



EDGEVERVE SYSTEMS LIMITED
ANNUAL REPORT
2016-17

The EdgeVerve Board of Directors



Sandeep Dadlani
Chairman of the Board

Sanat Rao
Director

Arun Kumar Krishnan
Whole-time Director

Srinivasan Rajam
Independent Director

Pervinder Johar
Chief Executive Officer

Jonathan Heller
Director

Ritika Suri
Director

D. N. Prahlad
Independent Director

As on March 31, 2017

CONTENTS

The EdgeVerve Board of directors.....	03
The Board and Committees	05
Board's report	06
Annexure to the Board's report	11
Corporate governance report	23
Financial statements	29
Presence	60
Notice of 3rd AGM.....	61

The Board and committees

Board of Directors as on March 31, 2016

Sandeep Dadlani

Chairman of the Board

Michael Reh*

Director

Arun Kumar Krishnan

Whole-time director

Jonathan Heller

Director

Roopa Kudva

Independent director

Sanjay Purohit

Director

Srinivasan Rajam

Independent director

**Resigned on March 31, 2016*

Inductions during the year

Manish Tandon

(Appointed on July 13, 2016)

Sanat Rao

(Appointed on November 16, 2016)

Ritika Suri

(Appointed on December 16, 2016)

D. N. Prahlad

(Appointed on January 6, 2017)

Pervinder Johar

(Appointed on March 3, 2017)

Resignations during the year

Manish Tandon

(Resigned on August 15, 2016)

Sanjay Purohit

(Resigned on September 30, 2016)

Roopa Kudva

(Resigned on November 11, 2016)

Board of Directors as on March 31, 2017

Sandeep Dadlani

Chairman of the Board

Pervinder Johar

Chief Executive Officer

Arun Kumar Krishnan

Whole-time director

D. N. Prahlad

Independent director

Jonathan Heller

Director

Ritika Suri

Additional director

Sanat Rao

Director

Srinivasan Rajam

Independent director

Committees of the Board*

Audit Committee

D. N. Prahlad

Chairperson

Sandeep Dadlani

Member

Srinivasan Rajam

Member

Nomination & Remuneration Committee

Srinivasan Rajam

Chairperson

D. N. Prahlad

Member

Sandeep Dadlani

Member

Corporate Social Responsibility Committee

Sandeep Dadlani

Chairperson

Arun Kumar Krishnan

Member

Srinivasan Rajam

Member

* As on March 31, 2017

Board's report

Dear members,

The Board of Directors hereby submits the report of the business and operations of the Company ('the Company' or 'EdgeVerve'), along with the audited financial statements, for the financial year ended March 31, 2017.

1. Results of our operations

in ₹ lakh, except per share data

Particulars	2017	2016
Income from software products, platforms and services	235,141	153,296
Software development expenses	138,191	91,741
Gross Profit	96,950	61,555
Operating expenses		
Selling and marketing expenses	19,935	15,263
General and administration expenses	22,867	15,820
Total operating Expenses	42,802	31,083
Operating Profit	54,148	30,472
Finance Cost	19,713	6,232
Profit before interest and tax	34,435	24,240
Other income, net	1,443	586
Profit before tax	35,878	24,826
Tax Expense	11,330	3,326
Net profit after tax	24,548	21,500
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset	81	(1,099)
Equity instruments through other comprehensive income	-	-
Items that will be reclassified subsequently to profit or loss		
Total other comprehensive income, net of taxes	81	(1,099)
Total comprehensive income	24,629	20,401
Earnings per share (at par value of ₹ 10 each)		
Basic	1.87	1.64
Diluted	1.87	1.64

Note: The above figures are extracted from the financial statements as per Indian Accounting Standards (Ind AS). For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated February 16, 2015 notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For EdgeVerve, Ind AS is applicable from April 1, 2016, with a transition date of April 1, 2015 and IGAAP as the previous GAAP.

The following are the areas which had an impact on account of transition to Ind AS:

- Business Combinations including recording of intangibles and deferred taxes and accounting for common control transactions
- Fair valuation of certain financial instruments
- Employee costs pertaining to defined benefit obligations

- Discounting of certain long-term liabilities
- Share-based payments

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in notes to accounts in the standalone financial statements.

Revenue

Our revenue from operations on a standalone basis increased to ₹ 235,141 lakh from ₹ 153,296 lakh in the previous year, at a growth rate of 53.4%.

Profits

Our gross profit amounted to ₹ 96,950 lakh (41.2% of revenue), as against ₹ 61,555 lakh (40.2% of revenue) in the previous year. Sales and marketing costs were 8.5% of our revenue for the year ended March 31, 2017 as compared to 10% for the year ended March 31, 2016. General and administration expenses were 9.7% of our revenues for the year ended March 31, 2017 as compared to 10.3% for the year ended March 31, 2016. The operating profit amounted to ₹ 54,148 lakh (23.0% of revenue), as against ₹ 30,472 lakh (19.9% of revenue), in the previous year. The profit before tax was ₹ 35,878 lakh (15.3% of revenue), as against ₹ 24,826 lakh (16.2% of revenue) in the previous year. Net profit was ₹ 24,548 lakh (10.4% of revenue), as against ₹ 21,500 lakh (14.0% of revenue) in the previous year.

Capital expenditure on tangible assets

This year, we capitalized ₹ 5,236 lakh. This comprises ₹ 5,100 lakh for investment in computer equipment, ₹ 72 lakh in furniture & fixtures and the balance of ₹ 64 lakh in infrastructure. In the previous year, we capitalized ₹ 5,853 lakh. This comprised ₹ 5,707 lakh for investment in computer equipment, ₹ 17 lakh in furniture & fixtures and the balance of ₹ 129 lakh in infrastructure.

Liquidity

We maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. Liquidity enables us to be agile and ready for meeting unforeseen business needs. We believe that our working capital is sufficient to meet our current requirements. As on March 31, 2017, we had liquid assets (includes cash and cash equivalents and investments) of ₹ 5,099 lakh, as against ₹ 5,887 lakh at the previous year-end. These funds comprise of balances with banks in current and deposits accounts and investment in liquid mutual funds. The details of these investments are disclosed under the 'non-current and current investments' section in the financial statements in this Annual Report.

Deposits from public

The Company has not accepted any deposits from the public and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

Transfer to reserves

As per the provisions of Section 71 of the Companies Act, 2013, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures. Accordingly the company has transferred ₹ 24,548 lakh to the debenture redemption reserve.

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, exceeding the limits prescribed in Section 186 of the Companies Act, 2013.

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

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

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

Share capital and debentures

In 2015, the Company had purchased the Finacle and Edge Services business from its holding company Infosys Limited for the total consideration of ₹ 339,900 lakh. The Company settled the payment towards purchase consideration by way of issue of fully-paid-up equity shares of the company and debentures. The Company issued 8,500 lakh equity shares of ₹ 10 each amounting to ₹ 85,000 lakh and 2,549 lakh unsecured debentures of ₹ 100 each amounting to ₹ 254,900 lakh in full and final settlement to Infosys Limited. Necessary approval of the shareholders were obtained.

With the issue of the above shares, the authorized share capital of the Company as on March 31, 2017 stood at ₹ 410,000 lakh and paid-up share capital of the Company stood at ₹ 131,184 lakh.

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

During the year the company has redeemed debentures worth ₹ 42,000 lakh divided into 420 lakh debentures

of ₹ 100 each in various tranches. The details of the redemption is provided in MGT-9, Annexure 4 to the Board's report.

2. Products

AssistEdge is an award-winning, scalable automation platform that helps enterprises modernize customer service, improve business processes and enhance operational productivity. AssistEdge Robotic Process Automation (RPA) provides the technology platform to automate any repetitive and rule-based human processes. It automates "high touch" processes by modelling rules into non-intrusive software robots that run on existing heterogeneous IT systems. AssistEdge RPA uses the same validation, same security and data to ensure that 'change management' within the organization is minimal.

TradeEdge is the best insights-driven sales platform to accelerate growth in emerging markets. TradeEdge enables brands to rapidly add new distributors, improve retail execution and reach un-served markets. It is delivered in the Cloud and enables retailers to order goods and pay from mobile devices costing less than \$30. This provides brands the most affordable way to accelerate growth in the emerging markets.

ProcureEdge enables continuous value discovery and realization comprehensively across the source-to-pay cycle through automation. The value transformation journey helps you realize rapid and sustainable savings through specialized modules for spend classification and analytics, procurement automation, sourcing and contract lifecycle management, goods and services procurement and invoice automation.

CreditFinanceEdge is a fully integrated digital platform with loan origination, underwriting and loan servicing capabilities. With a global presence of USD 50 billion assets on platform, CreditFinanceEdge supports multiple loan products in SMB lending, Corporate Financing, Consumer financing, and Commercial Real Estate.

ProximityPayEdge is a product which enables digitization of credit/debit cards on mobile devices and allows consumers to pay in stores, by tapping their mobile devices on point-of-sale (POS) terminals. It utilizes Host Card Emulation (HCE), tokenization of cards, and Near Field Communication (NFC) for payment transactions and provides a highly secure, next-gen in-store payment solution to banking clients.

Finacle, is the industry-leading universal banking solution from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. The solution helps financial institutions develop deeper connections with stakeholders, power continuous innovation, and accelerate growth in the digital world. Today, Finacle is the choice of banks across 94 countries, and serves over 848 million consumers – estimated to be nearly 16.5 percent of the world's adult banked population. Over a billion bank accounts are powered by Finacle globally.

Finacle is consistently rated as a leader in the market by foremost industry analysts and is proven to be the most scalable banking platform globally. Finacle

solutions address core banking, online banking, mobile banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, blockchain, and analytics needs of financial institutions worldwide. These solutions are available for on-premise deployments or as cloud hosted banking platforms. 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. Assessment of the top 1000 banks in the world reveals that institutions powered by Finacle enjoy 50% higher returns on assets, 30% higher returns on capital, and 8.1% points lesser costs to income than others.

