our academic excellence criteria and cleared our stringent selection test and interviews.

We visited and have made offers to some of the best talent at IIMs and IITs and look forward to welcoming them soon. We are also excited to have graduates from Berkley Haas, Cornell, Stern, Booth, and Emory joining us shortly.

Recognizing that a great career experience begins with a great workplace experience, our workplace is a happy riot of colors and creative spaces. We moved into our new homes in Bangalore and Pune with EVerivians outdoing each other to add to the colour and décor of their work spaces. Our culture of responsible self-governance is accentuated through minimal and open policies that have been created in close partnership with our very young and active 12 member employee council. Celebrating birthdays, sharing a hot cuppa at the desk and ensuring family health is covered have been some of our ways of building a warm family culture.

We have engaged and challenged our talent in many different ways – our Hackathon saw some brilliant technology ideas and hacks, the EdgeTech Fest brought forth fabulous innovation around product representation, and gamification through various fun events and

competitions has kept EVerivians hooked. Supa Kewl, a super cool initiative run from our CEO's office inviting ideas and suggestions to make EV a better place, saw hundreds of great ideas being shared and implemented in a record time. The fact that we topped the Infosys Group Litmus Survey on Overall Employee Experience score tells us that we are doing the right things.

EVerivians not only participated in the Design Thinking workshops with gusto, but also displayed learning in action by using the principles to develop and launch EVolve, our approach to Performance Development. We have used this homegrown framework very successfully in our first performance review cycle.

As we continue this journey, we want to stay true to our core beliefs of hiring, engaging, and retaining world class talent and to do this in the most innovative, cost-effective, and impactful manner.

It's been a fabulous 9 months and I am deeply grateful to the Board, the Leaders, and all the EVerivians for their trust, support, and commitment. We translated a dream into reality and are now on the journey of making our reality the dream for others in the years to come. We will continue to strive and grow our pride every day as we enhance our Verve in more ways than one!

AssistEdge

We started investing in AssistEdge, our product in the customer experience space, six years ago. The objective: To optimize customer care processes that involve business process management across multiple complex systems. The ultimate goal: Customer delight and rock-solid loyalty.

The beginning

AssistEdge was initially developed to address a key challenge in the telecom industry – the lack of a unified view of the customer across multiple products. The industry was in danger of allowing their high value customers to ‘fall through the corporate cracks’ formed by complex processes, poorly integrated applications and large data silos.

A deeper market analysis revealed that this was true of many companies with multiple systems supporting their growing business and contact rates of their customers.

AssistEdge started its journey with one of the world’s largest telecom companies. The transformation saved our client significant integration costs and enabled a rapid return on their investment (ROI) furthering their business goals.

AssistEdge today

AssistEdge has since evolved into a product suite for consumer-facing businesses with three modular and distinct capabilities:

- Integrated Agent Dashboard uses AssistEdge Smart User Environment and functions as a ‘single pane of glass’ that provides a seamless experience across multiple systems to the customer service agent.
- Real-Time Expertise Manager is a multichannel, multimedia collaboration product that enables end-customers and employees/partners to intelligently access real expertise in the enterprise. It helps increase multi-skilling of agents and enhances productivity.

Interactive Self-Care, a cognitive technology solution, improves the problem diagnosis and resolution capabilities of call center agents as well as customers.

AssistEdge has been deployed in five industry verticals with over 234,000 active users and over 400 centers across geographies.

Innovations

- Robotic process automation for low touch or no touch business process execution involves the use of



Sanjay Nambiar
Senior Director and Product Head

a computer or virtualized full-time equivalent (FTE) or robot rather than a person to manipulate existing application software in the same way that a person processes a transaction or completes a process.

- Next generation operations metrics is enabled by providing intelligent insights into the way enterprise users interact with various enterprise systems while executing their jobs. This helps companies identify opportunities to unlock efficiencies through process rationalization and reduce technology costs.
- ROI for customers in 12-16 weeks through rapid implementation can release business value and turn the transformation into a self-funding program for customers.
- Using cognitive computing to improve customer experience involves natural language processing and machine learning to interact with end-consumers and solve repetitive queries with one right answer.

The road ahead

Companies must consistently deliver excellent service to keep customers from switching to the competition. It is essential to have a platform that connects business analysis to operational processes enabling visibility, insights, real-time collaboration, and contextual action. EdgeVerve continues to invest in providing an engaging customer experience through new human interaction technology channels like voice, sense and neural networks to help our clients achieve superior end-to-end customer engagement experience



Ajay Anand
Senior Director and Product Head

“ BrandEdge is the only comprehensive analytics-driven campaign management platform today that enables marketers to efficiently plan, create, deliver, and measure digital campaigns. ”

BrandEdge

We created BrandEdge as an analytics-driven marketing platform that simplifies digital marketing and drives customer centricity for marketers. BrandEdge is designed and developed on the fundamental principles of design thinking has been well received by clients and analysts alike. The basis of this wide recognition is the potential of

BrandEdge across verticals and markets to help reduce digital marketing costs by up to 30% and time to market by up to 50%.

Creating and enhancing brand equity with stakeholders is a key objective of enterprises looking to attract talent or increase sales. Digital evolution has created an effective medium to address this need.

Data-driven marketing capabilities and the ability to deliver superior as well as contextualized user experience are part of the BrandEdge DNA.

BrandEdge emerged as our offering when we first designed a product to manage brand campaigns for a large global pharmaceutical company. We offered it to one of the world's largest advertising agencies before it evolved into today's BrandEdge.

BrandEdge has continued to grow and help digital marketers remain ahead of the curve.

Based on our innovative BLUE (Build-Listen-Understand-Engage) framework, BrandEdge is the only comprehensive

analytics-driven campaign management platform today that enables marketers to efficiently plan, create, deliver, and measure digital campaigns. It offers:

- The Digital Mall brings leading solutions across the digital marketing lifecycle on a single platform freeing up marketers' time and allowing them to leverage their existing investments.
- Built-in Research and Insights module provides ready-to-use 'snackable' analytics that offers a 360-degree view of the consumer across multiple digital channels.
- One-click Digital Production module provides tools and accelerators to design cross-channel consumer engagements and rapidly launch digital properties across channels.
- BrandEdge Engagement Tools help brands monitor, manage and tune consumer engagements while progressively building consumer profile and insights. This customer-centric approach to campaign design and execution is unique in the industry.

Digital media is predicted to dominate the advertising spend revenue in the near future. Several analyst reports have indicated tremendous market potential for a product like BrandEdge that addresses the key challenges in this space. Our own discussions with clients, partners and analysts show great promise for BrandEdge.

“ Our focus on people and expertise – with the right balance of domain, technology and consulting knowledge – helps us move ahead on the innovation path. ”

CreditFinanceEdge

With the objective to improve efficiency and cost control in the finance industry, we developed CreditFinanceEdge. This platform integrates primary and special servicing functions, loss mitigation, hard asset management, and litigation tracking. It enables financial institutions to improve operational efficiencies, manage financial and operating risks, reduce operating costs, and enhance customer service capabilities.

The genesis

Initially, we had built a business application to enhance the loan servicing and asset management capabilities of a leading real estate company. Later we acquired the Intellectual Property (IP) for this with a vision to widen the solution into a broad-based offering for a multi-asset class and multi-geographical environment. When the application evolved into a well-defined product, our experts transformed it into an industry-standard product offered on the Cloud.

CreditFinanceEdge today

Today, we focus on selectively acquiring clients across multi-asset classes such as merchant finance, secured capital, fund management, etc. CreditFinanceEdge has a strong book of business with clients across multi-asset classes. Many of our clients have gone live with the solution and some of them have chosen CreditFinanceEdge as their enterprise loan management platform.



Hariprasad Karnam Bhupasamudram
Senior Director and Product Head

We also concentrate on supporting new-age loan products and bringing in cutting-edge technology. Our flexible architecture and robust capabilities are finding their place in the market. We have ensured robust product management with a well-defined product roadmap. Our unwavering focus on innovation is helping us leapfrog into the next orbit of growth.

What's new

While imbibing and nurturing product culture in conceptualization, design and implementation, we have identified niche areas and created models for growth through agility and innovation, for our customers as well as for ourselves.

Innovation at EdgeVerve is driven by client requirements and market trends. Apart from core product innovation, we seek new ways to ensure agile delivery and to improve release efficiency. Our focus on people and expertise – with the right balance of domain, technology and consulting knowledge – helps us move ahead on the innovation path.

The way ahead

We are sure that our strong pipeline and close partnerships will enable rapid market growth. While working towards providing clients faster value, our focus is on implementation of the partner ecosystem to create a scalable model. The journey has been exciting until now and the way ahead looks very promising.

“ InteractEdge provides a rich library of responsive web design (RWD) templates to make the process of developing and deploying store fronts faster and simpler. ”

InteractEdge

InteractEdge empowers brands and enterprises to enhance consumer experience across all digital touch points through its many capabilities – content creation and management, democratization of access to content, personalized content recommendations, and the ability to conduct transactions anywhere by anyone.

The odyssey

The growing number of digital consumers has been driving global companies to adopt new business models and commerce strategies. Understanding the need for a new-age commerce product to support these business models, we leveraged our experience in implementing various commerce solutions and created InteractEdge to handle goods, services and content.

The objective was to enable superior consumer experience across the entire digital lifecycle of the consumer and sense, influence, fulfill, and serve consumer needs. The first version of InteractEdge laid down the foundation of components and services for a one-stop solution enabling retail enterprises to sell goods across multiple channels.

InteractEdge today

The current version of InteractEdge offers an integrated platform for enterprises to embrace new business models such as bundled, dynamic, subscription-based, freemium pricing, etc., across multiple industry verticals like retail, CPG, banking and finance, insurance, telecom, and hospitality. It helps businesses to be omni-channel, customer-centric, context-aware and socially connected.

It is implemented on a distributed and self-learning computing platform operating on web scale data.

To enable a complete sell-to-serve experience, InteractEdge includes features like Catalog Management, Product Pricing, Bundles, Promotions, Cart Management, Self-Care, Order Workflow etc.

The InteractEdge Personalization Engine deciphers the consumer genome along the dimensions that are relevant to the enterprise. It also delivers optimized and targeted recommendations relevant to consumers.

New ideas

InteractEdge brings next generation user experience through extreme personalization and makes the idea of 'a store for every customer' a reality. It provides a rich library of responsive web design (RWD) templates to make the process of developing and deploying store fronts faster and simpler. Its real-time recommendations based on Big Data improve sales and increase customer satisfaction.

The future

Business-to-business (B2B) commerce is still evolving. We continue to focus on this vast and largely untapped market along with the business-to-business-to-customer (B2B2C) segment. In many scenarios, 'vertical' boundaries are blurring – telecom players are entering the banking space and retailers are making inroads into traditional technology space. Personalization in such spaces becomes difficult to achieve. This is the area on which we are training our sights.

“ 15 million purchase order (PO) line items are processed every year for our clients and we manage over \$27 billion in spend and conduct over 2,500 sourcing events annually for clients worldwide. ”



Nagaraj Nanjundaram
Senior Director and Product Head

ProcureEdge

ProcureEdge is our flexible and scalable platform that enables enterprises to enhance savings, reduce total cost of ownership, and improve supplier performance and compliance across the Source-to-Pay (S2P) life cycle.

Top 800+ companies worldwide have an indirect spend of about \$1200 billion. Although the level of technology adoption is low at 25% it is increasing steadily with Infosys Business Process Outsourcing (BPO) leading the S2P landscape.

Looking back

About couple of years ago, we made a conscious decision to move away from third-party platform offerings and focus solely on creating our own intellectual property (IP). This resolution led to a co-creation engagement with one of the largest consumer goods companies in the world. ProcureEdge was the result of this endeavor. While we own the IP, co-creating it with an industry leader powered it into the real world of business right from its inception.

The journey has become even more interesting today as our vision focuses on large-scale engineering needs. The initial period was invested in thinking through the process and engineering the product with market-relevant pit stops (commercial offerings) in the product evolution.

ProcureEdge today

We have met our revenue milestones for the first year as per our business plan. Our large resource pool of sourcing, procurement and category experts have over 1700 man years' experience in sourcing and category. 15 million purchase order (PO) line items are processed every year for our clients and we manage over \$27 billion in spend and conduct over 2,500 sourcing events annually for clients worldwide.

New ideas

Our innovations in the S2P space are determined by what the market and our clients desire. Today we are revolutionizing the product discovery, guided procurement and virtual payment systems. We are also building a novel and futuristic ecosystem as part of our strategy.

The future

Our strategy of engineering ProcureEdge in an evolutionary manner with market-relevant commercial offerings has helped us meet the business plan in the initial years. Our strong partnerships with Fortune 100 companies, the success of our product strategy and positioning as well as the initial results indicate that we will be able to capture a fair share of the market in near future.



Suresh Prahlad Bharadwaj
Senior Director and Product Head

“ TradeEdge is uniquely positioned to offer solutions that are relevant in time and place to the consumer goods industry. Its expanded footprint ensures that the solutions cover a wide range of capabilities that customers look for under a single umbrella. ”

TradeEdge

TradeEdge is our insights-driven sales platform for global brands to accelerate profitable growth in emerging markets. It has been designed ground up to meet the unique requirements of emerging markets. Brands have been using TradeEdge to know these markets better, to reach their consumer faster and to drive their costs lower.

The beginning

The TradeEdge journey began in 2008 when we received a request for proposal from a very large consumer packaged goods (CPG) company based in the US. The requirement was greater visibility into secondary sales and inventory in emerging markets. The company proposed to implement a technology solution to collect relevant data from various markets and distributors. We responded with a compelling point of view and bagged the project although we did not have a product or a platform at that time. Eventually, this engagement led to building and launching TradeEdge as a market offering.