Awards

- EdgeVerve was adjudged the 'Best System Solution' for Digital Banking. Juniper Research, one of the leading analyst firms in the mobile and digital tech sector announced the winners of the Future Digital Awards for Commerce and FinTech 2016.
- Infosys Finacle was recognized at the 2016 NexGen Bank Summit with two awards:
 - Finacle omnichannel hub was recognized as was recognized as the Best Digital Solutions Provider
 - EdgeVerve Blockchain Framework was recognized as the Initiative of the Year Transformation Using Digital Technology
- Infosys Finacle won two awards for the Best Core Banking Implementation Project at The Asian Banker Technology Innovation Awards. The awards recognized exemplary technology implementations and innovative best practices at
 - State Bank of India (SBI) for multi-country core banking implementation
 - ICICI bank for single-country implementation
- AssistEdge was declared the first runner-up for the "Best use of CEM Technology" at CEM Asia, Singapore
- TradeEdge won the Consumer Goods Technology "User's Choice Award"

For more details on awards and recognitions, please visit our website: <https://www.edgeverve.com/awards/>

3. Corporate Governance

Corporate governance is about maximizing shareholder value legally, ethically and sustainably. At EdgeVerve, the goal of corporate governance is to ensure fairness for every stakeholder. The sound corporate governance is critical to enhance and retain stakeholder trust. The Company always seeks to ensure that its performance is driven by integrity. The Board exercises its fiduciary responsibilities in the widest sense of the term.

At EdgeVerve, the 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 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 thereunder.

Our Corporate governance report for fiscal 2017 forms part of this Annual Report.

Number of meetings of the Board

The Board met four times during the financial year, the details of which are given in the corporate governance report that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Policy on directors' nomination, appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2017, the Board consists of eight members, two were executive directors of whom one was whole-time director, two members were independent directors and three directors were non-executive directors of whom one was woman director. 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.

The Board periodically evaluates composition and size in order to ensure proper balance of executive and non-executive directors and 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. There has been no change to the Nomination and Remuneration Policy adopted by the Company during the fiscal 2017.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website, at: <https://www.edgeverve.com/wp-content/uploads/2017/03/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 thereunder and they are independent of the Management.

Board evaluation

As required under Section 134(3) and Schedule IV of the Companies Act 2013 and the Rules made thereunder 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.

Board of Directors

Chairman of the Board

Sandeep Dadlani is a non-executive Chairman of the Board.

Inductions

The following appointments were made during the year;

- Re-appointment of Arun Kumar Krishnan as Whole-time director for the second term for the period from April 12, 2016 to April 30, 2017.
- Appointment of Manish Tandon as additional director effective July 13, 2016.
- Appointment of Sanat Rao as additional director effective November 16, 2016.
- Appointment of Ritika Suri as additional director effective December 16, 2016.
- Appointment of D. N. Prahlad as additional and independent director effective January 6, 2017.
- Appointment of Pervinder Johar as additional director effective March 3, 2017.

Retirements and resignations

- Manish Tandon resigned as additional director effective August 15, 2016.
- Sanjay Purohit resigned as director effective September 30, 2016. The Board places on record its sincere appreciation of invaluable services rendered by Sanjay Purohit during his tenure as CEO & MD and as a director.
- Roopa Kudva resigned as independent director effective November 11, 2016. The Board places on record its sincere appreciation for services rendered by Roopa Kudva during her tenure as an independent director.

Reappointment

Pursuant to Section 152(6) of the Companies Act, 2013, Jonathan Heller, who has served the longest on the Board, retires by rotation at the Annual General Meeting. Jonathan Heller, being eligible, offers himself for reappointment.

His appointment as director requires the approval of the members at the Annual General Meeting. The necessary resolution for obtaining the approval of members with regard to reappointment of Jonathan Heller as Director liable to retire by rotation is being placed before the members.

Committees of the Board

Pursuant to provisions of Section 135, 177 and 178 of the Companies Act, 2013, the Company has constituted three Board level committees; the Corporate Social Responsibility Committee, the Audit Committee, and the Nomination and Remuneration Committee. The composition of the committees and related compliances and disclosures, as required under applicable provisions of the Act and Rules, are furnished in the attached Corporate Governance Report.

Meeting of the independent directors

Independent directors of the Company held their meeting on April 12, 2016 without the presence of the Management.

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 Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values and the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The directors confirm that:

- a. In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed alongwith proper explanation relating to material departures if any;
- b. 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;
- c. 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;
- d. The directors had prepared the annual accounts on a going concern basis; and
- e. 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. For more details please refer Risk Management Report.

Particulars of employees

Following disclosures as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of Annexure 2 to the Board's report;

- Statement containing the names of top 10 employees in terms of remuneration drawn.

- Details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹ 1.02 crore or more per annum.
- Details of employees posted in India for part of the year and in receipt of ₹8.5 lakh or more a month.

The details of employees posted outside India will be made available on request.

4. Auditors

Statutory Auditor

The Auditors have issued an unqualified opinion on the financial statements of the company for the year ended March 31, 2017. Their report for fiscal 2017 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

The Company had appointed BSR & Co. LLP, Chartered Accountants as statutory auditors of the company. The BSR & Co. LLP has expressed their unwillingness to get re-appointed at the ensuing annual general meeting and have resigned as auditors. The Board on the proposal of the audit committee has recommended the appointment of Deloitte Haskins & Sells LLP (Firm Registration No. 117366 W/W 100018, ICAI Firm Registration No. 101248W/W-100022), chartered accountants as statutory auditors of the company to hold the office from the conclusion of the 3rd annual general meeting till the conclusion of 8th annual general meeting subject to the approval of the shareholders. The first year of audit is for the financial statements for the year ending March 31, 2018 including audit of the quarterly financial statements for the year.

A resolution in this respect is being placed before the shareholders for their approval.

Secretarial Auditor

Parameshwar G. Hegde of Hegde & Hegde, Practising Company Secretaries (FCS : 1325, CP No. 640), was appointed to conduct the secretarial audit of the Company for the fiscal 2017, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for fiscal 2017 forms part of the Annual Report as Annexure 3 to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed Parameshwar G. Hegde of Hegde & Hegde, Practising Company Secretaries (FCS : 1325, CP No. 640), as secretarial auditor of the Company for fiscal 2018.

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.

Bengaluru
April 11, 2017

Extract of annual return

In accordance with Section 134(3) of the Companies Act, 2013, an extract of the annual return in the prescribed format is appended as Annexure 4 to the Board's report.

Corporate Social Responsibility

The Company has constituted the CSR committee as per the requirements of the Companies Act, 2013.

The details about the corporate social responsibility committee forms part of corporate governance report.

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 March 31, 2017;

in ₹ lakh

Particulars	March 31, 2017	March 31, 2016
Foreign exchange earnings	178,968	111,348
Foreign exchange outgo (including capital goods and imported software packages)	25,366	16,004

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 Labour and employment, 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, Chandigarh, Chennai, Hyderabad, Gurugram, Mumbai and 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 of the Board

Annexure to the Board's Report

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.

As per Section 188 of the Companies Act 2013, whenever a company avails or renders any service directly or through agents amounting to 10% or more of the turnover of the company or ₹ 50 crore, whichever is lower, prior approval of the shareholders is required. However, shareholders' approval for such transactions need not be sought if the transactions are between the holding company and its wholly-owned subsidiaries whose accounts are consolidated with the holding company and placed for shareholders' approval. All the transactions entered by the Company with related parties are in the ordinary course of business and at arm's length basis.

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, 2017, 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, 2017 are as follows :

Name of the related party	Nature of relationship	Duration of contract	Salient terms	Amount (in ₹ lakh)
Infosys Limited	Holding Company	Valid from July 1, 2014	Purchased of shared services	34,445
Infosys BPO	Fellow Subsidiary	Valid from July 1, 2014	Purchased of shared services	251
Panaya	Fellow Subsidiary	Valid from July 1, 2015	Purchased of shared services	1,288
Infosys Public services	Fellow Subsidiary	Valid from July 1, 2014	Sale of services	141
Infosys China	Fellow Subsidiary	Valid from April 1, 2016	Sale of services	177
Infosys BPO	Fellow Subsidiary	Valid from July 1, 2014	Sale of services	120

Bengaluru
April 11, 2017

for and on behalf of the Board of Directors



Sandeep Dadlani
Chairman of the Board

Annexure 2 – Particulars of employees

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
Top 10 employees in terms of remuneration drawn during the year.

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Gross Remuneration paid (₹)*	Previous Employment and Designation
Anirban Dey	Global Head - Edge Products	B.TECH, MS(ENG), MBA	45	19	March 30, 2015	26,987,768	Concur Technology - Senior Vice President
Sushanth Michael Tharappan	Chief People Officer	MBA	42	20	July 1, 2014	13,858,206	Infosys - Group Head - Talent Acquisition
Deepak N. Hoshing	Head - Product Architecture	B.Tech	54	32	August 1, 2015	12,801,270	Infosys - Head - Architecture
Venkataraman T. S.	Product Delivery Head	BE	52	31	August 1, 2015	12,331,815	Infosys - Product Delivery Head
Rama Mohan Venkata Kadayinti	Business Excellence - Head	M.Tech	47	24	September 8, 2015	11,532,549	Infosys - Business Excellence - Head
Suresh Prahlad Bharadwaj	Senior Director and Product Head	BE, MS	55	31	July 1, 2014	11,475,539	Infosys - Industry Principal
Sheenam Ohrie	Delivery Head	BE	46	25	August 1, 2015	10,493,129	Infosys - Delivery Head
Venkatramana Gosavi	Regional Head	BE, MBA	52	28	August 1, 2015	10,039,935	Infosys - Regional Head
Arun Kumar Krishnan	Dir - Edgeverve	MS(ENGG)	53	27	August 1, 2015	9,590,128	INFOSYS - Product Delivery Head
Venkatesh Vaidyanathan	Product Delivery Head	MCA	49	25	August 1, 2015	9,366,230	INFOSYS - Product Delivery Head

*on actual payment basis

Employees drawing a remuneration of ₹ 1.02 crore or above per annum and posted in India.

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Gross Remuneration paid (₹)*	Previous Employment and Designation
Anirban Dey	Global Head - Edge Products	B.TECH, MS(ENG), MBA	45	19	March 30, 2015	26,987,768	Concur Technology - Senior Vice President
Sushanth Michael Tharappan	Chief People Officer	MBA	42	20	July 1, 2014	13,858,206	Infosys - Group Head - Talent Acquisition
Deepak N. Hoshing	Head - Product Architecture	B.Tech	54	32	August 1, 2015	12,801,270	Infosys - Head - Architecture
Venkataraman T. S.	Product Delivery Head	BE	52	31	August 1, 2015	12,331,815	Infosys - Product Delivery Head
Rama Mohan Venkata Kadayinti	Business Excellence - Head	M.Tech	47	24	September 8, 2015	11,532,549	Infosys - Business Excellence - Head
Suresh Prahlad Bharadwaj	Senior Director and Product Head	BE, MS	55	31	July 1, 2014	11,475,539	Infosys - Industry Principal
Sheenam Ohrie	Delivery Head	BE	46	25	August 1, 2015	10,493,129	Infosys - Delivery Head
Venkatramana Gosavi	Regional Head	BE, MBA	52	28	August 1, 2015	10,039,935	Infosys - Regional Head

*on actual payment basis

Employed for part of the year with an average salary above ₹ 8.5 lacs per month and posted in India

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Leaving	Gross Remuneration paid (₹)*	Previous employment and designation
Sunil Kumar Gupta	Chief Operating Officer - EdgeVerve Systems Limited	BE	53	19	July 14, 2016	4,497,667	INFOSYS - Unit Operating Officer - Finacle
Sanjay Nambiar R.	Senior Director and Product Head	BE	42	20	April 18, 2016	1,615,647	INFOSYS - Senior Manager - Client Services
Mohan Kumar K. L.	Senior Delivery Manager	CAIIB	50	29	April 25, 2016	1,095,122	INFOSYS - Senior Delivery Manager

*on actual payment basis

Annexure 3 – Secretarial audit report for the financial year ended March 31, 2017

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

To,
The Members,
Edgeverve Systems Limited,
44, Electronics City, Hosur Road
Bangaluru-560100
Karnataka, India

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, 2017 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, 2017 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, 2004
 - d) The Patents Act, 1970
 - e) The Trade Marks Act, 1999.