TradeEdge today

Today we have added many more global clients to the platform. TradeEdge delivers sales visibility from nearly 3,000 distributors across over 80 countries clocking over US\$ 25 billion in goods traded. A trusted name in the space, TradeEdge is fast emerging as a benchmark platform for global leaders dealing with emerging markets.

Innovation and TradeEdge

At EdgeVerve, we are charting out an independent course as a product company and cutting our teeth on product innovation and delivery. Products offered on the Software-as-a-Service (SaaS) platform such as TradeEdge have expanded their footprint into China and other emerging markets, a hitherto uncharted territory for Infosys.

The way forward

As emerging markets continue to show robust growth, TradeEdge is uniquely positioned to offer solutions that are relevant in time and place to the consumer goods industry. Its expanded footprint ensures that the solutions cover a wide range of capabilities that customers look for under a single umbrella. This has been demonstrated by the multi-company global projects that we have won recently. TradeEdge has also made inroads into adjacent industry sub-segments such as manufacturing, leveraging our learning from CPG .



Anirban Dey
Global Head – Edge Products

“EdgeVerve solutions are well positioned to take advantage of these changing times and transform enterprises into efficient and nimble organizations.”

Edge Products

We live in interesting time. Software is fundamentally changing the ways we work, live, engage and communicate. EdgeVerve solutions are well positioned to take advantage of these changing times and transform enterprises into efficient and nimble organizations. Our solutions around Procurement, Supply Chain, Marketing, e-commerce and Asset Management have created a robust foundation to build upon. With the overall strategy of New and Renew, we are embarking on a journey to transform these solutions that are Desirable, Feasible and Viable. In other words, we must deliver solutions that are purposeful and impactful to our customers. Here are the key focus areas for the coming year...

Experience

Deliver solutions that delight the end users. With Design Thinking as the methodology, we have embarked on a journey to deeply understand our end users... the ways they work with our software, their interactions and expectations from our solutions. This will lead to a top-down design philosophy where our software UI/Task flows will be designed first and then the backend solution will be plugged-in to support such Interactions. This approach puts the end-user first rather than feature/functionality of our solutions.

Economy

We must deliver Value to our customer at an extraordinary pace. Our software needs to be engineered with a Dev-Ops mindset where onboarding/go-live times of customers shrink to mere days rather than months. We need to deliver solutions in rapid iterations keeping in mind the operational aspects of upgrades, patches, hot fixes etc. that are seamless and non-disruptive to our customers.

Expertise

Domain expertise is critical to developing solutions that are relevant and feasible. Our focus will be to leverage the domain and industry knowledge we have in EdgeVerve and Infosys at large. All solutions need to be renewed by close collaboration with Customers. This will ensure that we are baking the best industry practices into our solutions which will help us differentiate from competitive offerings.

We clear focus on delivering delightful software at a rapid pace, we have embarked on the journey to renew us and our Customers.

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Board, committees and management – EdgeVerve Systems Limited

The Board of Directors

First Directors

Narayana Murthy

Sanjay Purohit

Samson David

Appointed during the year

Srinivasan Rajam

(Appointed on July 8, 2014)

Gautam Thakkar

(Appointed on July 8, 2014)

Rajiv Bansal

(Appointed on July 28, 2014)

Sandeep Dadlani

(Appointed on September 8, 2014)

Roopa Kudva

(Appointed on February 10, 2015)

Resigned during the year

Narayana Murthy

(Resigned on September 8, 2014)

Gautam Thakkar

(Resigned on November 30, 2014)

Board of Directors as on March 31, 2015

Sandeep Dadlani

Chairperson

Sanjay Purohit

Managing Director and Chief Executive Officer

Samson David

Chief Operating Officer and Whole Time Director

Srinivasan Rajam

Independent Director

Rajiv Bansal

Director

Roopa Kudva

Independent Director

Committees of the Board

Audit Committee

Roopa Kudva

Chairperson

Srinivasan Rajam

Member

Sandeep Dadlani

Member

Nomination & Remuneration Committee

Srinivasan Rajam

Chairperson

Roopa Kudva

Member

Sandeep Dadlani

Member

Management and Administration

Abhay Pawar

Director and Head – User Experience

Ajay Anand

Senior Director and Product Head

Shashidhar N.

Director and Head – Planning and Systems

Sanjay Nambiar

Senior Director and Product Head

Anuradha Balasubramaniam

Director and Head – Quality and Assurance

Sushanth Tharappan

Chief People Officer

Suresh Bharadwaj

Senior Director and Product Head

Rajeshwari Ganesan

Director and Head – Systems Engineering

Sateesh Seetharamiah

Senior Director and Head – IP, Commercialization, Information Security and Risk

Chanakya Sehgal

Director and Head – Talent Acquisition

Hariprasad Bhupasamudram

Senior Director and Product Head

Nagaraj Nanjundaram

Senior Director and Product Head

Srinivas Seshadri

Senior Director and Head – Technology Management

Sunila Jaikumar

Director and Head – Talent Engagement

Key Managerial Personnel

Sanjay Purohit

Managing Director and Chief Executive Officer

Samson David

Chief Operating Officer

Sudhir Gaonkar

Company Secretary

Prem Pereira

Chief Financial Officer

Board's report

To the members,

Your directors are pleased to present their first Annual Report on the business and operations of the company for the period ended March 31, 2015.

1. Results of our operations

in ₹ crore, except per share data

Particulars	Standalone February 14, 2014 to March 31, 2015
Income from software services and products	147.73
Software Development Expenses	138.99
Gross Profit	8.74
Selling and Marketing Expenses	3.67
General and Administration expenses	30.92
Operating Loss before Interest, Depreciation, Taxes and Amortization (PBIDTA)	(25.85)
Depreciation & Amortization	44.71
Operating Profit before tax	(70.56)
Other income, net	0.06
Net Profit before tax	(70.50)
Provision for taxation	—
Net profit after tax	(70.50)
Earnings Per Share in ₹	
Basic	(3.39)
Diluted	(3.39)

Notes: The Company was incorporated on February 14, 2014. The first financial period of the company ends on March 31, 2015 and hence the comparative figures are not available.

Company's Overview

EdgeVerve Systems Limited was incorporated as a subsidiary company of Infosys Limited on February 14, 2014 and was operationalized from July 01, 2014 with the employee strength of 302.

The company helps global corporations to sense, influence, fulfill, and serve the needs of digital consumers as well as leverages the potential of their business ecosystems. The company is engaged in defining, developing, and operating innovative cloud-hosted business platforms and software products, and offers client as 'pay-as-you-use' services. EdgeVerve focuses on realizing business outcomes for its clients by driving their revenue growth, cost effectiveness and improved profitability.

EdgeVerve accelerates the innovation journey of its clients in rapidly evolving business areas such as digital marketing, interactive commerce, distributive trade, micro-commerce, customer service, and experience and enterprise buying. The company leverages new technologies, software engineering, and outcome-based business models to innovate, co-create, and solve some of the most significant and complex business challenges for its clients.

The company acquired the business of Products, Platforms and Solutions (PPS) from Infosys Limited during September 2014. EdgeVerve products and platforms are used by global corporations across industries such as financial services, insurance, retail and CPG, life sciences, manufacturing, and telecom. These are deployed in US, Europe, Japan, Australia, and India. The cloud-based platforms are hosted at company's own data centers in US, Europe, Australia, and India. Our 600+ team operates in a startup-like environment based out of R&D centers located in Bengaluru and Pune.

Operations

During this first year of operation which is effectively for a period of nine months, the company has earned a gross operating revenue of ₹147.73 crore for the first year of operation (July 2014 to March 2015).

Operating expenses stood at ₹138.99 crore and the company earned a gross profit of ₹8.74 crore. After providing for other indirect expenses and depreciation cost the financial result for the year was negative to the tune of ₹70.50 crore.

Since the company has not earned profits there are no dividends and transfer to reserves.

Future Prospects

The company is in the process of acquiring the business of Finacle and Edge Services from its holding company Infosys Limited. Finacle is the industry-leading universal banking solution. The solution helps banks renew their business by simplifying banking. It empowers them to accelerate innovation and create new opportunities. Today, Finacle is the choice of banks across 84 countries and serves over 450 million customers. The solution is consistently rated as a leader in the market by leading industry analysts.

Edge Services is a service delivery unit that specializes in customization, implementation, extension and production support of the EdgeVerve products.

The proposed business activities would enable the company in (i) cross-leveraging synergies between both the product businesses effectively, (ii) increasing the ability to attract and retain high-caliber talent for innovative products and solutions, (iii) strengthening the product-centric culture within the organization, (iv) offering greater agility and autonomy to nurture product-centric business effectively, (v) improving agility to invest in latest technologies to strengthen the product leadership in the market and (vii) delivering greater value to clients across both businesses.

The company in order to expand its business, is establishing the STP units, branches and subsidiaries at various locations in the country and abroad.

With these expanded business activities and business synergy the operations of the company will see robust growth and the financial results of the company for the current year are expected to be highly encouraging.

Deposits from public

The company has not accepted any deposits from the public.

Particulars of Loans guarantees or investments

The company has not made any loan directly or indirectly to any person or other body corporate nor guaranteed nor provided security in connection with the loan to any other body corporate during the year and the company has not acquired by way of subscription, purchase or otherwise securities of any other body corporate.

Particulars of contracts or arrangements with related parties

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

Particulars of employees

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹60 lakh or more, or employed for part of the year and in receipt of ₹5 lakh or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is enclosed as Annexure 2 to the Board's report.

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

A Business Transfer Agreement for transfer of Finacle and Edge Services business from Infosys Limited, the holding company, to the company effective August 1, 2015, at an estimated aggregate consideration of up to ₹3,620 crore is proposed to be entered into between the company and the holding company subject to the approval of the shareholders of Infosys Limited. A resolution seeking approval of the shareholders of the company is proposed at the ensuing AGM.

Apart from the above, there has been no other material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

Share capital

The Company was incorporated with the initial share capital of One crore rupees. During the year under review, the company has raised further capital of ₹460.84 Crore by way of issue of shares under the terms of Business Transfer Agreement between Holding Company, Infosys Limited and the Company.

The authorized capital of the company is proposed to be increased up to ₹4,100 crore to enable the company to issue shares towards consideration payable for transfer of Finacle and Edge services business from Infosys Limited, the holding company, to the company, and the necessary resolution for approval of the shareholders is being placed at the ensuing Annual General Meeting (AGM) and your directors seek your support.

The company has not issued any shares with differential rights, sweat equity shares or share under employees stock option scheme. The company has also not bought back any shares.

2. Products and Services

With Edge, clients get the convenience of a single point of ownership for business functions. We provide end-to-end capabilities, taking full responsibility of infrastructure, applications, services, and business operations. Since platforms are hosted, operated, and managed in our data centers, clients minimize the capital expenditure.

At present the Company offers following six products to its clients across the industry:

AssistEdge provides an integrated and intelligent customer service experience across customer-contact channels and transforms contact centers from issue resolution centers to revenue generating units. AssistEdge enables organizations to realize faster return on investment through improved agent efficiency, reduced call volumes, and quicker go-live periods.

BrandEdge addresses the comprehensive digital marketing needs of global organizations – from building digital assets and launching marketing campaigns to listening, analyzing and acting on customer insights. BrandEdge improves the efficiency of marketing teams and helps drive deeper customer relationships through effective multichannel conversations.

CreditFinanceEdge is a cloud hosted platform that provides comprehensive credit servicing functionalities. This is the first end-to-end integrated credit servicing and asset management platform that manages multiple credit types and asset classes through the complete life cycle – from on-boarding to resolution to closure.

InteractEdge enhances consumer experience for brands and enterprises across all digital touch points. It helps them create, manage, democratize access to content, personalize recommendation of content and products, and finally provides transaction capability from anywhere and anyone.

TradeEdge is a comprehensive business platform that helps global companies grow profitably in emerging markets and win at each store, every day, by rapidly reaching unserved customers, achieving global

scale and optimizing service levels. TradeEdge helps global companies reach billions of new consumers, increase revenues while reducing non-productive inventory.

ProcureEdge helps global enterprises realize rapid and sustainable savings in indirect spend while providing significant business benefits across the Source-to-Pay (S2P) life cycle. Delivered in the Cloud, ProcureEdge can be deployed rapidly enabling enterprises to enhance savings, reduce total cost of ownership (TCO), and improve supplier performance and compliance.

3. Corporate Governance

Corporate Governance is ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations.

At EdgeVerve, Board of Directors ensures accountability, fairness and transparency, in a company's relationship with the stakeholders like clients, shareholders, employees, management, government and the community as a whole. The good Corporate Governance is the commitment to values and about ethical business conduct, contributes to sustainable economic development and ensures continuity.

Your directors believe that sound corporate governance is critical to enhance and retain stakeholders' trust and state that the company has complied with all norms of corporate governance applicable to unlisted public limited companies as envisaged under the Companies Act 2013 and the Rules made there under.

Board of Directors

Narayana Murthy, Sanjay Purohit and Samson David were named by the Articles of Association of the Company as First Directors of the Company. The Board appointed Sanjay Purohit as Chief Executive Officer and Managing Director and Samson David as Chief Operating Officer of the company effective from July 8, 2014 for the period of five years and their appointments were subsequently approved by the shareholders in general meetings.

Srinivasan Rajam and Gautam Thakkar, were inducted as additional directors by the Board of Directors, with effect from July 8, 2014, Rajiv Bansal was appointed as an additional director with effect from July 28, 2014 and Sandeep Dadlani was appointed as an additional director with effect from September 8, 2014. The appointments were confirmed by the shareholders subsequently in the general meetings held on July 10 2014 and September 11, 2014 respectively.

Roopa Kudva was appointed as an additional director with effect from February 10, 2015. She holds office up to the date of the Annual General Meeting in terms of Section 161 of the Companies Act 2013. The Company has received a notice from a shareholder pursuant to section 160 of the Companies Act 2013, proposing her candidature for the office of a director in the company. Her appointment requires the approval of the members at the ensuing Annual General Meeting. The necessary resolution for appointment of Roopa Kudva is being placed before the members at the ensuing AGM and the Board seeks your support for the same.

Narayana Murthy resigned as director of the company effective from September 8, 2014. The Board places on record its sincere appreciation of the valuable services rendered by Narayana Murthy during his tenure.

Gautam Thakkar resigned as Director with effect from November 30, 2014. The Company places its sincere appreciation on record for the services rendered by Gautam Thakkar while he was the Director of the company.

The Board consists of six directors out of whom two are independent directors, two are executive and other two members of the Board are non-executive directors. The Board has a woman director also. As such the composition of the Board is in conformity with the provisions of Section 149 and other applicable provisions of the Companies Act 2013.

Re-appointment

Pursuant to Section 152 (6) of the Companies Act, 2013, Sandeep Dadlani, retires by rotation in the first Annual General Meeting. Sandeep Dadlani being eligible, offers himself for re-appointment.

His appointment as director requires the approval of the members at the ensuing Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to re-appointment of Sandeep Dadlani as Director of the Company is being placed before the members.

Key Managerial Personnel

Sanjay Purohit, CEO & Managing Director, Samson David, Chief Operating Officer, Prem Pereira, Chief Finance Officer (CFO) and Sudhir Gaonkar, Company Secretary hold the office of key managerial personnel as on March 31, 2015 pursuant to Section 203 of Companies Act 2013. Parvatheesam K. was appointed as Company Secretary effective October 8, 2014 and has resigned effective January 10, 2015.

Committees of the Board

Pursuant to provisions of Section 177 and 178 of the Companies Act, 2013, the company has constituted the Audit Committee and the Nomination and Remuneration Committee of the Board. The composition of the committees and related compliances, as required under applicable provisions of the Act and Rules, are furnished in the attached Corporate Governance Report.

Name of the Committee	Composition of the Committee	Nature of Directorship
Audit Committee of the Board	Roopa Kudva <i>Chairperson</i>	Independent Director
	Srinivasan Rajam <i>Member</i>	Independent Director
	Sandeep Dadlani <i>Member</i>	Non-executive director
Nomination and Remuneration Committee	Srinivasan Rajam <i>Chairperson</i>	Independent Director
	Roopa Kudva <i>Member</i>	Independent Director
	Sandeep Dadlani <i>Member</i>	Non-executive director

Number of meetings of the Board

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

Meeting of the Independent Directors

Independent directors of the company held their meeting on March 25, 2015 without the presence of the management. Further details are given under the Corporate Governance Report which forms part of this Annual Report.

Policy on directors' nomination, appointment and remuneration

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2015, the Board consists of six members, two of whom are executive or whole-time directors, two are independent directors and two other directors are non-executive directors. The Board periodically evaluates composition and size in order to ensure proper balance of executive and non executive directors and also to ensure Board diversity.

The Board affirms that the remuneration paid to the directors is in conformity with the Nomination and Remuneration Policy of the Company. The policy framed by the Committee is enclosed as Annexure 3 and has also been posted on the website of the Company under the following link: <http://www.infosys.com/edge/overview/corporate-governance/Documents/nomination-remuneration-policy.pdf>

Declaration by Independent directors

The Company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013. In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under and they are independent of the Management.

Board evaluation

As required under Section 134(3)(p) and Schedule IV of the Companies Act 2013 and the Rules made there under the evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The process of evaluation has been explained in the corporate governance report section of this Annual Report.

Subsidiaries, associate companies, joint ventures etc

The company does not have any subsidiaries, associate companies, or joint ventures.

Responsibility statement of the Board of Directors

The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified).

There are no material departures from prescribed accounting standards in the adoption of these standards.

The directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures if any;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Risk management

The Company follows the risk management framework adopted by holding company Infosys Limited. The detailed note on the framework is appended as Annexure 6 to the Board's report.

4. Auditors

Statutory Auditor

The Board appointed M/s B S R & Co LLP, Chartered Accountants as the first auditors of the company and the shareholders in the Extra-ordinary General Meeting held on July 10, 2014 and pursuant to applicable provisions of the Companies Act, 2013 and Rules made thereunder approved the appointment of M/s. B S R & Co LLP, Chartered Accountants to hold office till the conclusion of the first Annual General Meeting.

The Board has considered the eligibility for re-appointment of M/s B S R & Co LLP, Chartered Accountants for the financial year 2015-16. In terms of Section 139 (1) of the Companies Act, 2013, every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting. The Board proposes to appoint M/s B S R & Co. LLP, Chartered Accountants (LLP registration No. AAB 8181) the retiring auditors, to hold office as auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. A proposal in this regard is being placed before the members of the company.

Secretarial Auditor

As required under Section 204 of the Companies Act, 2013 and Rules thereunder Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, were appointed to conduct the secretarial audit of the Company for the financial year 2014-15.

The secretarial audit report for FY 2014-15 forms part of the Board's report as Annexure 4.

The Board has re-appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for the financial year 2015-16.

Significant and material orders

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

Acknowledgments

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our sincere appreciation of the contribution made by employees at all levels. Our growth was made possible by their hard work, solidarity, cooperation and support.

We thank the Governments of various countries where we have our operations. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Corporate Affairs, the Ministry of Finance, the Customs and Excise Departments, the Income Tax Department, the Reserve Bank of India, the state governments, the Software Technology Parks (STPs) – Bengaluru, Pune and other government agencies for their support and look forward to their continued support in the future.

for and on behalf of the Board of Directors



Sandeep Dadlani
Chairman



Sanjay Purohit
Chief Executive Officer and
Managing Director

Bengaluru
April 17, 2015

Extract of annual return

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

5. CSR Report

This being a first year of operations and the company having not earned any profits the company was not required to comply with the provisions of Companies (CSR) Rules 2013.

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

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

Foreign exchange earned and used for the year ended

Particulars	March 31, 2015
Foreign exchange earnings	146.47
Foreign exchange outgo (including capital goods and imported software packages)	15.76

Annexure 1 – Particulars of contracts / arrangements made with related parties

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2015, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

Name of related party	Nature of relationship	Duration of contract	Salient terms	Amount (in ₹ crore)
Infosys Limited	Holding Company	Valid from July 1, 2014	Sale of services ⁽¹⁾	135
			Purchase of services ⁽²⁾	72
			Issue of Capital ⁽³⁾	461

Note: Approval of the shareholders has been obtained wherever required.

⁽¹⁾ ₹1 crore Maharashtra VAT credit still to be availed.

⁽²⁾ Includes ₹25 crore for sale of shared services including facilities and personal.

⁽³⁾ On September 8, 2014, the Board of Directors authorised the Company to enter into Business Transfer Agreement with Infosys Limited to purchase Products, Platforms and Solutions (PPS) business. The Company issued fully-paid equity share capital towards purchase consideration.

for and on behalf of the Board of Directors



Sandeep Dadlani
Chairman



Sanjay Purohit
Chief Executive Officer and
Managing Director

Bengaluru
April 17, 2015

Annexure 2 – Particulars of employees

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

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross remuneration paid (₹)	Previous employment
Sanjay Purohit	Chief Executive Officer and Managing Director	BE	48	25	Jul 1, 2014	1,36,73,028	Infosys Limited
Samson David	Chief Operating Officer	BE	46	25	Jul 1, 2014	98,48,376	Infosys Limited
Suresh Prahlad Bharadwaj	Senior Director and Product Head	MS	53	24	Jul 1, 2014	72,36,559	Infosys Limited
Sushanth Michael Tharappan	Chief People Officer	MBA	40	18	Jul 1, 2014	68,89,452	Infosys Limited
Srinivas Seshadri	Senior Director and Head – Technology Management	BE	45	23	Nov 4, 2014	25,93,542	Infosys Limited

Employed for part of the year with an average salary above ₹ 5 lac per month

Employee name	Designation	Educational qualification	Age	Experience (in years)	Date of joining	Gross remuneration paid (₹)	Previous employment
Sumesan Kala	Senior Director – Product Management	MTECH	43	21	Jul 1, 2014	24,50,851	Infosys Limited
Srinath Subrahmanyam	Director - Product Engineering	MS & MBA	49	22	Jul 1, 2014	15,31,115	Infosys Limited

for and on behalf of the Board of Directors



Sandeep Dadlani
Chairman



Sanjay Purohit
Chief Executive Officer and
Managing Director

Bengaluru
April 17, 2015

Annexure 3 – Nomination and remuneration policy

Introduction

The Company considers human resources as its invaluable assets. This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMPs) and other employees has been formulated in terms of the provisions of the Companies Act, 2013 in order to pay equitable remuneration to the Directors, KMPs and employees of the Company and to harmonise the aspirations of human resources consistent with the goals of the Company.

Objective and purpose of the policy

The objectives and purpose of this policy are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive / Non-Executive) and recommend to the Board policies relating to the remuneration of the Directors, Key Managerial Personnel and other employees. This includes, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer (“CEO”), evaluating the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO's compensation level based on this evaluation; and making recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval;
- The policy also address the following items: Committee member qualifications; Committee member appointment and removal; Committee structure and operations; and Committee reporting to the Board.
- To formulate the criteria for evaluation of performance of all the Directors on the Board;
- To devise a policy on Board diversity; and
- To lay out remuneration principles for employees linked to their effort, performance and achievement relating to the Company's goals.

Constitution of the Nomination and Remuneration Committee

The Board has constituted the “Nomination and Remuneration Committee” of the Board on March 24, 2015. This is in line with the requirements under the Companies Act, 2013 (“Act”).

The Board has authority to reconstitute this Committee from time to time.

Definitions

‘Board’ means Board of Directors of the Company.

‘Directors’ means Directors of the Company.

‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, in accordance with the Act.

‘Company’ means Egdeverve Systems Limited.

‘Independent Director’ means a Director referred to in Section 149(6) of the Companies Act, 2013 and rules.

‘Key Managerial Personnel (KMP)’ means –

- the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- the Company Secretary; and
- the Chief Financial Officer

Senior Management means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

General

This Policy is divided in three parts: -

Part – A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination; and

Part – C covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors.

Part – A

Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The following matters shall be dealt by the Committee:-

Size and composition of the Board:

Periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company as a whole;

Directors:

Formulate the criteria determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the range of skills, experience and expertise, on the Board and who will best complement the Board;

Succession plans:

Establishing and reviewing Board and senior executive succession plans in order to ensure and maintain an appropriate balance of skills, experience and expertise on the Board and Senior Management;

Evaluation of performance:

Make recommendations to the Board on appropriate performance criteria for the Directors.

Formulate the criteria and framework for evaluation of performance of every Director on the Board of the Company.

Identify ongoing training and education programs for the Board to ensure that Non-Executive Directors are provided with adequate information regarding the options of the business, the industry and their legal responsibilities and duties.

Board diversity:

The Committee is to assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board, in accordance with the Board Diversity policy.

Remuneration framework and policies:

The Committee is responsible for reviewing and making recommendations to the Board on:

- (a) the remuneration of the Managing Director, Whole-time Directors and KMPs
- (b) the total level of remuneration of Non-Executive Directors and for individual remuneration for Non-Executive Directors and the Chairman, including any additional fees payable for membership of Board committees;

- (c) the remuneration policies for all employees including KMPs, senior management and other employees including base pay, incentive payments, equity awards, retirement rights and service contracts having regard to the need to
- (i) attract and motivate talent to pursue the Company's long term growth;
 - (ii) demonstrate a clear relationship between executive compensation and performance; and
 - (iii) be reasonable and fair, having regard to best governance practices and legal requirements.
- (d) the Company's equity based incentive schemes including a consideration of performance thresholds and regulatory and market requirements;
- (e) the Company's superannuation arrangements and compliance with relevant laws and regulations in relation to superannuation arrangements; and
- (f) the Company's remuneration reporting in the financial statements and remuneration report.

PART – B

Policy for appointment and removal of Director, KMPs and Senior Management

Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or senior management level and recommend to the Board his / her appointment.
- A person to be appointed as Director, KMP or senior management level should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- A person, to be appointed as Director, should possess impeccable reputation for integrity, deep expertise and insights in sectors / areas relevant to the Company, ability to contribute to the Company's growth, complementary skills in relation to the other Board members.
- The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of sixty years and shall not appoint Independent Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended at the discretion of the committee beyond the age of sixty years/seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years/Seventy years as the case may be.
- A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time. However, a whole-time KMP can be appointed as a Director in any company, with the permission of the Board of Directors of the Company.

Term / Tenure

Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

Independent Director

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on April 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of five years only.

At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time (Executive) Director of a listed company.

Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or KMP subject to the provisions and compliance of the said Act, rules and regulations.

Retirement

The Whole-time Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP and senior management personnel in the same position / remuneration or otherwise, even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy relating to the remuneration for Directors, KMPs and other employees

General

- The remuneration / compensation / commission etc. to Directors will be determined by the Committee and recommended to the Board for approval.
- The remuneration and commission to be paid to the Managing Director shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the limits approved by the Shareholders in the case of Managing Director.
- Where any insurance is taken by the Company on behalf of its Managing Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

Remuneration to KMPs and other employees

The policy on remuneration for KMPs and other employees is as below:-

Fixed pay

The remuneration and reward structure for employees comprises two broad components — annual remuneration and long-term rewards. The Committee would determine the remuneration of the Directors and formulate guidelines for remuneration payable to the employees.