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

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

I further report that, out of 25,49,00,000 Unsecured Non-convertible debentures of Rs. 100 each aggregating Rs. 2,549 crore issued to Infosys Limited, its holding company, towards payment of part consideration for transfer of business pursuant to Business Purchase Agreement dated September 30, 2015 entered into between the company and Infosys Limited the company has redeemed 4,20,00,000 debentures aggregating Rs. 420 crore and 21,29,00,000 debentures aggregating Rs. 2,129 crore are outstanding as on March 31, 2017 and the Company has represented that the said debentures do not fall within the purview of Section 73 & 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and hence it was not required to comply with the requirements of the said rules.

I further report that, being unlisted company, during the audit period, the following Acts and the rules and regulations made thereunder were not applicable to the company:

- 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.

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

I further report that, 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, based on the information provided and the representation made by the company and also on the review of the compliance reports taken on record by the Board of Directors of the company, in my opinion, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Bengaluru
April 11, 2017



P G HEGDE
Hegde & Hegde
Company Secretaries
FCS: 1325/ C.P.No: 640

Annexure 4 – 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, 2017

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	Public Company Limited by Shares / Indian Non-Government Company
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)		
(I)	(II)	(III)	(IV)	(V)	(VII)	(VIII)	(IX)	(X)	(XI)
(A) Promoters				(VI)					
(1) Indian									
(a) Individual / HUF		-	-	-	-	-	-	-	-
(b) Central Government		-	-	-	-	-	-	-	-
(c) State Government(s)		-	-	-	-	-	-	-	-
(d) Bodies Corporate		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100	-
(e) Banks / Financial Institutions		-	-	-	-	-	-	-	-
(f) Any other		-	-	-	-	-	-	-	-
Sub total A(1)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100	-
(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)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100	-
(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		-	(1) 6	6	0	(1) 6	6	0	-
(i) Individuals holding nominal share capital up to ₹ 1 lakh		-	-	-	-	-	-	-	-
(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh		-	-	-	-	-	-	-	-
(c) Others (specify)		-	6	6	0	6	6	0	-
Sub total B(2)		-	6	6	0	6	6	0	-
Total public shareholding total B=B(1)+B(2)		-	6	6	0	6	6	0	-
Total (A+B)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000	100
(C) Shares held by custodians for ADRs		-	-	-	-	-	-	-	-
Grand total (A+B+C)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000	100

(1) Shares held beneficially in the name of Infosys Limited, 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 theyear
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
Infosys Limited	1,311,839,994	100	1,311,839,994	100	--

(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	1,311,839,994	100	1,311,839,994	100
At the end of the year	1,311,839,994	100	1,311,839,994	100

(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
Others	(¹) 6	0.00	(¹) 6	0.00

(¹) Shares held beneficially in the name of Infosys Limited, 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
Sudhir Gaonkar	(¹) 1	0.00	(¹) 1	0.00

(¹) Shares held beneficially in the name of Infosys Limited, pursuant to Section 89 of the Companies Act, 2013.

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

in ₹ lakh

Particulars of remuneration	Name of Whole-time Director Arun Kumar Krishnan*	Total Amount
Gross salary (1)		
Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.00	23.00
Value of perquisites u/s 17(2) Income-tax Act, 1961	30.00	30.00
Profits in lieu of salary under Section 17(3) Income-tax Act, 1961		
Stock option	-	-
Sweat equity	-	-
Commission	-	-
as % of profit	-	-
other (bonus)	55.00	55.00
Others, Retiral benefits	5.00	5.00
Total (A)	113.00	113.00
Ceiling as per the Act		1227.40

* on accrual basis

Remuneration to other Directors :

in ₹ lakh

Particulars of remuneration	Name of Directors		Total Amount
	Srinivasan Rajam	D. N. Prahlad (2)	
Independent Directors			
Fee for attending board/committee meetings	10	3	18
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	10	3	18
Other Non-Executive Directors			
Fee for attending board/committee meetings	-	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	10	3	18
Total Managerial Remuneration	10	3	18
Overall Ceiling as per the Act			18

* on accrual basis 1. Resigned as director effective November 11, 2016

2. Appointed as director effective January 6, 2017

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

Particulars of remuneration	Chief Financial Officer*	Company Secretary *	Total
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.00	3.00	18.00
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	29.00	5.00	34.00
(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961			
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission	-	-	-
as % of profit	-	-	-
Others (Bonus)	50.00	2.00	52.00
others, Retiral benefits	4.00	0.50	4.50
Total	98.00	10.50	108.50

* on accrual basis

Risk Management Report

Our Enterprise Risk Management (ERM) framework encompasses practices relating to the identification, assessment, response, mitigation, auditing, monitoring, reporting, governance and disclosure of strategic, operational, and legal/compliance 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:

- Strategic and Strategic Execution Risk: Uncertainties, events and scenarios embedded in our strategic goals and how well they are executed
- Operational Risk: The risk arising from inadequate or failed internal processes, people and systems, or from external events that inhibits organization service delivery and from achieving its strategic goals.
- Legal and Compliance Risk: Risk posed to the organization as a result of violation or nonconformance with laws, regulations, contracts or prescribed practices, Litigations, and Major regulatory/ geo-political changes or strategic decisions with legal implications.

Key risk management practices

The key risk management practices include Risk identification and Assessment; Risk Response and Risk Appetite; Risk Mitigation, Management and Control; Residual Risk Assessment; Risk Auditing, Monitoring and Reporting; and, Risk Governance and disclosures.

Risk identification and Risk Assessment : Risk assessment involves identification of risks for the organization and prioritizing the risks for action. Risk identification helps to establish the exposure of the organization to the risk and uncertainty. Periodic assessment is carried out to identify significant risks for the company and prioritizing the risks for action. Identification and prioritization of risks are based on risk survey, business environment scanning and focused discussions in RC and RMC. Risk survey of executives across units, functions and subsidiaries is conducted before the annual strategy exercise. Risk inventory and internal audit findings also provide pointers for risk identification.

Risk Response and Risk Appetite: Risk appetite is the amount of risk, company is willing to accept in pursuit of its goals. Impact of the low risk can be considered as tolerance range. Zero to Low impact range is considered as risk appetite. Low impact will be considered as default risk appetite for each risk, until and unless specifically changed for the given risk. If Risk score / Risk rating more than Risk Appetite, then Mitigation response need to be selected. Following are the options available for risk response:

- Accept = monitor
- Avoid = eliminate (get out of situation)
- Reduce = institute controls
- Share = partner with someone (e.g. insurance)
- Escalate = Escalate risk to higher ups

Risk Mitigation, Management and Control : The objective of risk mitigation is to reduce the probability and consequences of a risk to an acceptable threshold and define appropriate response. Risk mitigation involves identification of mitigation strategies, risk mitigation category, mitigation owner, develop mitigation plan with implementation target date, etc.

Residual Risk Assessment : After implementing mitigation option, residual risk assessment is performed to identify residual impact and residual likelihood. Residual impact is impact of risk left after mitigation option implementation. Residual likelihood is likelihood of risk left after mitigation option implementation.

Risk Auditing, Monitoring and Reporting : A Risk Register is maintained by the Risk Management team which collates all the incidents and occurrences, primarily internal, which have had the potential to cause a negative impact on Infosys. This impact could have been on revenue, margins, growth, reputation, information security or intellectual property. Enterprise risk management is monitored – assessing the presence and functioning of its components over time. This is accomplished through ongoing activities by three layers of defense, separate evaluations, or a combination of the two. Enterprise risk management deficiencies are reported upstream, with serious matters reported to top management and the board.

Risk Governance and Disclosures: Infosys has set up Strategy and Strategic Execution Risk Council (SSERC), Operational Risk Council (ORC), Legal & Compliance Risk Council (LCRC) as the governing bodies to identify, treat and govern actions related to the risks the company must monitor. They shall use the Enterprise Risk Management framework of the company as the basis for assessing and managing risks. These councils will take key decisions on risk treatment that reflect the company's risk appetite. They meet regularly along with key stakeholders to assess the various strategy and strategic execution risks and required timely mitigation. They provide the required assurance to the board that the company's risk management framework and processes are adequate and efficient.

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.

Corporate Governance Report

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 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.

In line with the Company's commitment to good corporate governance practices, the Company has constituted the Audit Committee, and the Nomination and Remuneration Committee consisting of a majority of independent directors. The Company has also constituted the Corporate Social Responsibility Committee. 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, 2017, the Board consists of eight members, two were executive directors of whom one was whole-time director, two members were independent directors and three directors were non-executive directors of whom one was woman director. The Board periodically evaluates the need for change in its composition and size.