These guidelines are as under:

Annual remuneration

Annual remuneration refers to the annual compensation payable to the employees of the Company. This comprises two parts - a fixed component, and a performance-linked variable component based on the extent of achievement of the individual's objectives and performance of the business unit. Every employee is required to sign a performance contract which clearly articulates the key performance measures for that particular defined role. The performance-linked variable pay will be directly linked to the performance on individual components of the performance contract and the overall performance of the business. An employee's variable pay would, therefore, be directly dependent on key performance measures that represent the best interests of shareholders.

The objective is to set the total remuneration at levels to attract, motivate, and retain high-caliber, and high potential personnel in a competitive global market. The total remuneration level is to be reset annually based on a comparison with the relevant peer group globally, established through independent compensation surveys, from time to time.

Long-term rewards

Long-term rewards may include Long-Term Incentive Plans (LTIP) under which incentives would be granted to eligible key employees based on their contribution to the performance of the Company, relative position in the organisation, and length of service under the supervision and approval of the Committee. The company could implement various long term awards schemes that could include Long Term Incentive Programme (LTIP) spread over several years with payouts in multiple tranches linked to Company's performance. Another form of long term awards could be in the nature of stock options of the company. Stock Options may be granted to key employees and high performers in the organisation who would be selected by the Committee based on their criticality, past performance and potential. The grant, vesting and other scheme details would be formulated from time to time.

These long-term reward schemes are implemented to attract and retain key talent in the industry.

Minimum remuneration to Managing Director

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Remuneration to Non-Executive / Independent Directors

Is entitled to the sitting fee for attending the Board / Committee meetings as per the provisions of the Companies Act, 2013.

In addition to the above, non-executive/independent Directors would be entitled to the reimbursement of only the following items of expenditure that may be incurred in travelling to the place of the Board meetings and other committee meetings of the company and back to their normal place of residence:

- First class (for international travel) and business class (for domestic travel) airfare from the normal place of residence to the place of the Board or committee meetings and back to their normal place of residence.
- Accommodation at our campus or any hotel as determined by the Company for the duration of Board and committee meetings, and during the day prior to and after such meetings.
- Out of pocket expenses, like conveyance, food, and incidentals that are incurred during the days of the Board and committee meetings.

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

This policy shall be reviewed by the Nomination and Remuneration Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

Annexure 4 – Secretarial audit report for the financial year ended March 31, 2015

(Pursuant to Section 204(1) of Companies Act 2013 and the Rules made thereunder)

To,

The Members, EdgeVerve Systems Limited, Plot No. 44, Electronic City, Hosur Main Road, Bengaluru – 560100.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

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

I report that, during the period under review, the Company has complied with the provisions of the Acts, rules and regulations mentioned above subject to the following observation:

Applications (in Form MR-2) made by the company to the Central Government pursuant to Section 196, 197 and Schedule V of the Companies Act 2013 seeking its approval for payment of remuneration exceeding the limits prescribed under Schedule V of the Companies Act, 2013 to Mr. Sanjay Mahesh Purohit, Managing Director & CEO and Mr. Samson David, Whole time Director w.e.f. July 07, 2014 are pending disposal by the Central Government.

I further report that, based on the information provided by the company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads/Company Secretary/CEO taken on record by the Board of Directors of the company, in my opinion, adequate systems and processes and control mechanism exist in the company to monitor and ensure compliance with applicable general laws like labour laws, competition law, and environmental laws.

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

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

During the financial year and the Secretarial Standards issued by the Institute of Company Secretaries of India were not applicable during the year.

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

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

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

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

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

Bengaluru
April 17, 2015



P. G. Hegde

Hegde & Hegde
Company Secretaries

FCS:1325 / C.P.No : 640

Annexure 5 – Extract of Annual Return

Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]
As on the financial year ended on March 31, 2015

Registration and other details

Corporate Identity Number (CIN) of the company	U 7 2 2 0 0 K A 2 0 1 4 P L C 0 7 3 6 6 0
Registration date	February 14, 2014
Name of the company	EdgeVerve Systems Limited
Category / sub-category of the company	Information Technology and Information Technology Enabling Services
Address of the registered office and contact details	Plot No. 44, Electronics City, Hosur Main Road Bengaluru – 560100, Karnataka, India Tel: 91 80 3952 2222 Fax: 91 80 2852 1300 email: secretarial@edgeverve.com website: www.edgeverve.com
Listed company (Yes / No)	No
Name, address and contact details of Registrar and transfer agent	Karvy Computershare Private Limited Unit : EdgeVerve Systems Limited, Karvy Selenium Tower B Plot 31-32, Gachibowli, Financial District Nanakramguda, Hyderabad – 500 032 Contact person Chandrasekhar Raman Senior Manager Tel: 91 40 6716 1602 email: chandrasekhar.r@karvy.com

Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company.

Name and description of main products / services	NIC code of the product / service	% to total turnover of the Company
Computer Programming, Consultancy and related activities	620	100

Particulars of Holding, Subsidiary and Associate Companies

Name and address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
Infosys Limited	L85110KA1981PLC013115	Holding	100	Section 2(46)

Shareholding pattern (Equity share capital break-up as percentage of total equity)

(i) Category-wise shareholding

Category code	Category of shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year
		Demat (III)	Physical (IV)	Total (V)	Demat (VII)	Physical (VIII)	Total (IX)	
				% of total shares (VI)			% of total shares (X)	(XI)
(A)	Promoters							
(1)	Indian							
	(a) Individual / HUF	-	-	-	-	-	-	-
	(b) Central Government	-	-	-	-	-	-	-
	(c) State Government(s)	-	-	-	-	-	-	-
	(d) Bodies Corporate	-	999,994	999,994	99.99	461,839,994	461,839,994	99.99
	(e) Banks / Financial Institutions	-	-	-	-	-	-	-
	(f) Any other	-	-	-	-	-	-	-
	Sub total A(1)	-	999,994	999,994	99.99	461,839,994	461,839,994	99.99
(2)	Foreign							
	(a) Individuals (NRIs / Foreign Individuals)	-	-	-	-	-	-	-
	(b) Other Individuals	-	-	-	-	-	-	-
	(c) Bodies Corporate	-	-	-	-	-	-	-
	(d) Banks / Financial Institutions	-	-	-	-	-	-	-
	(e) Any other	-	-	-	-	-	-	-
	Sub total A(2)	-	-	-	-	-	-	-
	Total Shareholding of Promoters A=A(1)+A(2)	-	999,994	999,994	99.99	461,839,994	461,839,994	99.99
(B)	Public shareholding							
(1)	Institutions							
	(a) Mutual Funds / UTI	-	-	-	-	-	-	-
	(b) Banks / Financial Institutions	-	-	-	-	-	-	-
	(c) Central Government	-	-	-	-	-	-	-
	(d) State Government(s)	-	-	-	-	-	-	-
	(e) Venture Capital Funds	-	-	-	-	-	-	-
	(f) Insurance Companies	-	-	-	-	-	-	-
	(g) Foreign Institutional Investors	-	-	-	-	-	-	-
	(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-
	(i) Any other	-	-	-	-	-	-	-
	Sub total B(1)	-	-	-	-	-	-	-
(2)	Non-institutions							
	(a) Bodies Corporate	-	-	-	-	-	-	-
	(b) Individuals	-	-	-	-	-	-	-
	(i) Individuals holding nominal share capital up to ₹ 1 lakh	-	(1) 6	6	0.01	6	6	0.01
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-
	(c) Others (specify)	-	-	-	-	-	-	-
	Sub total B(2)	-	6	6	0.01	6	6	0.01
	Total public shareholding total B=B(1)+B(2)	-	6	6	0.01	6	6	0.01
	Total (A+B)	-	1,000,000	1,000,000	100	461,840,000	461,840,000	100
(C)	Shares held by custodians for ADRs							
	Grand total (A+B+C)	-	1,000,000	1,000,000	100	461,840,000	461,840,000	100

⁽¹⁾ Shares held pursuant to Section 89 of the Companies Act, 2013.

(ii) Shareholding of promoters

Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in share holding during the year
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
Infosys Limited	9,99,994	99.99	461,839,994	99.99	-

(iii) Change in promoters' shareholding

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Infosys Limited				
At the beginning of the year	999,994	99.99	999,994	99.99
September 23, 2014 issued to Infosys Limited	40,000,000	99.99	40,999,994	99.99
September 29, 2014 issued as per the terms of Business Transfer Agreement	420,840,000	99.99	461,839,994	99.99
At the end of the year			461,839,994	99.99

(iv) Shareholding pattern of top ten shareholders

(other than directors, promoters and holders of ADRs)

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Infosys Limited				
At the beginning of the year	999,994	99.99	999,994	99.99
September 23, 2014 issued to Infosys Limited	40,000,000	99.99	40,999,994	99.99
September 29, 2014 issued as per the terms of Business Transfer Agreement	420,840,000	99.99	461,839,994	99.99
At the end of the year (or on the date of separation, if separated during the year)	(1) 6	0.01	461,839,994	99.99
Others			(1) 6	0.01

⁽¹⁾ Shares held pursuant to Section 89 of the Companies Act, 2013.**(v) Shareholding of Directors and Key Managerial Personnel**

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sanjay Purohit	(1) 1	0.00	1	0.00
Samson David	(1) 1	0.00	1	0.00

⁽¹⁾ Shares held pursuant to Section 89 of the Companies Act, 2013.

(vi) Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	-	30	-	30
Reduction	-	12	-	12
Net Change	-	18	-	18
Indebtedness at the end of the financial year				
i) Principal Amount	-	18	-	18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.04	-	0.04
Total (i+ii+iii)	-	18.04	-	18.04

(vii) Remuneration of directors and key managerial personnel

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

Particulars of remuneration	Name of MD / WTD / Manager		Total Amount
	Sanjay Purohit	Samson David	
Gross salary ⁽¹⁾			
Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.37	0.27	0.64
Value of perquisites u/s 17(2) Income-tax Act, 1961	0.51	0.36	0.87
Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
Stock option	-	-	-
Sweat equity	-	-	-
Commission	-	-	-
as % of profit other (bonus)	1.25	0.84	2.10
Others, Retiral benefits	0.07	0.05	0.12
Total (A)	2.20	1.53	3.73
Ceiling as per the Act	0.90	0.90	-

⁽¹⁾ Paid for the period of nine months from July 2014 to March 2015.

Remuneration to other Directors :

Particulars of remuneration	Name of Directors		Total Amount
	Srinivasan Rajam	Roopa Kudva	
Independent Directors			
Fee for attending board/committee meetings	0.06	-	0.06
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	0.06	-	0.06
Other Non-Executive Directors			
Fee for attending board/committee meetings	-	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	0.06	-	0.06
Total Managerial Remuneration	0.06	-	0.06
Overall Ceiling as per the Act	NA ⁽¹⁾	NA ⁽¹⁾	-

⁽¹⁾ Independent directors are paid fees for attending board/committee meetings. Non-executive directors are not paid any fees or commission.

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

	CEO	Company Secretary ⁽¹⁾	CFO	Total
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.37	0.01	0.06	0.44
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.51	0.01	0.10	0.62
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission	-	-	-	-
as % of profit	-	-	-	-
Others (Bonus)	1.25	0.00	0.02	1.27
others, Retiral benefits	0.07	0.00	0.02	0.09
Total	2.20	0.02	0.19	2.41

⁽¹⁾ Parvathesam K. was appointed as Company Secretary effective October 8, 2014. He resigned from the position of Company Secretary effective January 10, 2015. During his tenure no remuneration was paid. Sudhir Gaonkar was appointed as Company Secretary effective January 12, 2015.

(vi) Penalties / punishment/ compounding of offences

There are no penalties/ punishments / compounding of offences for the year ending March 31, 2015.

Annexure 6 – Risk Management Framework

Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, assessment, monitoring and mitigation of strategic, operational, and external environment risks in achieving our key business objectives. ERM at EdgeVerve Systems seeks to minimize the adverse impact of risks to our key business objectives and enables the Company to leverage market opportunities effectively. Our corporate scorecard articulates the key business objectives of the Company through a set of specific goals that have to be achieved in the short term, and strategic goals aimed at achieving our aspirations in the medium term. Our business objectives include goals relating to dimensions such as financial, clients and markets, operational excellence, reputation, talent and leadership. Several risks can impact the achievement of a business objective. Similarly, a single risk can impact the achievement of several business objectives.

Our risk management practices seek to sustain and enhance the long term competitive advantage of the Company. Risk management is integral to our business model, described as 'Predictable, Sustainable, Profitable and De risked' (PSPD) model. Our core values and ethics provide the platform for our risk management practices.

Key business objectives

We have a multi horizon strategy planning process, and we periodically revalidate the strategic themes and the business objectives of the Company. The business objectives span five performance dimensions — financial, clients and markets, operational excellence, reputation, global talent and leadership — and the balance between short and medium term goals.

Risk categories

The following broad categories of risks to the business objectives have been considered in our risk management framework :

- **Strategy**: Risks to the successful execution of the company's articulated strategies. These originate from the choices we make on markets, business mix, resources and delivery models that can potentially impact our competitive advantage in the medium and long term. Risks related to scalability and sustainability of our business might also have an impact on our business.
- **Industry**: Risks relating to inherent characteristics of our industry including, competitive structure, emergence of new business models, technological landscape, extent of linkage to economic environment and regulatory structure.
- **Counterparty**: Risks arising from our association with entities for conducting business. The counterparties include clients, vendors, alliance partners and their respective industries. Counterparty risks include those relating to litigation and loss of reputation.
- **Resources**: Risks arising from inappropriate sourcing or sub optimal utilization of key organizational resources such as financial capital, talent and infrastructure.
- **Operations**: Risks inherent to business operations including those relating to client acquisition, service delivery to clients, business support activities, information security, intellectual property, physical security, and business activity disruptions. Operational risks are assessed primarily on three dimensions, business process effectiveness, compliance to policies and procedures, and strength of underlying controls.