The Composition of the Board and directorships held as of March 31, 2017

Name of director, designation, age and DIN	Category and Date of Appointment	Area of expertise	Highest qualification held	Directorship in Indian listed companies	Directorship held in all companies around the world
Sandeep Dadlani <i>Chairman of the Board</i> Age : 42 years DIN : 06969420	Non-Executive and Non-Independent. On Board, since September 8, 2014	Management, Consulting, Operations, Sales, Business Development, Retail / CPG / Logistics / Banking	MBA- Finance, BE (Electronics)	-	<ul style="list-style-type: none"> Infosys Americas Inc. Symphony EYC Skava Systems Pvt. Ltd. Kallidus Inc
Pervinder Johar <i>Chief Executive Officer</i> Age: 51 years DIN: 02148376	Executive and Non Independent. On Board since March 3, 2017	Product Engineering and Product Development	Master's degree in Computer Science from Villanova University and MBA from Boston University	-	-
Arun Kumar Krishnan <i>Whole-time Director</i> Age :53 years DIN : 05345566	Executive and Non Independent. On Board since October 9, 2015, reappointed on April 12, 2016 and ceased to be Director effective April 30, 2017	Product Engineering and Product Development	Master's degree in Computer Science from the University of Buffalo	-	-
Sanat Rao <i>Director</i> Age: 52years DIN: 07657698	Non-Executive and Non Independent. On Board since November 16, 2016	Banking and Technology	MBA (IIM – Bangalore)	-	-

Ritika Suri <i>Director</i> Age: 43 years DIN:07676759	Non-Executive and Non Independent. On Board since December 16, 2016	Management, professional services and mergers & acquisitions	MBA from Leeds Business School, UK	-	-
Jonathan Heller <i>Director</i> Age :55 years DIN: 07197070	Non-Executive and Non Independent. On Board since June 10, 2015	Product Architecture and Product Development	Bachelor of Science degree in Mathematics and Computer Science	-	-
D. N. Prahlad <i>Independent Director</i> Age: 61 years DIN: 00504146	Non-Executive and Independent. On Board since January 6, 2017	Developing technology products and software, Computer Science and Automation	B.E. (Electrical technology and Electronics) from Indian Institute of Science, Bangalore	• Infosys Limited	• Surya Software Systems Pvt. Ltd., • Surya Finsys Inc, • SOLCEN Technologies • Surya Properties • Infosys BPO Limited
Srinivasan Rajam <i>Independent Director</i> Age: 56 years DIN: 01050837	Non-executive and Independent. 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 Pvt. Ltd.

Board committees

Currently the Board has constituted three committees: audit committee, corporate social responsibility committee and nomination and remuneration committee. The Committees other than corporate social responsibility committee consists majority of independent directors.

Board and Committee composition as on March 31, 2017

Name of the Director	Board	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee
Sandeep Dadlani	Chairman	Member	Chairperson	Member
Pervinder Johar	Chief Executive Officer	-	-	-
Arun Kumar Krishnan	Whole-time director	-	Member	-
D. N. Prahlad	Member	Chairperson	-	Member
Jonathan Heller	Member	-	-	-
Ritika Suri	Member	-	-	-
Sanat Rao	Member	-	-	-
Srinivasan Rajam	Member	Member	Member	Chairperson

Directors

Appointment/ re-appointments during the year

Name of the director	Date of appointment
Arun Kumar Krishnan	Reappointed as Whole-time director of the company for a period from April 12, 2016 to April 30, 2017. Shareholders approved the appointment at the annual general meeting held on August 31, 2016.
Manish Tandon	Appointed as additional director effective July 13, 2016.
Sanat Rao	Appointed as additional director effective November 16, 2016. Approved by the shareholders at the extra-ordinary general meeting held on November 30, 2016.
Ritika Suri	Appointed as additional director effective December 16, 2016.
D. N. Prahlad	Appointed as additional and independent director effective January 6, 2017.
Pervinder Johar	Appointed as additional director effective March 3, 2017.

Resignations during the year

Name of the director	Date of resignation
Manish Tandon	Resigned as a director effective August 15, 2016.
Sanjay Purohit	Resigned as a director effective September 30, 2016.
Roopa Kudva	Resigned as an independent director effective November 11, 2016.

Directors retiring by rotation and being eligible, offer themselves for reappointment:

By virtue of provisions of the Companies Act, 2013, Jonathan Heller 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 / Reappointment criteria.

Board membership criteria

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members including the 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 and 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 and Remuneration committee which consists of a majority of independent directors. The Nomination and Remuneration Committee in turn makes recommendations / nomination for election of directors by the shareholders or nominations for vacancies to be filled by the Board. The detailed policy adopted by the Board is available at our website at

<https://www.edgeverve.com/wp-content/uploads/2017/03/nomination-remuneration-policy.pdf>

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 the Chairman 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.

During the year the performance evaluation was carried out through a questionnaire method. During November 2016 a questionnaire was circulated to all the directors to evaluate self and peer, the Board as a whole, the committees and the Chairman of the Board. The responses and the feedbacks received from the directors in December 2016 and were collated and placed before the January 2017 Board meeting for review by the Board.

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, four Board meetings were held in accordance with Section 173 of Companies Act, 2013. The Board met on, April 12, 2016, July 13, 2016, October 11, 2016 and January 10, 2017. The gap between the Board meetings did not exceed 120 days.

Scheduling and selection of agenda items for the Board meetings:

The dates of Board meetings for the subsequent fiscal are decided in advance and published to the directors so as to enable them to block their calendar. The non-executive Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes, in consultation with the CEO and CFO, and distribute these in advance to the directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Independent directors are expected to attend at least four Board meetings in a year. However, with the Board being represented by directors from various parts of the world, it may not be possible for each one of them to be physically present at all the meetings. Hence, we use video / teleconferencing facilities to enable their participation. Committees of the Board usually meet before the formal Board meeting, or whenever the need arises for transacting business. The Board members are

expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities at EdgeVerve. The quarterly board and committee meetings of the company will be held in line with its holding company, Infosys Limited for consolidation purpose.

Attendance of directors during fiscal 2017

Name of the director	AGM held on August 31, 2016	EGM held on November 30, 2016	Board meeting number				Held during tenure	Attended	% of attendance
			1	2	3	4			
Sandeep Dadlani							4	4	100
Pervinder Johar ⁽¹⁾							0	0	NA
Arun Kumar Krishnan							4	4	100
D. N. Prahlad ⁽²⁾							1	1	100
Jonathan Heller							4	3	75
Manish Tandon ⁽³⁾							0	0	NA
Ritika Suri ⁽⁴⁾							1	1	100
Roopa Kudva ⁽⁵⁾							3	2	66.67
Sanat Rao ⁽⁶⁾							1	1	100
Sanjay Purohit ⁽⁷⁾							2	2	100
Srinivasan Rajam							4	4	100

Attended

Leave of absence

Video Conference

Tele Conference not counted for quorum

(1) Appointed effective March 3, 2017

(2) Appointed effective January 6, 2017

(3) Appointed effective July 13, 2016 and resigned on August 15, 2016

(4) Appointed effective December 16, 2016

(5) Resigned effective November 11, 2016

(6) Appointed effective November 16, 2016

(7) Resigned effective September 30, 2016

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 on April 12, 2016 without the presence of non-independent directors and members of the Management.

Remuneration paid or payable to the directors:

During fiscal 2017 the remuneration was paid to Arun Kumar Krishnan, whole-time director. The details of remuneration paid forms part of Extract of Annual Return in MGT-9 enclosed as Annexure 4 to the Board's report. Sitting fees of ₹ 1 lakh per meeting of the audit committee and the Board and fifty thousand rupees for the meeting of Nomination and Remuneration Committee was paid to independent directors. Executive directors and Non-executive directors were not paid any remuneration / commission / fees for the fiscal 2017.

Board committees

The Board has constituted the Audit Committee, Corporate Social Responsibility Committee and the Nomination and Remuneration Committee.

Audit Committee

The audit committee comprised three directors with majority of independent directors. During the year the Audit Committee met four times, on April 12, 2016, July 13, 2016, October 11, 2016 and January 10, 2017.

Scope and terms of reference

- 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
- To recommend appointment, remuneration and terms of appointment of the auditors of the company

- To review and monitor the auditor’s independence and performance, and effectiveness of audit process;
- To approve or modify subsequently the transactions of the company with related parties;
- To order for scrutiny of inter-corporate loans and investments;
- To get undertakings or assets of the company valued, wherever it is necessary;
- To order for investigations on any of the above matters

Committee attendance during fiscal 2017

Name of the director	Committee meeting number				Held during tenure	Attended	% of attendance
	1	2	3	4			
D. N. Prahlad ⁽¹⁾					1	1	 100
Roopa Kudva ⁽²⁾					3	2	 66.67
Sandeep Dadlani					4	4	 100
Srinivasan Rajam					4	4	 100

 Attended
  Leave of absence

(1) Appointed as the member and chairman of the committee effective January 6, 2017

(2) Ceased to be member and chairman of the committee effective November 11, 2016

Nomination and Remuneration Committee

The committee is comprised of three members with majority of independent directors. During the year the Nomination and Remuneration Committee met four times, on April 12, 2016, July 13, 2016, October 11, 2016 and January 10, 2017.

Scope and important terms of reference

- 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.
- 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.

Committee attendance during the fiscal 2017

Name of the director	Committee meeting number				Held during tenure	Attended	% of attendance
	1	2	3	4			
Srinivasan Rajam					4	4	 100
D. N. Prahlad ⁽¹⁾					1	1	 100
Roopa Kudva ⁽²⁾					3	2	 66.67
Sandeep Dadlani					4	4	 100

 Attended
  Leave of absence

(1) Appointed as the member and chairman of the committee effective January 6, 2017

(2) Ceased to be member and chairman of the committee effective November 11, 2016

Corporate Social Responsibility Committee

As per the requirements of the Companies Act 2013 the Board has constituted corporate social responsibility committee. The Committee comprised three members with an independent director, a whole-time/ executive director and a non-executive director.

Secretarial Audit

The Board of Directors of the Company appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries to conduct secretarial audit of procedures, records and documents of the Company with regard to governance related compliances. 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 3.

The Board of directors has appointed Parameshwar G. Hegde as Secretarial auditor of the company for the fiscal 2018.

Whistleblower Policy

The Company has adopted the Whistleblower Policy to ensure and promote ethics, transparency and accountability. The whistleblower 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: <https://www.infosys.com/investors/corporate-governance/Documents/whistleblower-policy.pdf>

General body meetings

The details of last three Annual and / or Extraordinary General Meetings are as follows :

Type of General Meeting	Date and Time	Venue	Special Resolutions Passed
Annual General Meeting	July 31, 2015 at 3.00 p.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	<ul style="list-style-type: none">• Transfer of business of Finacle from Infosys Limited,• Transfer of business of EdgeServices from Infosys Limited,• Alteration of capital clause of Memorandum of Association and• Further issue of shares.
Extraordinary General Meeting	December 11, 2015 at 11.00 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	<ul style="list-style-type: none">• Appointment of Arun Kumar Krishnan as whole-time director,• To authorize the Board to borrow, issue of equity shares to Infosys Limited towards discharge of purchase consideration,• Issue of debentures to Infosys Limited towards discharge of purchase consideration and• Acquisition of Infosys McCamish Systems LLC.
Annual General Meeting	August 31, 2016 at 10.30 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	<ul style="list-style-type: none">• Appointment of Arun Krishnan as whole-time director
Extraordinary General Meeting	November 30, 2016 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	<ul style="list-style-type: none">• Revision in Remuneration of Arun Kumar Krishnan, Whole-time director.