- **Regulatory environment**: Risks due to adverse developments in regulatory environment that could potentially impact our business objectives and lead to loss of reputation.
- **Societal**: Risks and opportunities relating to our focus on the environment and society at large. Environmental focus includes conservation of essential resources such as water and energy, disposal of waste, minimizing emissions, etc. Social focus includes projects to impact the communities in the regions where we operate.

Key risk management practices

The key risk management practices include those relating to identifying key risks to our business objectives, impact assessment, risk analysis, risk evaluation, risk reporting and disclosures, risk mitigation and monitoring, and integration with strategy and business planning.

Risk identification and impact assessment: Mechanisms for identification and prioritization of risks include risk survey, industry benchmarking, incident analysis, business risk environment scanning, and focused discussions with the Board of Directors. The internal audit findings also provide inputs for risk identification and assessment. Operational risks are assessed primarily on three dimensions, namely, strength of underlying controls, compliance to policies and procedures and business process effectiveness.

Risk evaluation: Risk evaluation is carried out to decide the significance of risks to the Company. Estimated risks are compared against the established risk criteria. The risk criteria include key focus areas namely : strategy, growth, cost, talent, reputation, leadership, and regulatory compliance.

Risk reporting and disclosures: Risks to the achievement of key business objectives, trend line of risk level, impact and mitigation actions are reported. Risks relating to client project execution and client account level risks are reported and discussed at appropriate levels within the Company. Periodic update is provided to the Board highlighting key risks, their impact and mitigation actions. Key risk factors are disclosed in regulatory filings.

Risk mitigation and monitoring: For identified top risks, dashboards are created that track external and internal indicators relevant for risks to indicate the risk level and its likelihood of occurrence. The trend line assessment of top risks, analysis of exposure and potential impact are carried out periodically.

Integration with strategy and business planning : Identified risks to the business objectives in the near-term, medium-term and long-term are used as one of the key inputs for the development of strategy and annual business plan. Key strategic initiatives are identified to mitigate specific risks.

Disclaimer

The risk-related information outlined in this section is for information purpose only. The discussion contains statements, which may be forward looking in nature. Our business model is subject to uncertainties that could cause actual results to differ materially from those reflected in the forward looking statements.

Independent Auditor's Report

To the Members of EdgeVerve Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the Statement of Profit and Loss for the period from 14 February 2014 ('date of incorporation') to March 31, 2015 ('the period') and the Cash Flow Statement for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company did not have any pending litigations that would impact its financial position as at March 31, 2015;
 - ii. the Company did not have any long-term contracts including derivative contracts, which require a provision for material foreseeable losses as at 31 March 2015; and
 - iii. The Company did not have amounts that were required to be transferred to the Investor Education and Protection Fund.

for B S R & Co. LLP
Chartered Accountants

Firm's registration number: 101248W/W-1000225

Place: Bengaluru
Date: April 17, 2015

Akhil Bansal
Partner
Membership number: 090906

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the period ended March 31, 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.
- (iv) 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) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us, the Company did not have any dues which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.
- (viii) The Company is not registered for a period not less than five years, thus, paragraph 3(viii) of the order is not applicable.
- (ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the period.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the period.
- (xii) 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/W-1000225

Akhil Bansal
Partner

Membership number: 090906

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

Particulars	Note	As at March 31, 2015
<i>in ₹</i>		
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	4,61,84,00,000
Reserves and surplus	2.2	(70,50,27,449)
		<u>3,91,33,72,551</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities (net)	2.3	–
Other long-term liabilities	2.4	6,48,29,041
		<u>6,48,29,041</u>
CURRENT LIABILITIES		
Trade payables	2.5	17,40,90,152
Other current liabilities	2.6	30,64,48,079
Short-term provisions	2.7	1,79,20,086
Short-term borrowings	2.8	18,04,77,444
		<u>67,89,35,761</u>
		<u>4,65,71,37,353</u>
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Tangible assets	2.9	8,84,53,646
Intangible assets	2.9	3,71,19,79,532
		<u>3,80,04,33,178</u>
Deferred tax assets (net)	2.3	–
Long-term loans and advances	2.10	9,10,17,773
		<u>3,89,14,50,951</u>
CURRENT ASSETS		
Trade receivables	2.11	4,43,35,436
Cash and cash equivalents	2.12	9,79,90,059
Short-term loans and advances	2.13	62,33,60,907
		<u>76,56,86,402</u>
		<u>4,65,71,37,353</u>
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership No: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Statement of Profit and Loss

in ₹

Particulars	Note	Period from February 14, 2014 to March 31, 2015
Income from software services and products	2.15	1,47,73,43,061
Other income	2.16	6,72,846
Total revenue		1,47,80,15,907
Expenses		
Employee benefit expenses	2.17	62,94,34,139
Cost of technical sub-contractors	2.17	47,20,95,211
Travel expenses	2.17	44,5,98,350
Cost of software packages and others	2.17	29,94,33,987
Communication expenses	2.17	17,5,06,436
Professional charges		7,53,53,508
Depreciation and amortization expense	2.9	44,71,50,933
Other expenses	2.17	19,74,70,792
Total expenses		2,18,30,43,356
LOSS BEFORE TAX		(70,50,27,449)
Tax expense		
Current tax		-
Deferred tax		-
LOSS FOR THE PERIOD		(70,50,27,449)
EARNINGS PER EQUITY SHARE		
Equity shares of par value ₹10/- each		
Basic		(3.39)
Diluted		(3.39)
Number of shares used in computing earnings per share	2.27	
Basic		20,78,96,740
Diluted		20,78,96,740
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership No: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Cash Flow Statement

Particulars	Note	in ₹ Period from February 14, 2014 to March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(70,50,27,449)
Adjustments to reconcile loss before tax to cash generated by operating activities		
Depreciation and amortization expense		44,71,50,933
Interest income		(10,66,740)
Dividend Income		(18,776)
Interest expense		25,01,236
Changes in assets and liabilities		
Trade receivables		(4,43,35,436)
Loans and advances and other assets		(65,48,86,792)
Liabilities and provisions		49,19,59,664
		(46,37,23,360)
Income taxes paid		-
NET CASH USED IN OPERATING ACTIVITIES		(46,37,23,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure		(2,70,90,999)
Investment in mutual fund Units		1,50,00,000
Disposal of mutual fund Units		(1,50,00,000)
Dividend received		18,776
Interest and dividend received		8,09,434
NET CASH USED IN INVESTING ACTIVITIES		(2,62,62,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from parent		30,00,00,000
Loan repayment to parent		(12,00,00,000)
Interest expense		(20,23,792)
Proceeds from issuance of share capital		41,00,00,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		58,79,76,208
Effect of exchange differences on translation of foreign currency cash and cash equivalents		-
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,79,90,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,79,90,059
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

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Bengaluru
April 17, 2015

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Significant accounting policies

Company overview

EdgeVerve Systems Limited is a wholly-owned subsidiary of Infosys Limited. The Company defines, develops and operates innovative cloud-hosted business platforms and software products and offer them as 'pay-as-you-use' services.

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. 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).

1.2 Use of estimates

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

Accounting estimates could change 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

Revenue is primarily derived from software development and related services and from the licensing of software products. Arrangements with customers for software development and related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings 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.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire

arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

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 increases 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, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts using a cumulative catch-up approach. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Provisions and contingent liabilities

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

1.5 Post-sales client support and warranties

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

1.6 Tangible assets and capital work-in-progress

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

1.7 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Research costs are expensed as incurred. Software development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic

benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. Intangible assets are measured over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use.

1.8 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

1.9 Impairment

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

1.10 Retirement benefits to employees

Gratuity

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

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

Superannuation

Certain employees of EdgeVerve are also participants in the EdgeVerve Systems Limited Employees Superannuation Fund Trust ('the Plan') which is a defined contribution plan. The Company has no obligations to the Plan beyond its monthly contributions.

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 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.

1.11 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.

1.12 Income taxes

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, 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 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. The income tax provision for

the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the share premium account.

1.13 Earnings per share

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

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

1.14 Investments

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, 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, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.17 Leases

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

2 Notes to accounts for the period ended March 31, 2015

Amounts in the financial statements are presented in ₹, except for per share data and as otherwise stated. All exact amounts are stated with the suffix “/-”.

2.1 Share capital

in ₹, except as otherwise stated

Particulars	As at	
	March 31, 2015	
Authorized		
Equity shares, ₹ 10/- par value		
47,00,00,000 equity shares		4,70,00,00,000
Issued, subscribed and paid-up		
Equity shares, ₹ 10/- par value		4,61,84,00,000
46,18,40,000 equity shares ⁽¹⁾		4,61,84,00,000

⁽¹⁾The Company has allotted 42,18,40,000 fully-paid-up equity shares of face value ₹10/- each during the year pursuant to a Business Transfer Agreement entered into with the holding company "Infosys Limited" for consideration other than cash.

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

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

The details of shareholder holding more than 5% shares as at March 31, 2015 is set out below :

Name of the shareholder	As at March 31, 2015	
	No. of shares	% held
Infosys Limited (Equity shares of ₹10/- fully paid up held by holding company)	46,18,39,994	100.00%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2015 is set out below :

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Number of shares at the beginning of the period	-	-
Add: Shares issued	46,18,40,000	4,61,84,00,000
Number of shares at the end of the period	46,18,40,000	4,61,84,00,000

Shares held by holding Company

Equity shares of ₹ 10/- fully paid up held by:

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Infosys Limited	46,18,39,994	4,61,83,99,940

2.2 Reserves and surplus

in ₹

Particulars	As at	
	March 31, 2015	
Opening balance		-
Add: Net loss transferred from Statement of Profit and Loss		(70,50,27,449)
Total Reserves and Surplus		(70,50,27,449)

2.3 Deferred taxes

in ₹

Particulars	As at March 31, 2015
Deferred tax assets	
Other assets	99,00,000
	99,00,000
Deferred tax liabilities	
Fixed assets	99,00,000
	99,00,000
Deferred tax assets after set off	–
Deferred tax liabilities after set off	–

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.

In accordance with the explanation to AS-22 “Accounting for taxes on Income” deferred tax assets in situations of carry forward losses have been recognized to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax asset will be realized.

2.4 Other long-term liabilities

in ₹

Particulars	As at March 31, 2015
Gratuity obligation	6,48,29,041
	6,48,29,041

2.5 Trade payables

in ₹

Particulars	As at March 31, 2015
Trade payables	17,40,90,152
	17,40,90,152
Includes dues to holding company (Refer to Note 2.21)	14,31,79,110

2.6 Other current liabilities

in ₹

Particulars	As at March 31, 2015
Accrued salaries and benefits	
Salaries and benefits	2,36,428
Bonus and incentives	7,01,94,777
Other liabilities	
Provision for expenses	4,78,13,638
Withholding and other taxes payable	4,43,70,882
Other payables ⁽¹⁾	14,38,32,354
	30,64,48,079
⁽¹⁾ Includes dues to holding company (Refer to Note 2.21)	14,33,23,922

2.7 Short-term provisions

in ₹

Particulars	As at March 31, 2015
Provision for employee benefits	
Unavailed leave	1,79,20,086
	1,79,20,086

2.8 Short-term borrowings

in ₹

Particulars	As at March 31, 2015
Loans from related party	
Unsecured Loan	18,04,77,444
	18,04,77,444

The loan from Infosys Limited, holding company was taken during financial year 2014-15 and carries a interest rate at the rate of 8.67% p.a. This loan is repayable on demand.

2.9 Fixed assets

in ₹ except as otherwise stated

Particulars	Original cost		Depreciation and amortization		Net book value		
	As at February 14, 2014	Additions / adjustments during the period	Deductions / retirement during the period	As at March 31, 2015	For the period	As at March 31, 2015	As at March 31, 2015
Tangible assets							
Computer equipment	-	12,70,47,979	-	12,70,47,979	-	3,85,94,333	8,84,53,646
	-	12,70,47,979	-	12,70,47,979	-	3,85,94,333	8,84,53,646
Intangible assets							
Goodwill	-	2,80,39,08,132	-	2,80,39,08,132	-	30,06,93,084	2,50,32,15,048
Capital Contracts	-	30,060,000	-	30,060,000	-	1,12,82,795	1,87,77,205
Technology	-	1,28,65,68,000	-	1,28,65,68,000	-	9,65,80,721	1,18,99,87,279
	-	4,12,05,36,132	-	4,12,05,36,132	-	40,85,56,600	3,71,19,79,532
Total	-	4,24,75,84,111	-	4,24,75,84,111	-	44,71,50,933	3,80,04,33,178

Refer to Note 2.30 for the list of assets acquired.

The estimated useful life is as under:

Computer Equipment	3-5 years
Goodwill	7 years
Capital Contracts	2 years
Technology	10 years

2.10 Long-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Other deposit	1,25,000
Other loans and advances	
TDS Receivable	9,08,92,773
	9,10,17,773

2.11 Trade receivables

in ₹

Particulars	As at March 31, 2015
Debts outstanding for a period exceeding six months	
Unsecured	
Considered doubtful	–
Less: Provision for doubtful debts	–
	–
Other debts	
Unsecured	
Considered good ⁽¹⁾	4,43,35,436
Considered doubtful	–
	4,43,35,436
Less: Provision for doubtful debts	–
	4,43,35,436
	4,43,35,436
⁽¹⁾ Includes dues from fellow subsidiaries (Refer to Note 2.21)	4,43,35,436

2.12 Cash and cash equivalents

in ₹

Particulars	As at March 31, 2015
Balances with bank	–
In current and deposit accounts	9,79,90,059
	9,79,90,059
Deposit accounts with more than 12 months maturity	20,00,000
Balance with banks held as margin money deposit against guarantees	41,50,000

Cash and cash equivalents as of March 31, 2015 include restricted bank balances of ₹ 41,50,000. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

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

in ₹

Particulars	As at March 31, 2015
In current account	
ICICI Bank, India	6,69,83,973
ICICI Bank-EEFC (U.S. Dollar account)	2,56,25,953
State Bank of India	12,30,133
	9,38,40,059

in ₹

Particulars	As at March 31, 2015
In deposit account	
ICICI Bank	41,50,000
	41,50,000
Total cash and cash equivalents	9,79,90,059

2.13 Short-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Others	
Advances	
Prepaid expenses	7,13,420
For supply of goods and rendering of services	5,14,19,175
Withholding and other taxes receivable	3,19,27,831
Others ⁽¹⁾	8,72,46,336
	17,13,06,762
Restricted deposits (Refer to Note 2.28)	1,98,75,468
Unbilled revenues ⁽²⁾	43,13,49,127
Interest accrued but not due	2,57,311
Loans and advances to employees	
Salary advances	5,72,239
	62,33,60,907
⁽¹⁾ Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)	8,73,00,565
⁽²⁾ Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)	43,13,49,127

2.14 Leases

The lease rentals charged during the period is as follows:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Lease rentals recognized during the period	4,18,71,067

2.15 Income from software services and products

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
	1,47,73,43,061

2.16 Other income

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Interest on deposits with bank	10,66,740
Dividend received on investment in mutual fund units	18,776
Miscellaneous income	24,34,025
Gains / (losses) on foreign currency, net	(28,46,695)
	6,72,846

2.17 Expenses

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Employee benefit expenses	
Salaries and bonus including overseas staff expenses	55,74,28,786
Contribution to provident and other funds	6,55,05,292
Staff welfare	65,00,061
	62,94,34,139
Cost of technical sub-contractors	
Technical sub-contractors—holding company	46,42,28,258
Technical sub-contractors—others	78,66,953
	47,20,95,211
Travel expenses	
Overseas travel expenses	3,67,61,517
Travelling and conveyance	78,36,833
	4,45,98,350
Cost of software packages and others	
For own use	29,14,47,468
Third party items bought for service delivery to clients	79,86,519
	29,94,33,987
Communication expenses	
Telephone charges	28,93,693
Communication expenses	1,46,12,743
	1,75,06,436
Other expenses	
Office maintenance	2,29,52,567
Rent	4,18,71,067
Printing and Stationery	1,25,737
Rates and taxes, excluding taxes on income	2,87,44,805
Membership Fees	9,03,740
Computer maintenance	6,44,10,043
Consumables	6,53,906
Commission to non-whole time directors	6,00,000
Statutory audit fees	5,00,000
Bank charges and commission	2,10,487
Others	3,64,98,440
	19,74,70,792

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

There were no contingent liabilities as at March 31, 2015.

Commitments

in ₹

Estimated amount of unexecuted capital contracts	
(Net of advances and deposits)	55,10,826

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

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Capital goods	1,34,73,500
	1,34,73,500

2.20 Activity in foreign currency

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Earnings in foreign currency	
Income from software services and products	1,46,47,09,803
Expenditure in foreign currency	
Overseas travel expenses (including visa charges)	72,44,204
Professional charges	39,51,454
Other expenditure incurred overseas for software development	14,64,30,238
	15,76,25,896
	(15,76,25,896)

2.21 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31, 2015
Infosys Limited	India	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Americas	U.S.
Infosys BPO s.r.o	Czech Republic
Infosys BPO (Poland) Sp. z o.o.	Poland
Infosys McCamish Systems LLC (formerly known as McCamish Systems LLC)	U.S.
Portland Group Pty Ltd	Australia
Infosys BPO S de R.L. de C. V.	Mexico
Infosys Australia	Australia
Lodestone Holding AG	Switzerland
Lodestone Management Consultants Inc.	U.S.
Lodestone Management Consultants Pty. Limited	Australia
Lodestone Management Consultants AG	Switzerland
Lodestone Augmentis AG	Switzerland
Hafner Bauer and Ödman GmbH	Switzerland
Lodestone Management Consultants (Belgium) S.A.	Belgium
Lodestone Management Consultants GmbH	Germany
Lodestone Management Consultants Pte Limited	Singapore
Lodestone Management Consultants SAS	France
Lodestone Management Consultants s.r.o.	Czech Republic
Lodestone Management Consultants GmbH	Austria
Lodestone Management Consultants China Co., Ltd.	China
Lodestone Management Consultants Ltd.	U.K.
Lodestone Management Consultants BV	Netherlands
Lodestone Management Consultants Ltda.	Brazil
Lodestone Management Consultants sp. z o.o.	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA	Portugal
SC Lodestone Management Consultants S.R.L.	Romania
Infosys Canada Public Services Ltd. ⁽¹⁾	Canada
Infosys Nova Holdings LLC ⁽²⁾	U.S.

Name of fellow subsidiaries	Country
Panaya Inc. ⁽³⁾	U.S.
Panaya Ltd. ⁽⁴⁾	Israel
Panaya Gmbh ⁽⁴⁾	Germany
Panaya Pty Ltd. ⁽⁴⁾	Australia
Panaya Japan Co. Ltd. ⁽⁴⁾	Japan
Lodestone Management Consultants S.R.L.	Argentina

⁽¹⁾ Incorporated effective December 19, 2014

⁽²⁾ Incorporated effective January 23, 2015

⁽³⁾ On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.

⁽⁴⁾ Wholly-owned subsidiary of Panaya Inc.

Name of Associates	Country
DWA Nova LLC ⁽¹⁾	U.S.

⁽¹⁾ Associates of Infosys Nova Holdings LLC.

List of other related party

Particulars	Country	Nature of relationship
EdgeVerve Systems Limited Employees Gratuity Fund Trust	India	Post-employment benefit plan of EdgeVerve
EdgeVerve Systems Limited Employees Superannuation Fund Trust	India	Post-employment benefit plan of EdgeVerve

List of key management personnel

Whole-time directors

Sanjay Purohit, *Chief Executive Officer and Managing Director*

(with effect from July 8, 2014)

Samson David, *Chief Operating Officer* (with effect from July 8, 2014)

Executive Officers

Prem Pereira, *Chief Financial Officer*

Sudhir Shridhar Gaonkar, *Company Secretary* (appointed with effect from January 12, 2015)

Parvatheesam K., *Company Secretary* (resigned with effect from January 10, 2015)

The details of amounts due to or due from as at March 31, 2015 are as follows:

Particulars	As at March 31, 2015
Trade Receivables	
Infosys Limited	–
Infosys BPO	4,43,35,436
	4,43,35,436
Unbilled	
Infosys Limited	37,07,78,561
Infosys BPO	2,74,42,356
Infosys Public Services Inc.	3,31,28,210
	43,13,49,127
Other receivables	
Infosys Limited	8,60,28,426
Infosys BPO	12,72,139
	8,73,00,565
Trade payables	
Infosys Limited	14,31,79,110
	14,31,79,110

Particulars	As at March 31, 2015
Loan from Parent	
Infosys Limited	18,04,77,444
	18,04,77,444
Other payables	
Infosys Limited	14,33,23,922
	14,33,23,922

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

Particulars	Period from February 14, 2014 to March 31, 2015
Capital transactions:	
Financing transactions	
Capital Infusion by Parent	
Infosys Limited	4,61,84,00,000
	4,61,84,00,000
Loans Received from Parent	
Infosys Limited	30,00,00,000
	30,00,00,000
Loans Repaid to Parent	
Infosys Limited	12,00,00,000
	12,00,00,000
Fixed Asset Purchase from Parent	
Infosys Limited	24,88,589
	24,88,589
Revenue transactions:	
Purchase of services	
Infosys Limited	46,42,28,258
Purchase of shared services including facilities and personnel	
	25,51,52,010
	71,93,80,268
Interest Expense	
Infosys Limited	25,01,236
	25,01,236
Sale of services	
Infosys Limited	1,34,77,49,373
Infosys Public Services, Inc.	3,77,59,511
Infosys BPO (including subsidiaries)	9,18,34,177
	1,47,73,43,061
Sale of shared services including facilities and personnel	
Infosys BPO (including subsidiaries)	–

The table below describes the compensation to key managerial personnel:

Particulars	Period from February 14, 2014 to March 31, 2015
Salaries and other employee benefits to whole-time directors and executive officers	3,01,03,589
Commission and other benefits to non-executive / independent directors	6,00,000
Total	3,07,03,589

2.22 Research and development expenditure

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
R&D Expenditure	
Capital Expenditure	–
Revenue Expenditure	65,94,60,236

2.23 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the

financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and on-site expenses, which are categorized in

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

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

Industry segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software services and products	54,79,24,796	8,57,63,598	33,87,50,799	33,09,79,019	17,39,24,849	1,47,73,43,061
Identifiable operating expenses	6,79,90,188	1,32,93,666	1,31,03,806	1,71,90,007	9,59,302	11,25,36,969
Allocated expenses	52,64,51,835	7,60,33,292	41,78,62,678	39,84,94,953	20,20,11,459	1,62,08,54,217
Segmental operating income	(4,65,17,227)	(35,63,360)	(9,22,15,685)	(8,47,05,941)	(2,90,45,912)	(25,60,48,125)
Unallocable expenses						4,496,52,170
Other income						6,72,846
Profit before tax						(70,50,27,449)
Tax expense						–
Profit after taxes and exceptional item						(70,50,27,449)

Geographic Segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	79,97,16,558	21,93,55,288	1,26,33,258	44,56,37,957	14,7,73,43,061
Identifiable operating expenses	7,80,25,788	66,66,014	16,61,479	2,61,83,687	11,25,36,968
Allocated expenses	81,09,15,861	24,01,89,260	1,46,78,163	555,070,934	16,20,8,54,218
Segmental operating income	(8,92,25,091)	(2,74,99,986)	(37,06,384)	(135,616,664)	(25,60,48,125)
Unallocable expenses					44,96,52,168
Other income, net					6,72,844
Profit before tax					(70,50,27,449)
Tax expense					–
Profit after taxes and exceptional item					(70,50,27,449)

2.24 Gratuity plan

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 and plan assets :

in ₹	
Particulars	
Obligations at year beginning	
Service cost	63,48,201
Interest cost	33,01,736
Transfer of obligation ⁽¹⁾	5,27,45,341
Actuarial loss	2,83,10,183
Benefits paid	–
Obligations at year / period end	9,07,05,461
Change in plan assets	
Plan assets at year beginning, at fair value	–
Expected return on plan assets	8,60,938
Actuarial gain	(84,519)
Contributions	2,51,00,000
Benefits paid	–
Plan assets at year / period end, at fair value	2,58,76,419
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the year / period	2,58,76,419
Present value of the defined benefit obligations at the end of the year / period	9,07,05,461
Reimbursement Asset	6,58,92,944
Asset recognized in the balance sheet	10,63,902
Assumptions	
Interest rate	7.80%
Estimated rate of return on plan assets	9.50%
Weighted expected rate of salary increase	10%

⁽¹⁾ During the period ended an obligation of ₹ 6,46,20,805 was transferred from Infosys Limited towards the settlement of gratuity liability of the employees transferred to the Company.

Net gratuity cost for the quarter ended March 31, 2015 and period from February 14, 2014 to March 31, 2015 comprises of the following components:

in ₹	
Particulars	Period from February 14, 2014 to March 31 2015
Gratuity cost for the period	
Service cost	63,48,201
Interest cost	33,01,736
Expected return on plan assets	(8,60,938)
Actuarial loss	2,83,94,701
Net gratuity cost	3,71,83,700
Actual return on plan assets	7,76,419

Gratuity cost, as disclosed above, is included under Employee benefit expenses and is segregated between software development expenses, selling and marketing expenses and general and administration expenses on the basis of number of employees.

As at March 31, 2015, the plan assets have been primarily invested in government securities. 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.

2.25 Provident fund

The Company contributed ₹ 1,77,89,201 for period ended March 31, 2015 towards provident fund.

2.26 Superannuation

The Company contributed ₹ 88,10,583 for period ended March 31, 2015 towards superannuation fund.

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

Particulars	Period from February 14, 2014 to March 31, 2015
Number of shares considered as basic weighted average shares outstanding	20,78,96,740
Add: Effect of dilutive issues of shares	–
Number of shares considered as weighted average shares and potential shares outstanding	20,78,96,740

2.28 Restricted deposits

Deposits with financial institutions as at March 31, 2015 include ₹ 1,98,75,468 deposited with Financial Institution to settle employee-related obligations as and when they arise during the normal course of business.

2.29 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
Software development expenses	1,38,99,80,309
GROSS PROFIT	8,73,62,752
Selling and marketing expenses	3,67,20,548
General and administration expenses	30,91,91,565
	34,59,12,113
OPERATING LOSS BEFORE DEPRECIATION	(25,85,49,361)
Depreciation and amortization	44,71,50,933
OPERATING LOSS	(70,57,00,294)
Other income	6,72,845
LOSS BEFORE TAX	(70,50,27,449)
Tax expense:	
Current tax	–
Deferred tax	–
LOSS FOR THE PERIOD	(70,50,27,449)

2.30 Transfer of business from Infosys Limited

On April 11, 2014, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of US \$70 million (₹420.84 crore) with effect from July 1, 2014. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled through issue of fully paid-up shares in EdgeVerve.