Independent Auditors' Report

To the members of EdgeVerve Systems Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

Management's responsibility for the 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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows, and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view, and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the

Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the companies (Accounts) Rules, 2014;
- e. on the basis of the written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
- g. with respect to the other matters to be included in the Auditors' 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 does not have any pending litigations as on 31 March 2017 which would impact its financial position;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer to Note 2.14 to the Ind AS financial statements;
 - iii. there has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer to Note 2.28 to the Ind AS financial statements.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number : 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Bengaluru
11 April, 2017

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not own any immovable properties. Thus, paragraph 3(i)(c) of the order is not applicable.
- (ii) The Company is a service company, primarily engaged in the business of sale of software licenses and related software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the order is not applicable to the Company.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii)(a) to (c) of the order is not applicable.
- (iv) During the year, the Company has not advanced any loan to which the provisions of Section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provision of Section 186 of the Act has been complied with.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted or accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax, value added tax, cess, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, cess, and other material statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of income tax, service tax, and value added tax which have not been deposited on account of disputes
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders. The Company does not have any outstanding dues from any financial institution or banks during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Bengaluru
11 April, 2017

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act'), we have audited the internal financial controls over financial reporting of EdgeVerve Systems Limited ('the Company') as of 31 March 2017, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' Responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022

Supreet Sachdev
Partner
Membership number: 205385

Bengaluru
11 April 2017

Balance Sheet

Particulars	Note	in ₹ lakh		
		As at		April 1, 2015
		March 31, 2017	2016	
ASSETS				
Non-current assets				
Property, plant and equipment	2.2	5,345	3,924	885
Capital work-in-progress		10	6	–
Intangible assets financial assets		–	–	–
Investments	2.3	–	–	–
Loans	2.4	28	30	–
Other financial assets	2.5	1	1	1
Deferred tax assets, net	2.15	1,369	409	–
Other non-current assets	2.8	1,555	77	–
Income tax assets, net	2.15	10,557	9,885	909
Total non-current assets		18,865	14,332	1,795
Current assets				
Financial assets				
Investments	2.3	2,939	3,169	–
Trade receivables	2.6	12,818	35,161	443
Cash and cash equivalents	2.7	2,160	2,718	980
Loans	2.4	626	1,000	6
Other financial assets	2.5	27,343	27,918	5,387
Other current assets	2.8	7,939	4,874	840
Total current assets		53,825	74,840	7,656
Total assets		72,690	89,172	9,451
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.10	1,31,184	1,31,184	46,184
Other equity		(3,02,696)	(3,27,325)	(44,171)
Total equity		(1,71,512)	(1,96,141)	2,013
Liabilities				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.11	2,12,900	2,54,900	1,805
Deferred tax liabilities, net	2.15	–	–	–
Total non-current liabilities		2,12,900	2,54,900	1,805
Current liabilities				
Financial liabilities				
Trade payables	2.12	47	26	1,513
Other financial liabilities	2.11	21,433	21,920	3,028
Other current liabilities	2.13	9,819	7,905	1,092
Provisions	2.14	3	562	–
Total current liabilities		31,302	30,413	5,633
Total equity and liabilities		72,690	89,172	9,451

The accompanying notes form an integral part of the 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

Supreet Sachdev
Partner
Membership number: 205385

Sandeep Dadlani
Chairman

Prem Pereira
Chief Financial Officer

Arun Krishnan
Director

Sudhir Gaonkar
Company Secretary

for and on behalf of the Board of Directors
of EdgeVerve Systems Limited

Srinivasan Rajam
Director

Bengaluru
April 11, 2017

Statement of Profit and Loss

Particulars	Note	in ₹ lakh, except equity share and per equity share data	
		For the year ended March 31,	
		2017	2016
Revenue from operations		2,35,141	1,53,296
Other income, net	216	1,443	586
Total income		2,36,584	1,53,882
EXPENSES			
Employee benefit expenses	2.17	92,053	68,850
Cost of technical sub-contractors		29,430	10,252
Travel expenses	2.17	13,021	7,547
Cost of software packages and others	2.17	17,695	16,058
Consultancy and professional charges		10,992	6,239
Depreciation and amortization expense	2.2	3,815	2,813
Finance cost		19,713	6,232
Other expenses		13,987	11,065
Total expenses		2,00,706	1,29,056
Profit before tax		35,878	24,826
Tax expense			
Current tax	2.15	11,796	3,735
Deferred tax	2.15	(466)	(409)
Net profit for the period		24,548	21,500
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		81	(1,099)
Equity instruments through other comprehensive income			
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of taxes		81	(1,099)
Total comprehensive income for the year		24,629	20,401
Earnings per equity share			
Equity shares of par value `10/- each			
Basic (₹)		1.87	1.64
Diluted (₹)		1.87	1.64
Weighted average equity shares used in computing earnings per equity share			
Basic		1,31,184	1,31,184
Diluted		1,31,184	1,31,184

The accompanying notes form an integral part of the 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 and on behalf of the Board of Directors of EdgeVerve Systems Limited

Supreet Sachdev
Partner

Membership number: 205385

Sandeep Dadlani
Chairman

Prem Pereira
Chief Financial Officer

Arun Krishnan
Director

Sudhir Gaonkar
Company Secretary

Srinivasan Rajam
Director

Bengaluru
April 11, 2017

Statement of Change in Equity

Particulars	Equity share capital	Other equity			Other comprehensive income	Total
		Retained earnings	Business transfer adjustment reserve	Debenture redemption reserve ⁽¹⁾		
Balance as of April 1, 2015	46,184	(2,682)	(41,205)	–	(284)	2,013
Changes in equity for the period ended March 31, 2016						
Increase in share capital	85,000	–	–	–	–	85,000
Adjustments towards common control transactions	–	–	(3,03,555)	–	–	(3,03,555)
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	(1,099)	(1,099)
Net profit for the period	–	21,500	–	–	–	21,500
Balance as of March 31, 2016	1,31,184	18,818	(3,44,760)	–	(1,383)	(1,96,141)
Balance as of April 1, 2016	1,31,184	18,818	(3,44,760)	–	(1,383)	(1,96,141)
Changes in equity for the period ended March 31, 2017						
Net profit	–	24,548	–	–	81	24,629
Transfer to debenture redemption reserve	–	(24,548)	–	–	–	(24,548)
Transfer from retained earnings	–	–	–	24,548	–	24,548
Balance as of March 31, 2017	1,31,184	18,818	(3,44,760)	24,548	(1,302)	(1,71,512)

⁽¹⁾The Company has created debenture redemption reserve required under Section 71 of Companies Act, 2013, from the profits made during the year ended March 31, 2017.

The accompanying notes form an integral part of the 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

Supreet Sachdev
Partner

Membership number: 205385

Sandeep Dadlani
Chairman

Prem Pereira
Chief Financial Officer

Arun Krishnan
Director

Sudhir Gaonkar
Company Secretary

Srinivasan Rajam
Director

for and on behalf of the Board of Directors of EdgeVerve Systems Limited

Bengaluru
April 11, 2017

Statement of Cash Flows

in ₹ lakh

Particulars	For the year ended March 31,	
	2017	2016
Cash flow from operating activities		
Profit for the period	24,548	21,500
Adjustments to reconcile net profit to net cash provided by operating activities		
Depreciation and amortization	3,815	2,813
Income tax expense	11,330	3,326
Allowance for credit losses on financial assets	103	–
Finance cost	19,713	6,232
Interest and dividend income	(562)	(258)
Exchange difference on translation of assets and liabilities	(215)	122
Changes in assets and liabilities		
Trade receivables and unbilled revenue	23,418	(55,553)
Loans, other financial assets and other assets	(5,122)	(5,807)
Trade payables	21	(1,487)
Other financial liabilities, other liabilities and provisions	949	61,513
Cash generated from operations	77,998	32,401
Income taxes paid	(12,962)	(12,711)
Net cash generated by operating activities	65,036	19,690
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(5,246)	(5,858)
Loans to employees	376	(1,024)
Payments to acquire financial assets		
Liquid mutual fund units	(1,63,333)	(42,256)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,63,563	39,087
Interest and dividend received on investments	544	258
Net cash used in investing activities	(4,096)	(9,793)
Cash flow from financing activities		
Debentures repaid to holding company	(42,000)	–
Loan repaid to holding company	–	(1,805)
Interest paid	(19,713)	(6,232)
Net cash used in financing activities	(61,713)	(8,037)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	215	(122)
Net decrease in cash and cash equivalents	(558)	1,738
Cash and cash equivalents at the beginning	2,718	980
Cash and cash equivalents at the end	2,160	2,718

The accompanying notes form an integral part of the 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

Supreet Sachdev
Partner
Membership number: 205385

Sandeep Dadlani
Chairman

Prem Pereira
Chief Financial Officer

Arun Krishnan
Director

Sudhir Gaonkar
Company Secretary

for and on behalf of the Board of Directors of
EdgeVerve Systems Limited

Srinivasan Rajam
Director

Bengaluru
April 11, 2017

Notes to the Financial Statements

1 Company overview and significant accounting policies

1.1 Company overview

EdgeVerve Systems Limited ('the Company') is a wholly-owned subsidiary of Infosys Limited. The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products, or Finacle product which can be deployed either on premises, or on cloud environments depending on its products. The Company provides implementation, integration, and support services to help its customers realize benefits from software solutions.

With effect from 1 August 2015, 'Finacle' and 'Edge Services' business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures.

1.2 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis, except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified).

The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements are the Company's first Ind AS financial statements. The Company has adopted all the Ind AS standards and the adoptions was carried out in accordance with Ind AS 101 - [First-time adoption of Indian Accounting Standards](#). The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1.

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

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the

date of the financial statements, and reported amounts of revenues and expenses during the period. 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.

1.4 Revenue recognition

Revenue is primarily derived from the licensing of software products and related services. Arrangements with customers for 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.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases, the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client-training, support, and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount or incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount or 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 in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

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

1.5 Provisions

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

1.6 Property, plant and equipment

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

lives of assets are as follows:

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

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

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

1.7 Intangible assets

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. The cost which can be capitalized include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

1.8 Financial instruments

1.8.1 Initial recognition

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

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows. The contractual terms of the financial asset give

rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Derivative financial instruments

The Company holds derivative financial instruments, such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial assets or financial liabilities at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss, and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current

liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

c. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.8.3 Derecognition of financial instruments

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

1.9 Fair value of financial instruments

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

1.10 Impairment

a. Financial assets

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

b. Non-financial assets

Property, plant and equipment

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

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

1.11 Retirement benefits to employees

a Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity plan') covering eligible employees. The Gratuity Plan provides a lumpsum 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 a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability / (asset) are recognized in other comprehensive income, net of taxes. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

b Superannuation

Certain employees of the Company 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.

c Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to the 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.

d 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. Expenses on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.12 Foreign currency

Functional currency

The functional currency of the Company is the Indian Rupee. These financial statements are presented in Indian Rupees (rounded off to lakhs).