Net assets taken over

in ₹

Particulars	Amount
Fixed Assets	7,71,32,882
Intangible asset – Capital contracts	3,00,60,000
Intangible asset – Technology	1,28,65,68,000
Reimbursement asset (on account of employee benefit obligation taken over)	59,234,578
Employee benefit obligation – Gratuity	(4,85,03,592)
Goodwill	2,80,39,08,132
Total consideration in shares	4,20,84,00,000

2.31 These financial statements are prepared for the period February 14, 2014 (date of incorporation) to March 31, 2015.

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal

Partner

Membership Number: 090906

Sandeep Dadlani

Chairman of the Board

Sanjay Purohit

Chief Executive Officer

Samson David

Director

Srinivasan Rajam

Director

Rajiv Bansal

Director

Bengaluru

April 17, 2015

Prem Pereira

Chief Financial Officer

Sudhir Shridhar Gaonkar

Company Secretary

Corporate governance report

We believe that it is imperative for us to manage our business affairs in the most fair and transparent manner with a firm commitment to our values. For us, corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. Our corporate governance framework is a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. Accordingly, we always seek to ensure that our performance is driven by integrity. This is vital to gain and retain the trust of our stakeholders.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective corporate governance. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our corporate governance framework ensures that company makes timely disclosures and shares accurate information regarding financials and performance, as well as the leadership and governance of the Company.

Our corporate governance philosophy is based on the following principles:

- Corporate governance standards should go beyond the law and satisfy the spirit of the law, not just the letter of the law.
- When in doubt, disclose. Ensure transparency and maintain a high level of disclosure.
- Clearly distinguish between personal conveniences and corporate resources
- Communicate externally, and truthfully about how the Company is run internally

- Comply with the laws of all the countries in which we operate
- Have a simple and transparent corporate structure driven solely by business needs

In line with the company's commitment to good corporate governance practices, the company has constituted Audit and Nomination & Remuneration Committees consisting of majority of independent directors.

We have adopted the good corporate governance guidelines in line with holding company to the extent applicable and to help fulfill our corporate responsibility towards stakeholders. These guidelines ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

The company has complied with all norms of corporate governance applicable to the unlisted public company as envisaged under the Companies Act, 2013 and the Rules made thereunder including Secretarial Standards on Board and general meetings issued by the Institute of Company Secretaries of India.

A. Board Composition

Size and Composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2015, the Board consists of six members, two of whom are executive or whole-time directors, two other members are non-executive directors and two members are independent directors. The Board periodically evaluates the need for change in its composition and size.

The Composition of Board of directors as of March 31, 2015

Name of Director Designation, Age & Experience (No. of years)	Category & Number of years on EdgeVerve Board	Area of Expertise	Highest Qualification Held	Directorship in Indian Listed companies	All companies around world
Sandeep Dadlani <i>Chairman of the Board</i> Age: 40 years Experience: 18 years	Non-Executive and Non Independent, Seven months on Board effective September 8, 2014	Management, Consulting, Operations, Sales, Business Development, Retail/CPG/ Logistics/Banking	MBA-Finance, BE (Electronics)	–	Infosys Americas, Inc. as Chairman
Sanjay Purohit <i>CEO and Managing Director</i> Age: 49 years Experience: 25 years	Executive and Non- independent, One year and a month on Board as director, CEO&MD effective July 8, 2014	Incubating new businesses, product innovation, developing new business models, defining business strategy and leadership development with leading businesses globally.	B.E. (Mechanical Engineering)	–	–
Samson David <i>Chief Operating Officer</i> Age: 46 years Experience: 23 years	Executive and Non- independent, One year and a month on Board as director, COO effective July 8, 2014	Developing new business models, business strategies and Incubating new businesses, product innovation and engineering, setting up and driving high powered sales teams worldwide, large scale global operations with Global 2000 clients and leadership development with leading businesses globally	M.E.	–	–

Name of Director Designation, Age & Experience (No. of years)	Category & Number of years on EdgeVerve Board	Area of Expertise	Highest Qualification Held	Directorship in Indian Listed companies	All companies around world
Rajiv Bansal <i>Director</i> Age: 43 years Experience: 20 years	Executive and Non Independent, Eight months on Board effective July 28, 2014	Corporate Finance, Business Finance, Risk, Operations Planning and Assurance, International Taxation and Mergers and Acquisition for the whole group	Chartered Accountant and Cost Accountant	–	Infosys BPO Limited Lodestone Holding AG
Srinivasan Rajam <i>Director</i> Age: 54 years Experience: 28 years	Non-executive and Independent, Nine months on Board effective July 8, 2014	Digital Signal Processing (DSP) Systems, Online Media Processing, Technology Ventures and Start Up	Master of Engineering in Computer Science from Indian Institute of Science (IISc)	–	Ittiam Systems Private Limited, Managing Director
Roopa Kudva <i>Director</i> Age: 52 years Experience: 23 years	Non-executive and Independent, Two months on Board effective February 10, 2015	General management, business & financial analysis	PGDM from IIM, Ahmedabad	CRISIL Limited as CEO & MD	CRISIL Irevna Information Technology (Hangzhou) Co. Ltd. CRISIL Irevna UK Ltd CRISIL Irevna US LLC Coalition Development Limited (UK)

Directors

First Directors

Name of the director	Date of Appointment
Narayana Murthy	Named by Articles of Association as first director of the Company effective February 14, 2014
Sanjay Purohit	Named by Articles of Association as first director of the Company effective February 14, 2014
Samson David	Named by Articles of Association as first director of the Company effective February 14, 2014

Appointments during the year

Name of the director	Date of Appointment
Srinivasan Rajam	Appointed as additional director effective July 8, 2014, confirmed by shareholders at the Extra-ordinary General Meeting
Gautam Thakkar	Appointed as additional director effective July 8, 2014, confirmed by shareholders at the Extra-ordinary General Meeting
Rajiv Bansal	Appointed as additional director effective July 28, 2014, confirmed by shareholders at the Extra-ordinary General Meeting
Sandeep Dadlani	Appointed as additional director effective September 8, 2014, confirmed by shareholders at the Extra-ordinary General Meeting
Roopa Kudva	Appointed as additional director effective February 10, 2015, Confirmation proposed at the Annual General Meeting

Resignations / Cessations

Name of the director	Date of Resignation/ Cessation
Narayana Murthy	Resigned as director of the Company effective September 8, 2014
Gautham Thakkar	Resigned as Director of the company effective November 30, 2014

Changes proposed at the Annual General Meeting (AGM)

Directors retiring by rotation and being eligible, offer themselves for re-appointment:

By virtue of provisions of the Companies Act, 2013 Sandeep Dadlani is retiring by rotation and being eligible offers himself for re-appointment. A resolution in this regard is being placed before the annual general meeting.

The above director satisfies the requirement of Directors' Appointment / Re-appointment criteria.

Board membership Criteria

The Nomination & Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members including Chief Executive Officer, Executive Directors, Non-executive, both Independent and non-independent Directors. Board members are expected to possess the expertise, skills and experience required to manage and guide the company. Expertise in strategy, technology, finance, quality and human resources is essential.

Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. The Nomination & Remuneration Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria").

Selection and Nomination of the Directors

The Board is responsible for the selection of the Directors (Executive, Non-Executive, and Independent/ Non Independent Directors). The Board delegates the screening and selection process involved in selecting the Directors to the Nomination & Remuneration committee which consists majority of Independent Directors. The Nomination & Remuneration Committee in turn makes recommendations / nomination for election of directors by the shareholders or nominations for vacancies to be filled by the Board.

Board Evaluation

Schedule IV of the Companies Act, 2013 requires the independent directors to review the performance of non-independent directors and the Board as a whole, including chairperson of the company and the performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated. The Board works with the nomination and remuneration committee to lay down the evaluation criteria for the performance of executive / non-executive / independent directors through a peer-evaluation excluding the director being evaluated.

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

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

Retirement Policy

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

Board Meetings

During the year, nine Board meetings were held as against the requirement of four meetings in terms of Section 173 of Companies Act, 2013. The dates on which the Board meetings were held are: February 20, 2014, April 11, 2014, July 8, 2014, September 8, 2014, September 11, 2014, September 23, 2014, September 29, 2014, October 8, 2014 and January 7, 2015.

Number of Board Meetings and the attendance of directors during FY 2014-2015

Name of the Directors	Number of Meetings	
	Held during his/ her tenure	Attended
Narayana Murthy ⁽¹⁾	3	2
Sanjay Purohit	9	9
Samson David	9	9
Srinivasan Rajam ⁽²⁾	6	4
Gautam Thakkar ⁽³⁾	5	5
Rajiv Bansal ⁽²⁾	6	6
Sandeep Dadlani ⁽⁴⁾	5	2
Roopa Kudva ⁽⁵⁾	-	-

Notes:

1. Resigned as director of the Company effective September 8, 2014
2. Shareholders approved at EGM held on July 10, 2014
3. Director for the period from July 8, 2014 to November 30, 2014
4. Shareholders approved at EGM held on September 11, 2014
5. Appointed as additional director effective February 10, 2015

Meeting of independent directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings to review the performance of non-independent directors and the Board as a whole; review the performance of the chairperson of the Company, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties. The meeting of independent directors of the company was held during March 2015 without the presence of non-independent directors and members of the management.

Remuneration paid or payable to the Directors:

During fiscal 2015 the remuneration was paid only to executive directors. The details of remuneration paid forms part of Extract of Annual Return in MGT-9 enclosed to the Board's report. Sitting fees of rupees one lac per meeting was paid to Independent directors. Non-executive directors were not paid any remuneration/ commission/ fees for the fiscal 2015.

Board Committees

The committees of the Board

Rule 6 of the Companies (Meetings and Powers of Board) Rules, 2014 provides that the Board of directors of the company shall constitute the Audit and Nomination & Remuneration committee if the company's paid up share capital is ₹10 crore or more or turnover is ₹100 crore or more or aggregate outstanding debt is ₹50 crore or more. Accordingly the provisions of the Act were applicable to the company from September 2014 due to increase in the paid up share capital of the company. Both the committees require majority of independent directors as members of the committee. The Board has constituted the Audit and Nomination and Remuneration Committee during the year and composition is as follows:

Name of the Committee	Composition	Designation
Audit Committee of the Board	Roopa Kudva	Chairperson
	Srinivasan Rajam <i>Independent Director</i>	Member
	Sandeep Dadlani <i>Non-executive Director</i>	Member
Nomination and Remuneration Committee	Srinivasan Rajam <i>Independent Director</i>	Chairperson
	Roopa Kudva <i>Independent Director</i>	Member
	Sandeep Dadlani <i>Non-executive Director</i>	Member

Scope and important Terms of Reference

Audit committee

- To review the quarterly and annual financial statements before submission to the Board, oversee the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements;
- To review the adequacy and effectiveness of the internal audit function and control systems;
- To focus on the objective of unqualified financial statements.
- To ensure compliance with the provisions of the companies Act, 2013 wherever applicable

Nomination & Remuneration Committee

- To lay down the criteria for appointment, removal and evaluation of the every director's performance
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Secretarial Audit

The board of directors of the company appointed M/s. Hegde & Hegde, Company Secretaries to conduct Secretarial Audit of records and documents of the company. The Secretarial Audit Report confirms that the company has complied with all the applicable provisions of the Companies Act 2013. The report of the Secretarial Auditor forms part of Board's report as Annexure 4.

Whistle Blower Policy

The company has adopted the Whistle blower Policy to ensure and promote ethics, transparency and accountability. The Whistle blower is a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our company's Code of Conduct or Ethics policy. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the Chairperson of the audit committee in exceptional cases. The policy has been posted on the website of the Company under the following link: <http://www.infosys.com/edge/overview/corporate-governance/Documents/whistleblower-policy.pdf>

General body meetings

During the year ended March 31, 2015, two general meetings were conducted, details are given below:

Type of General Meeting	Date	Time	Venue
Extra-ordinary General Meeting	July 10, 2014	3.30 P.M.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100
Extra-ordinary General Meeting	September 11, 2014	10.30 A.M.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100

July 01, 2015

Dear member,

You are cordially invited to attend the first Annual General Meeting of the members of EdgeVerve Systems Limited ('the company') on Friday, July 31, 2015 at 3.00 P.M. IST at the Registered Office of the company at Plot No 44, Electronics City, Hosur Road, Bangalore - 560100.

The Notice of the meeting containing the proposed resolutions is enclosed herewith.

Very truly yours,



Sandeep Dadlani
Chairman of the Board

Enclosures:

1. Notice to the First Annual General Meeting (AGM)
2. Statement pursuant to Section 102 (1) of the Companies Act, 2013
3. Proxy form
4. Attendance slip

EdgeVerve Systems Limited

Plot No. 47, Electronics City
Hosur Road
Bengaluru 560 100, India
T 91 80 3952 2222
F 91 80 2852 1300

Registered Office:

CIN: U72200KA2014PLC073660

Plot No. 44, Electronics City
Hosur Road
Bengaluru 560 100, India

secretarial@edgeverve.com
www.edgeverve.com

Notice to the 1st Annual General Meeting

NOTICE is hereby given that the first Annual General Meeting (AGM) of the Members of EdgeVerve Systems Limited ('the Company') will be held on Friday, July 31, 2015 at 3.00 P.M. IST at the Registered Office of the company at Plot No. 44, Electronics City, Hosur Road, Bangalore 560100, to transact the following business:

Ordinary business

Item no. 1 – Adoption of financial statements

To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2015, including the audited Balance Sheet as at March 31, 2015, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

Item no. 2 – Appointment of director

To appoint a director in place of Sandeep Dadlani, who retires by rotation and, being eligible, seeks re-appointment.

Item no. 3 – Appointment of auditors

To appoint B S R & Co. LLP, Chartered Accountants (LLP registration No. AAB 8181) the retiring auditors, to hold office as auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration for the financial year ending March 31, 2016.

Special business

Item No. 4 – Appointment of Roopa Kudva as an Independent director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT, pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Roopa Kudva, (bearing DIN: 00001766) who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 10, 2015 and who holds office till the date of the AGM, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Roopa Kudva as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company for a period up to February 09, 2020, not liable to retire by rotation.

Item no. 5 – Appointment of Michael Reh as non-executive director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Michael Reh (bearing DIN: 07120184) who was appointed as an additional director of the Company by the Board of Directors with effect from April 01, 2015, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Michael Reh as a

candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

Item no. 6 – Appointment of Jonathan Heller as non-executive director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Jonathan Heller (bearing DIN: 07197070) who was appointed as an additional director of the Company by the Board of Directors with effect from June 06, 2015, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Jonathan Heller as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

Item no. 7 – Transfer of business of Finacle from Infosys Limited

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

RESOLVED THAT, pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and subject to such other approvals, consents, permissions, sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract to acquire by purchase, lease, transfer or otherwise of the whole or part of the business and undertaking of Finacle including rights and properties relating thereto, from Infosys Limited, the holding company with effect from August 01, 2015 or such other date as may be decided by the Board of Directors, for an estimated consideration of up to ₹ 3,400 crore to be discharged in the manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Infosys Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be necessary to give effect to the above resolution.

Item no. 8 – Transfer of business of Edge Services from Infosys Limited

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

RESOLVED THAT, pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and subject to such other approvals, consents, permissions, sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board

of Directors to enter into a contract to acquire by purchase, lease, transfer or otherwise the whole or part of Edge Services business including rights and properties relating thereto, from Infosys Limited, the holding company with effect from August 01, 2015 or such other date as may be decided by the Board of Directors, for an estimated consideration of up to ₹220 crore to be discharged in the manner and on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and Infosys Limited.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, matters and things as may be necessary to give effect to the above resolution.

Item no. 9 – Increase in authorised share capital

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

RESOLVED THAT, pursuant to the provisions of Section 61 and other applicable provisions of the Companies Act, 2013, the authorized share capital of the Company be and is hereby increased up to ₹4100,00,00,000 (Rupees Four thousand One hundred crore only) divided into 410,00,00,000 (Four hundred and Ten crore only) equity shares of ₹10 (Rupees Ten only) each from ₹470,00,00,000 (Rupees Four hundred Seventy crore only) divided into 47,00,00,000 (Forty Seven crore only) equity shares of ₹10 (Rupees Ten only) each by creating an additional 363,00,00,000 (Three hundred and Sixty Three crore only) equity shares of ₹10 (Rupees Ten only), each aggregating to ₹3630,00,00,000 (Rupees Three thousand Six hundred and Thirty crore only).

Item no. 10 – Alteration of Capital Clause of Memorandum of Association

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

RESOLVED THAT, pursuant to the provisions of Sections 13 and 61 and other applicable provisions of the Companies Act 2013, the Clause V of the Memorandum of Association of the Company be and is hereby amended and be substituted by the following:

“Clause V. The authorized share capital of the Company is ₹4100,00,00,000 (Rupees Four thousand One hundred crore only) divided into 410,00,00,000 (Four hundred and Ten crore only) equity shares of ₹10 (Rupees Ten only) each.”

Item no. 11 – Further issue of shares

To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

RESOLVED THAT pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modifications thereto or re-enactment thereof for the time being in force), the provisions in the Memorandum and Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors to create, offer, issue, allot such number of Equity Shares of the face value of ₹10/- (Rupees Ten only) each on a preferential/private placement/ basis for cash or for consideration otherwise than in cash (i.e. consideration for transfer of Finacle and Edge Services business and undertakings, including rights and properties related thereto) or partly for cash and partly for consideration otherwise than in cash, to Infosys Limited at par or

at such price as may be determined by the Board at its absolute discretion and for an amount not exceeding ₹3620,00,00,000/- crore (Rupees Three thousand Six hundred and twenty crore only) in one or more tranches and on such terms and conditions and at such time or times as may be decided by the Board of Directors at their absolute discretion.

RESOLVED FURTHER THAT the above equity shares shall rank paripassu in all respects with the existing shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to modify, vary or alter all or any of the terms of the issue, including the power to increase, decrease, recalculate the number of equity shares to be created, offered and issued.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of the Board or any one or more Directors of the Company.

*by order of the Board of Directors
for EdgeVerve Systems Limited*



Sudhir Gaonkar
Company Secretary

Bengaluru
July 1, 2015

Notes

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before (till 3.00 p.m., July 29, 2015) the commencement of the meeting. A Proxy form is sent herewith.
4. Members / proxies should bring duly-filled attendance slips sent herewith to attend the meeting.
5. The Register of Director's and Key Managerial Personnel and their shareholdings, maintained under Section 170 (1) of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. The Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the registered office of the company.

Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item no. 4

Roopa Kudva was appointed by the Board of Directors as an Additional Director of the Company with effect from February 10, 2015, pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Roopa Kudva will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of ₹ 1,00,000/- proposing the candidature of Roopa Kudva for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Roopa Kudva (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for appointment of Roopa Kudva as an Independent Director of the Company for a period up to February 09, 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She will not be liable to retire by rotation.

In the opinion of the Board, Roopa Kudva, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and she is independent of the Management. A copy of the draft letter for the appointment of Roopa Kudva as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

No director, key managerial personnel or their relatives, except Roopa Kudva, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 4 for the approval of the members.

Item no. 5

Michael Reh was appointed by the Board of Directors as an Additional Director of the Company with effect from April 1, 2015, pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Michael Reh will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member, along with a deposit of ₹ 1,00,000/- proposing the candidature of Michael Reh for the office of Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Michael Reh (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of members for appointment of Michael Reh as non-executive Director of the Company, liable to retire by rotation.

No director, key managerial personnel or their relatives, except Michael Reh, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5 for the approval of the members.

Item No. 6

Jonathan Heller appointed by the Board of Directors as an Additional Director of the Company with effect from June 06, 2015, pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Jonathan Heller will hold office up to the date of the ensuing AGM. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Jonathan Heller for the office of a Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Jonathan Heller (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

The resolution seeks the approval of members for appointment of Jonathan Heller as non-executive Director of the Company, liable to retire by rotation.

No director, key managerial personnel or their relatives, except Jonathan Heller, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

Items No. 7 and 8

EdgeVerve is a product, platforms solution business provider. EdgeVerve products and platforms are used by global corporations across industries such as financial services, insurance, retail and CPG, life sciences, manufacturing, and telecom. The company in order to expand its business across the globe is proposing to acquire the business of Finacle and Edge Services from its holding company Infosys Limited.

Finacle is the industry-leading universal banking solution from Infosys. The solution helps banks renew their business by simplifying banking. It empowers them to accelerate innovation and create new opportunities. Today, Finacle is the choice of banks across 84 countries and serves over 450 million customers. The solution is consistently rated as a leader in the market by leading industry analysts.

Finacle solutions address the core banking, e-banking, mobile banking, CRM, payments, treasury, origination, liquidity management and wealth management requirements of retail, corporate and universal banks worldwide. The solution's componentized structure and enterprise-class capabilities help banks boost the agility and efficiency of their operations, and significantly improve customer experience across channels.

The proposed transfer of Finacle from Infosys to EdgeVerve enables the company in (i) cross-leveraging synergies between both the product businesses effectively, (ii) increasing the ability to attract and retain high-caliber talent for innovative products and solutions, (iii) strengthening the product-centric culture within the organization, (iv) offering greater agility and autonomy to nurture product-centric business effectively, (v) improving agility to invest in latest technologies to strengthen the product leadership in the market and (vii) delivering greater value to clients across both businesses.

The company is also proposing to acquire Edge Services which is a service delivery unit that specializes in customization, implementation, extension and production support of the EdgeVerve products.

The company proposes to refine this strategic initiative by Integrating Edge Services into Edge Verve Systems Limited, thereby (i) enhancing its Client Value proposition through productization of services and (ii) ensuring seamless delivery of end-to-end solutions.

The particulars of the transaction pursuant to Explanation (3) to Rule sub-rule (3) of Rule 15 of Companies (Meeting of Board and its powers) Rules, 2014 are as under:

1. Name of the related party: Infosys Limited
2. Name of the Director or Key Managerial Personnel who is related: Roopa Kudva
3. Nature of relationship: Infosys Limited is holding Company, and Roopa Kudva is a common Board member
4. Monetary Value: Estimated consideration of up to ₹ 3,620 crore (₹ 3,400 crore for Finacle and ₹ 220 for Edge Services)
5. Nature, material terms and particulars of the arrangement:

Contract	Finacle	Edge Services
Business Transfer Agreement (BTA) between the Company and Infosys Limited	Transfer of Finacle (business) including rights and properties related thereto, from Infosys to EdgeVerve	Transfer of Edge Services (business) including rights and properties related thereto, from Infosys to EdgeVerve
Inter-company agreement between EdgeVerve and respective Infosys entities including the parent (Infosys Limited)	To cover the following areas: 1. Post closure of the BTA, EdgeVerve (licensor) will license intellectual property (IP) to Infosys or its subsidiary (licensee) and such licensee may sub-license the IP to end clients, to the extent that such licensee is priming the deal with the end-client. 2. EdgeVerve shall execute Annual Maintenance Contract (AMC) to the licensee, who shall prime the AMC with the end client 3. EdgeVerve will enter into a sub-contracting agreement for services to the extent that Infosys or any other subsidiary is priming the deal with end client.	To cover the following areas: 1. Post closure of the BTA, EdgeVerve will enter into a sub-contracting agreement for services to the extent that Infosys or any other subsidiary is priming the deal with end client.
Lease Agreement	To cover the lease of identified property between EdgeVerve and Infosys Limited and its subsidiaries	To cover the lease of identified property between EdgeVerve and Infosys Limited and its subsidiaries
Transfer of Contracts Agreement	To transfer client contracts to EdgeVerve	To transfer client contracts to EdgeVerve

6. Any other information relevant or important for the Members to make a decision on the proposed transaction: None

Infosys Limited 'being a related party' within the meaning of Section 2 (76) of the Companies Act, 2013 the resolution seeks approval of the shareholders in terms of Section 188 of the Companies Act 2013 read with sub-rule (3) of rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. The Audit Committee of the company and the Board have approved the contract at their respective meeting held on April 17, 2015

No Director, Key Managerial Personnel or their relatives, except Roopa Kudva, being a common director, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 and 8 for the approval of the Members as special resolutions.

Items 9 and 10

The aggregate consideration of the transfer of business of Finacle and Edge Services from Infosys Limited is estimated at ₹ 3,620 crore. The said consideration is proposed to be settled by issue and allotment of fully paid equity shares of the company to Infosys Limited. At present the Company has an authorized capital of ₹ 470 crore out of which ₹ 461.84 crore is already issued and paid up. Since any further issue of capital will exceed the present authorized capital, it is necessary to increase the authorized share capital of the company to enable the company to issue further shares in consideration of businesses being transferred to the company from Infosys Limited. The Board considers it expedient to increase the authorized capital to ₹ 4,100 crore.

The resolution seeks the approval of the shareholders in terms of Section 13 and 61 of the Companies Act, 2013 for increase in authorized share capital and consequent alteration to the capital clause of the Memorandum of Association of the company.

No Director, Key Managerial Personnel or their relatives, except Roopa Kudva, being a common director, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 9 and 10 for the approval of the Members.

ITEM 11

The aggregate consideration for transfer of business of Finacle and Edge Services payable to Infosys Limited is estimated at ₹ 3,620 crore. The said consideration is proposed to be settled by issue and allotment of fully paid equity shares of the company to Infosys Limited.

The resolution seeks approval of the shareholders for issue of shares aggregating ₹ 3,620/-crore to Infosys Limited for cash or for consideration otherwise than in cash towards transfer of aforesaid business in terms of Section 62 and other applicable provisions of Companies Act 2013 and the Rules made thereunder.

No Director, Key Managerial Personnel or their relatives, except Roopa Kudva, being a common director, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 11 for the approval of the Members.

*by order of the Board of Directors
for EdgeVerve Systems Limited*



Sudhir Gaonkar
Company Secretary

Bengaluru
July 1, 2015

Proxy form

[Pursuant to Section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]



EdgeVerve Systems Limited

CIN: U72200KA2014PLC073660

Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India

secretarial@edgeverve.com | www.edgeverve.com

1st Annual General Meeting – July 31, 2015

Name of the member(s)	<input type="text"/>
Registered address	<input type="text"/>
	<input type="text"/>
Email	<input type="text"/>
Folio no. / Client ID	<input type="text"/>
DP ID	<input type="text"/>

I / We, being the member(s) of shares of the above named company, hereby appoint

Name : Email :

Address :

..... Signature: _____

or failing him / her

Name : Email :

Address :

..... Signature: _____

or failing him / her

Name : Email :

Address :

..... Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the EdgeVerve Systems Limited Annual general meeting of the company, to be held on the 31st day of July 2015 At 3.00 p.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

(contd...)



EdgeVerve Systems Limited

CIN: U72200KA2014PLC073660

Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India

Phone : +91 80 3952 2222

secretarial@edgeverve.com | www.edgeverve.com