Transactions and translations

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

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

1.13 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. Business combinations between entities under common control is accounted for using pooling of interests method. Accordingly, the assets and liabilities of the combining entities are accounted for at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor are recognized in a separate reserve.

Transaction costs that the Company incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized on net profit in the Statement of Profit and Loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive

income. Income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.15 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. 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 equity 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.

1.16 Cash and cash equivalents

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

1.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period 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 items 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.

1.18 Leases

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

1.19 Borrowing costs

Borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.20 The previous period figures have been regrouped / reclassified, wherever necessary to conform to the current period presentations

2 Notes to the financial statements for the year ended March 31, 2017

Transition to Ind AS reporting

These financial statements of EdgeVerve Systems Limited as at March 31, 2017, have been prepared for the first time in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First time adoption of Indian Accounting Standard, with April 1, 2015, as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto, and accounting policies and principles. The accounting policies (Refer to Note 1) have been applied in preparing the financial statements and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss is set out in Note 2.1.1 and 2.1.2.

2.1 Reconciliations

The following reconciliations provide a quantification of the effect of the transition to Ind AS from previous IGAAP in accordance with Ind AS 101:

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

2.1.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

in ₹ lakh

Particulars	Note	As at					
		April 1, 2015			March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment		885	–	885	3,924	–	3,924
Capital work-in-progress		–	–	–	6	–	6
Intangible assets	1.1	37,120	(37,120)	–	3,11,290	(3,11,290)	–
Financial assets							
Investments		–	–	–	–	–	–
Loans		–	–	–	30	–	30
Other financial assets		1	–	1	1	–	1
Deferred tax assets, net		–	–	–	409	–	409
Other non-current assets		–	–	–	77	–	77
Income tax assets, net		909	–	909	9,885	–	9,885
Total non-current assets		38,915	(37,120)	1,795	3,25,622	(3,11,290)	14,332
Current assets							
Financial assets							
Investments		–	–	–	3,169	–	3,169
Trade receivables		443	–	443	35,161	–	35,161
Cash and cash equivalents		980	–	980	2,718	–	2,718
Loans		6	–	6	1,000	–	1,000
Other financial assets		5,387	–	5,387	27,918	–	27,918
Other current assets		840	–	840	4,874	–	4,874
Total current assets		7,656	–	7,656	74,840	–	74,840
Total assets		46,571	(37,120)	9,451	4,00,462	(3,11,290)	89,172
EQUITY AND LIABILITIES							
Equity							
Equity share capital		46,184	–	46,184	1,31,184	–	1,31,184
Other equity	1.1	(7,051)	(37,120)	(44,171)	(16,035)	(3,11,290)	(3,27,325)
Total equity		39,133	(37,120)	2,013	1,15,149	(3,11,290)	(1,96,141)
Non-controlling interests	1.1	–	–	–	–	–	–
Total equity		39,133	(37,120)	2,013	1,15,149	(3,11,290)	(1,96,141)
Non-current liabilities							
Financial liabilities							
Other financial liabilities		1,805	–	1,805	2,54,900	–	2,54,900
Deferred tax liabilities, net		–	–	–	–	–	–
Total non-current liabilities		1,805	–	1,805	2,54,900	–	2,54,900
Current liabilities							
Financial liabilities							
Trade payables		1,513	–	1,513	26	–	26
Other financial liabilities		3,028	–	3,028	21,920	–	21,920
Other current liabilities		1,092	–	1,092	7,905	–	7,905
Provisions		–	–	–	562	–	562
Income tax liabilities, net		–	–	–	–	–	–
Total current liabilities		5,633	–	5,633	30,413	–	30,413
Total liabilities and equity		46,571	(37,120)	9,451	4,00,462	(3,11,290)	89,172

1.1 Other equity

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. These combinations between entities under common control is accounted for using pooling of interests method. Accordingly, the assets and liabilities of the combining entities are accounted at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor has been recognized in a separate reserve, and the goodwill and intangibles recorded under the previous GAAP have been reversed.

For the above-mentioned items, adjustments to retained earnings and other comprehensive income have been made in accordance with Ind AS. In addition, as per Ind AS 19, actuarial gain and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognized in Other Comprehensive Income as compared to being recognized in the Statement of Profit and Loss under previous IGAAP. Accordingly an adjustment has been made to the previous GAAP numbers.

2.1.2 Reconciliation of Profit / loss as previously reported under IGAAP to Ind AS

in ₹ lakh, except per equity share data

Particulars	Note	For the year ended March 31, 2016		
		IGAAP	Effects of transition to Ind AS	Ind AS
Revenue from operations		1,53,296	–	1,53,296
Other income		586	–	586
Total Income		1,53,882	–	1,53,882
Expenses				
Employee benefit expenses	1.1	70,222	(1,372)	68,850
Cost of technical sub-contractors		10,252	–	10,252
Travel expenses		7,547	–	7,547
Cost of software packages and others		16,058	–	16,058
Consultancy and professional charges		6,239	–	6,239
Depreciation and amortization expenses	1.2	32,197	(29,384)	2,813
Finance cost		6,232	–	6,232
Other expenses		11,065	–	11,065
Total expenses		1,59,812	(30,756)	1,29,056
Profit before tax and exceptional items		(5,930)	30,756	24,826
Tax expense				
Current tax		3,462	273	3,735
Deferred tax		(409)	–	(409)
Profit for the period		(8,983)	30,483	21,500
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of the net defined benefit liability / asset	1.1	–	(1,099)	(1,099)
		–	(1,099)	(1,099)
Items that may be reclassified subsequently to profit or loss				
		–	–	–
Total other comprehensive income, net of tax		–	(1,099)	(1,099)
Total comprehensive income, for the period		(8,983)	29,384	20,401

Explanations for reconciliation of profit / loss as previously reported under IGAAP to IND AS

1.1 Employee benefit expenses

As per Ind AS 19, actuarial gains and losses are recognized in Other Comprehensive Income, and not reclassified to profit and loss in the subsequent period.

1.2. Depreciation and amortization expenses

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business combinations. These combinations between entities under common control is accounted for using pooling of interests method. Accordingly the assets and liabilities of the combining entities are accounted at carrying values. The excess of purchase consideration over the Company's interest in the assets and liabilities of the transferor are recognized in a separate reserve and the amortization expense charged to Statement of Profit and Loss under the previous GAAP has been reversed.

2.1.3 Reconciliation of Cash Flow Statement as previously reported under IGAAP to Ind AS

There were no significant reconciliations for Cash Flow Statement under IGAAP and Ind AS.

2.2 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017 :

Particulars	in ₹ lakh				
	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2016	8	121	6,977	17	7,123
Additions	34	30	5,100	72	5,236
Deletions	–	–	2,340	–	2,340
Gross carrying value as of March 31, 2017	42	151	9,737	89	10,019
Accumulated depreciation as of April 1, 2016	2	6	3,190	1	3,199
Depreciation	7	34	3,752	22	3,815
Accumulated depreciation on deletions	–	–	2,340	–	2,340
Accumulated depreciation as of March 31, 2017	9	40	4,602	23	4,674
Carrying value as of March 31, 2017	33	111	5,135	66	5,345

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016 :

Particulars	in ₹ lakh				
	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2015	–	–	1,270	–	1,270
Additions	8	121	5,707	17	5,853
Deletions	–	–	–	–	–
Gross carrying value as of March 31, 2016	8	121	6,977	17	7,123
Accumulated depreciation as of April 1, 2015	–	–	386	–	386
For the period	2	6	2,804	1	2,813
Deduction / adjustments during the period	–	–	–	–	–
Accumulated depreciation as of March 31, 2016	2	6	3,190	1	3,199
Carrying value as of March 31, 2016	6	115	3,787	16	3,924

2.3 Investments

in ₹ lakh, except otherwise stated

Particulars	As at March 31,	
	2017	2016
Current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,939	3,169
Total investments	2,939	3,169
Market value of unquoted investments	2,939	3,169

Liquid mutual funds

The balances held in liquid mutual fund units are as follows :

in ₹ lakh, except otherwise stated

Particulars	As at March 31, 2017		As at March 31, 2016	
	Units	Amount	Units	Amount
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	–	–	2,07,383	3,169
Birla Sun Life Cash Plus - Direct Growth Plan	11,24,618	2,939	–	–
	11,24,618	2,939	2,07,383	3,169

The fair value of liquid mutual funds as of March 31, 2017 is ₹2,939 lakh and as of March 31, 2016 is lakh ₹3,169 lakh.

2.4 Loans

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Non-current		
Other loans		
Loans to employees	28	30
	28	30
Current		
Unsecured, considered doubtful		
Loans to employees	2	2
Less: Allowances for doubtful loans to employee	2	2
	-	-
Other loans		
Loans to employees	626	1,000
	626	1,000
Total loans	654	1,030

2.5 Other financial assets

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Non-current		
Security deposits	1	1
Current		
Restricted deposits	3,227	1,719
Unbilled revenues ⁽¹⁾	23,970	25,148
Interest accrued but not due	26	8
Others	120	1,043
	27,343	27,918
⁽¹⁾ Includes dues from holding company / fellow subsidiaries (Refer to Note 2.23)	19	-
Financial assets carried at amortized cost	27,343	27,918

2.6 Trade receivables

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Unsecured		
Considered good ⁽¹⁾	12,818	35,161
Considered doubtful	103	-
	12,921	35,161
Less: Allowances for credit losses	103	-
	12,818	35,161
	12,818	35,161
⁽¹⁾ Includes dues from holding company / fellow subsidiaries (Refer to Note 2.23)	200	-

2.7 Cash and cash equivalents

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Balances with banks		
In current and deposit accounts	2,160	2,718
	2,160	2,718
Deposit accounts with more than 12 months maturity	705	205
Balances with banks held as margin money deposits against guarantees	731	279

Cash and cash equivalents as of March 31, 2017 and March 31, 2016, include restricted cash and bank balances of ₹731 lakh and ₹279 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

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

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
In current accounts		
ICICI Bank, India	161	47
ICICI Bank, EEFC (U.S. Dollar account)	186	36
State Bank of India	4	6
	351	89
In deposit accounts		
ICICI Bank	1,809	2,629
	1,809	2,629
Total cash and cash equivalents	2,160	2,718

2.8 Other assets

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Non-current		
Capital advances	7	1
Prepaid expenses	111	3
	118	4
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	1,437	73
	1,555	77
Current		
Advance other than capital advances		
Payment to vendors for supply of goods	2,779	3,661
Others		
Prepaid expenses	1,288	150
Withholding and other taxes receivable	3,872	1,063
	7,939	4,874

2.9 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

in ₹ lakh

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit and loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets								
Cash and cash equivalents	2.7	2,160	–	–	–	–	2,160	2,160
Investments - liquid mutual funds	2.3	–	–	2,939	–	–	2,939	2,939
Trade receivables	2.6	12,818	–	–	–	–	12,818	12,818
Loans	2.4	654	–	–	–	–	654	654
Other financial assets	2.5	27,343	–	–	–	–	27,343	27,343
Total		42,975	–	2,939	–	–	45,914	45,914
Liabilities								
Trade payables	2.12	47	–	–	–	–	47	47
Non-convertible debentures ⁽¹⁾	2.11	2,12,900	–	–	–	–	2,12,900	2,12,900
Other liabilities								
Others	2.11	21,433	–	–	–	–	21,433	21,433
Total		2,34,380	–	–	–	–	2,34,380	2,34,380

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value				Total carrying value	in ₹ lakh	
			through profit and loss		through OCI			Total fair value	
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets									
Cash and cash equivalents	2.7	2,718	–	–	–	–	2,718	2,718	
Investments - liquid mutual funds	2.3	–	–	3,169	–	–	3,169	3,169	
Trade receivables	2.6	35,161	–	–	–	–	35,161	35,161	
Loans	2.4	1,000	–	–	–	–	1,000	1,000	
Other financial assets	2.5	27,918	–	–	–	–	27,918	27,918	
Total		66,797	–	3,169	–	–	69,966	69,966	
Liabilities									
Trade payables	2.12	26	–	–	–	–	26	26	
Non-convertible debentures ⁽¹⁾	2.11	2,54,900	–	–	–	–	2,54,900	2,54,900	
Other liabilities Others	2.11	21,920	–	–	–	–	21,920	21,920	
Total		2,76,846	–	–	–	–	2,76,846	2,76,846	

⁽¹⁾The carrying value of the debentures approximates fair value as the instruments are at prevailing market rates.

Financial risk factors

Market risk

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

Particulars	U.S. Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	Other currencies	in ₹ lakh	
						Total	
Cash and cash equivalents	186	–	–	–	–	186	
Trade receivables	9,411	61	–	–	194	9,665	
Other financial assets (including loans)	10,359	1,084	531	1,710	2,290	15,974	
Other financial liabilities	(869)	(10)	(0)	2	(396)	(1,273)	
Net assets / (liabilities)	19,086	1,135	531	1,713	2,087	24,552	

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

Particulars	U.S. Dollars	Euro	United Kingdom Pound Sterling	Australian Dollars	Other currencies	in ₹ lakh	
						Total	
Cash and cash equivalents	36	–	–	–	–	36	
Trade receivables	14,700	442	582	1,218	1,739	18,681	
Other financial assets (including loans)	10,634	611	556	1,640	2,127	15,568	
Trade payables	(10)	–	–	–	–	(10)	
Other financial liabilities	(995)	(193)	(26)	(2)	(191)	(1,407)	
Net assets / (liabilities)	24,365	860	1,112	2,856	3,675	32,868	

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,818 lakh and ₹35,161 lakh as of March 31, 2017 and March 31, 2016, respectively, and unbilled revenue amounting to ₹23,970 lakh and ₹25,148 lakh as of March 31, 2017 and March 31, 2016, respectively. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses a provision matrix to compute the expected credit losses on the customer balances based on internal and external factors.

The allowance for lifetime expected credit loss on customer balances for year ended March 31, 2017 and March 31, 2016 was 136 lakh and nil, respectively.

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Balance at the beginning	2	–
Provisions recognized / (reversed)	140	2
Write-offs	–	–
Translation differences	(6)	–
Balance at the end	136	2

Liquidity risk

As of March 31, 2017, the Company had a working capital of ₹22,523 lakh including liquid assets such as cash and cash equivalents of ₹2,160 lakh and current investments of ₹2,939 lakh. As of March 31, 2016, the Company had a working capital of ₹44,427 lakh including liquid assets such as cash and cash equivalents of ₹2,718 lakh and current investments of ₹3,169 lakh.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹2,822 lakh and ₹1,520 lakh, respectively, which have been substantially funded. Further, as of March 31, 2017 and March 31, 2016, the Company had no outstanding bank borrowings. Accordingly, no liquidity risk is perceived.

The following table provides the details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	in ₹ lakh					Total
	Less than 1 year	1-2 years	2-4 years	4-7 years		
Trade payables	47	–	–	–	–	47
Other liabilities excluding non-convertible debentures*	21,433	–	–	–	–	21,433
	21,480	–	–	–	–	21,480

The following table provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	Less than 1	1-2 years	2-4 years	4-7 years	Total
	year				
Trade payables	26	–	–	–	26
Other liabilities excluding non-convertible debentures*	21,920	–	–	–	21,920
	21,946	–	–	–	21,946

*The term of redemption of the debentures would be any date as may be decided mutually between the parties, but not exceeding 10 years.

The Company had no outstanding financial guarantees towards leased premises as on March 31, 2017 and March 31, 2016.

2.10 Equity

Share capital

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Authorized		
Equity shares, ₹10/- par value		
4,10,00,00,000 (4,10,00,00,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,31,18,40,000 (1,31,18,40,000) equity shares	1,31,184	1,31,184

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 currently.

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are as follows:

Name of the shareholder	As at March 31,			
	2017		2016	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is as follows:

Particulars	As at March 31,			
	2017		2016	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
Number of shares at the beginning of the year	1,31,18,40,000	13,11,84,00,000	46,18,40,000	4,61,84,00,000
Add: Shares issued	–	–	85,00,00,000	8,50,00,00,000
Number of shares at the end of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000

2.11 Other financial liabilities

in ₹ lakh

Particulars	As at March 31,	
	2017	2016
Non-current		
Non-convertible debentures ^{*(1)}	2,12,900	2,54,900
	2,12,900	2,54,900
Current		
Others		
Accrued compensation to employees	3,357	3,023
Compensated absences	2,822	1,520
Accrued expenses ⁽²⁾	14,548	14,204
Other payables ⁽³⁾	706	3,173
	21,433	21,920
Financial liability carried at amortized cost	2,34,333	2,76,820

*The interest rate for the debentures as of March 31, 2017 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.465%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties, but not exceeding 10 years.

⁽¹⁾ Includes dues to holding company or fellow subsidiaries (Refer to Note 2.23)	2,12,900	2,54,900
⁽²⁾ Includes dues to holding company or fellow subsidiaries (Refer to Note 2.23)	4,524	2,031
⁽³⁾ Includes dues to holding company or fellow subsidiaries (Refer to Note 2.23)	198	554

2.12 Trade payables

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Trade payables ⁽¹⁾	47	26
	47	26
⁽¹⁾ Includes dues to holding company / fellow subsidiaries (Refer to Note 2.23)	6	–

2.13 Other liabilities

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Current		
Unearned revenue	7,724	4,557
Withholding and other taxes payable	2,095	3,348
	9,819	7,905

2.14 Provisions

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Others		
Post-sales client support and warranties and others	3	562
	3	562

2.15 Income taxes

Income tax expense in the Statement of Profit and Loss comprises:

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Current taxes	11,796	3,735
Deferred taxes	(466)	(409)
Income tax expense	11,330	3,326

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes provisions amounting to ₹4,136 lakh and nil, respectively, pertaining to previous periods.

During the year ended March 31, 2017, the Company created tax provision of ₹4,136 lakh for previous years for denying the benefit of Research and Development.

The reconciliation of the income tax provision to the amount computed by applying the statutory tax rate to the income before taxes is summarized as follows:

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Profit before income taxes	35,878	24,826
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	12,417	8,592
Tax effect due to non-taxable income for Indian tax purposes	(44)	(62)
Overseas taxes, net of FTC	494	–
Prior year taxes	4,136	–
Change in losses	–	(905)
Effect of exempt non-operating income	(134)	(54)
Effect of differential overseas tax rates	13	(203)
Effect of non-deductible expenses	20	12
Additional deduction on research and development expense	(5,627)	(4,128)
Others	55	74
Income tax expense	11,330	3,326

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017 and March 31, 2016:

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Income tax assets	25,721	13,348
Current income tax liabilities	15,164	3,463
Net current income tax assets / (liability) at the end	10,557	9,885

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Deferred income tax assets		
Trade receivables	49	–
Compensated absences	977	526
MAT credit entitlement	494	–
Others	153	41
Total deferred income tax assets	1,673	567
Deferred income tax liabilities		
Fixed assets	304	158
Total deferred income tax liabilities	304	158
Deferred income tax assets after set off	1,369	409
Deferred income tax liabilities after set off	–	–

MAT credit are being recognized if there is convincing evidence that the Company will pay normal tax and the resultant asset can be measured reliably. The Income tax paid under MAT provisions being over and above normal tax liability can be carried forward for a period of ten years from the year of recognition and is available for set off against future tax liabilities computed under normal tax provisions, to the extent of excess of MAT liability. A deferred income tax asset for MAT credit entitlement of ₹494 lacs and nil has been recognized on the Balance Sheet as of March 31, 2017 and March 31, 2016 respectively. 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.

2.16 Other income

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Interest received on financial assets - carried at amortized cost		
Deposits with banks and others	340	102
Dividend received on investments carried at fair value through profit and loss	222	156

Particulars	For the year ended March 31,	
	2017	2016
Exchange gains / (losses) on translation of other assets and liabilities	714	355
Miscellaneous income, net	167	(27)
	1,443	586

2.17 Expenses

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Employee benefit expenses		
Salaries including bonus	87,269	64,185
Contribution to provident and other funds	3,940	4,014
Staff welfare	844	651
	92,053	68,850
Travel expenses		
Overseas travel expenses	11,794	6,678
Travelling and conveyance	1,227	869
	13,021	7,547
Cost of software packages and others		
For own use	2,021	1,984
Third party items bought for service delivery to clients	15,674	14,074
	17,695	16,058

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Other expenses		
Repairs and maintenance	2,276	1,991
Brand and marketing	2,416	1,531
Communication expenses	835	373
Operating lease payments (Refer to Note 2.18)	5,055	3,648
Rates and taxes	222	320
Commission charge	2,738	2,190
Fuel and power	347	28
Consumables	129	135
Provision for post-sales client support and warranties	(560)	562
Commission to non-whole time directors	18	21
Allowances for credit losses on financial assets	140	2
Auditors' remuneration		
Statutory audit fees	36	34
Others	335	230
	13,987	11,065

2.18 Leases

Obligations on long-term, non-cancellable operating leases

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

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Lease rentals recognized during the period	5,055	3,648

Lease obligations payable	in ₹ lakh	
	As at March 31,	
	2017	2016
Within one year of the Balance Sheet date	656	675
Due in a period between one year and five years	210	959
Due after five years	–	–

The operating lease arrangements, are renewable on a periodic basis. And most of the leases extend up to a maximum of ten years from their respective dates of inception and relate to rented premises - some of which have price-escalation clauses.

2.19 Employee benefits

Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as of March 31, 2017 and March 31, 2016:

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Change in benefit obligations		
Benefit obligations at the beginning	6,091	907
Service cost	869	373
Interest expense	460	229
Transfer of obligation	254	3,350
Remeasurements - actuarial (gains) / losses	(29)	1,377
Benefits paid	(587)	(143)
Benefit obligations at the end	7,058	6,091
Change in plan assets		
Fair value of plan assets at the beginning	6,165	259
Interest income	521	280
Transfer of assets	124	4,290

Particulars	As at March 31,	
	2017	2016
Remeasurements- Return on plan assets excluding amounts included in interest income	73	4
Contributions	2,200	1,475
Benefits paid	(588)	(143)
Fair value of plan assets at the end	8,495	6,165
Funded status	1,437	74
Prepaid gratuity benefit	1,437	73

Amount for the year ended March 31, 2017 and March 31, 2016, recognized in the Statement of Profit and Loss under employee benefit expenses is as follows:

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Service cost	869	373
Net interest on the net defined benefit liability / asset	(61)	(51)
Net gratuity cost	808	321

Amount for the year ended March 31, 2017 and March 31, 2016, recognized in Statement of Other Comprehensive Income is as follows:

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(29)	1,377
	(73)	(4)
	(102)	1,373

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
(Gain) / loss from change in demographic assumptions	–	–
(Gain) / loss from change in financial assumptions	539	–
	539	–

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016 are as follows:

Particulars	in ₹ lakh	
	As at March 31,	
	2017	2016
Discount rate	6.9%	7.8%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are as follows:

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Discount rate	6.9%	8.0%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	6.1 years	6.4 years

Gratuity is applicable only to employees drawing a salary in Indian Rupees and there are no other foreign defined benefit gratuity plans.

The Company contributes all ascertained liabilities towards gratuity to the EdgeVerve Systems Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹594 lakh and ₹284 lakh, respectively.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

Maturity profile of defined benefit obligation is as follows:

Within 1 year	563
1-2 year	647
2-3 year	680
3-4 year	770
4-5 year	927
5-10 years	5,527

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

2.20 Provident fund

The Company contributed ₹1,955 lakh during the year ended March 31, 2017 (₹1,208 lakh for the year ended March 31, 2016).

2.21 Superannuation

The Company contributed ₹693 lakh during the year ended March 31, 2017 (₹491 lakh for the year ended March 31, 2016).

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

Particulars	As at March 31,	
	2017	2016
Contingent liabilities		
Claims against the Company, not acknowledged as debts	–	–
Commitments		
Estimated amount of unexecuted capital contracts, net of advances and deposits	1,255	1,229

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

2.23 Related party transactions

Name of Holding company	Country	Holding as at March 31,	
		2017	2016
Infosys Limited	India	100%	100%
Name of fellow subsidiaries	Country		
Infosys BPO Limited (Infosys BPO)	India		
Infosys Technologies (China) Co. Limited (Infosys China)	China		
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico		
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden		
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China		
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil		
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.		
Infosys Americas Inc., (Infosys Americas)	U.S.		
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o.) ⁽¹⁾	Czech Republic		
Infosys Poland Sp Z.o.o (formerly Infosys BPO (Poland) Sp Z.o.o) ⁽¹⁾	Poland		
Infosys BPO S.DE R.L. DE.C.V ⁽¹⁾⁽¹⁶⁾	Mexico		
Infosys McCamish Systems LLC ⁽¹⁾	U.S.		
Portland Group Pty Ltd ⁽¹⁾	Australia		
Portland Procurement Services Pty Ltd ⁽⁵⁾	Australia		
Infosys BPO Americas LLC. ⁽¹⁾⁽¹⁵⁾	U.S.		
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽²⁾	Australia		
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland		
Lodestone Management Consultants Inc. ⁽³⁾	U.S.		
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) ⁽³⁾	Australia		
Infosys Consulting AG (formerly Lodestone Management Consultants AG) ⁽³⁾	Switzerland		
Lodestone Augmentis AG ⁽⁶⁾⁽¹⁷⁾	Switzerland		
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽³⁾⁽¹⁹⁾	Switzerland		
Lodestone Management Consultants (Belgium) S.A. ⁽⁴⁾	Belgium		
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽³⁾	Germany		
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) ⁽²⁰⁾	Singapore		
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) ⁽³⁾	France		
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) ⁽³⁾	Czech Republic		
Lodestone Management Consultants GmbH ⁽³⁾	Austria		
Lodestone Management Consultants Co., Ltd. ⁽³⁾	China		
Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) ⁽³⁾	U.K.		
Infy Consulting B.V. (Lodestone Management Consultants B.V) ⁽³⁾	The Netherlands		
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ⁽⁴⁾	Brazil		
Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) ⁽³⁾	Poland		
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽³⁾	Portugal		
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) ⁽³⁾	Romania		
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽³⁾	Argentina		
Infosys Canada Public Services Ltd. ⁽⁷⁾	Canada		
Infosys Nova Holdings LLC. (Infosys Nova) ⁽⁸⁾	U.S.		
Panaya Inc. (Panaya) ⁽⁹⁾	U.S.		
Panaya Ltd. ⁽¹⁰⁾	Israel		
Panaya GmbH ⁽¹⁰⁾	Germany		
Panaya Pty Ltd ⁽¹⁰⁾⁽¹⁸⁾	Australia		
Panaya Japan Co. Ltd. ⁽¹⁰⁾	Japan		
Skava Systems Pvt. Ltd. (Skava Systems) ⁽¹¹⁾	India		
Kallidus Inc. (Kallidus) ⁽¹²⁾	U.S.		
Noah Consulting LLC (Noah) ⁽¹³⁾	U.S.		
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹⁴⁾	Canada		

- (1) Wholly-owned subsidiary of Infosys BPO.
(2) Under liquidation.
(3) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG).
(4) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG).
(5) Wholly-owned subsidiary of Portland Group Pty Ltd. liquidated, effective May 14, 2014.
(6) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG).
(7) Wholly-owned subsidiary of Infosys Public Services, Inc. incorporated, effective December 19, 2014.
(8) Incorporated effective January 23, 2015.
(9) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.
(10) Wholly-owned subsidiary of Panaya Inc.
(11) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems (Refer to Note 2.5.2.).
(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. (Refer to Note 2.5.2).
(13) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah (Refer to Note 2.5.1).
(14) Wholly-owned subsidiary of Noah.
(15) Incorporated effective November 20, 2015.
(16) Liquidated effective March 15, 2016.
(17) Liquidated effective October 5, 2016.
(18) Liquidated effective November 16, 2016.
(19) Liquidated effective December 21, 2016.
(20) Wholly-owned subsidiary of Infosys

List of other related parties

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

Directors

Srinivasan Rajam	(appointed on July 8, 2014)
Sandeep Dadlani	(appointed on September 8, 2014)
Jonathan Heller	(appointed on June 10, 2015)
Arun Krishnan	(appointed on October 9, 2015)
Sanat Rao	(appointed on December 16, 2016)
Ritika Suri	(appointed on December 16, 2016)
Pervinder Johar	(appointed on March 3, 2017)
Sanjay Purohit	(resigned on September 30, 2016)
Roopa Kudva	(resigned on November 11, 2016)

Executive officers

Prem Pereira,	Chief Financial Officer
Sudhir Shridhar Gaonkar,	Company Secretary

The details of amounts due to or due from related parties as at March 31, 2017 and March 31, 2016 are as follows:

Particulars	As at March 31,	
	2017	2016
Trade receivables		
Infosys Public Services	7	–
Infosys China	193	–
	200	–
Non-convertible debentures		
Infosys Limited	2,12,900	2,54,900
Trade payables		
Infosys Limited	(2)	3
Infosys BPO Limited	8	–
	6	3
Other financial payables		
Infosys BPO Limited	22	87
Infosys China	24	–
Panaya Ltd.	152	467
	198	554
Unbilled revenue		
Infosys Public Services	10	–
Infosys BPO Limited	9	–
	19	–
Accrued expenses		
Infosys Limited	4,524	2,031

Note: Excludes certain balances due to / from Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

Particulars	For the year ended March 31,	
	2017	2016
Capital transactions		
Financing transactions		
Debtures		
Infosys Limited	(42,000)	2,54,900
Loans received from parent		
Infosys Limited	–	9,450
Loans repayment to parent		
Infosys Limited	–	11,255
Revenue transactions		
Sale of services		
Infosys Public Services	141	43
Infosys China	177	–
Infosys BPO Limited	120	548
	438	591
Purchase of shared services including facilities and personnel		
Infosys Limited	34,445	–
Infosys BPO Limited	251	35
Panaya Ltd.	1,288	–
	35,984	35
Interest expense		
Infosys Limited	19,713	671
Cash received under business transfer		
Infosys Limited	–	28,600

Note: Excludes certain transactions with Infosys, which are pertaining to contracts pending novation upon business transfer and held in trust by Infosys.

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

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers	221	130
Commission and other benefits to non-executive / independent directors	18	21
Total	239	151

2.24 Research and development (R&D) expenditure

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Expenditure at DSIR approved R&D centers (eligible for weighted deduction)		
Capital expenditure	–	–
Revenue expenditure	16,258	11,929
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	23,909	18,759
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	40,167	30,688

During the year ended March 31, 2017, the Company has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred.

2.25 Segment-reporting

The Company's business activity, falls within a single primary business segment, i.e. providing products, platforms and related services. Therefore, disclosures as required under IND AS 108, 'Segment-reporting', has not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.

2.26 Function wise classification of Statement of Profit and Loss

Particulars	in ₹ lakh	
	For the year ended March 31,	
	2017	2016
Income from software products, platforms and services	2,35,141	1,53,296

Particulars	For the year ended March 31,	
	2017	2016
	Software development expenses	1,38,191
Gross profit / (loss)	96,950	61,555
Selling and marketing expenses	19,935	15,263
General and administration expenses	22,867	15,820
Total operating expenses	42,802	31,083
Operating profit / (loss)	54,148	30,472
Finance cost	19,713	6,232
Profit / (loss) before interest and tax	34,435	24,240
Other income	1,443	586
Profit / (loss) before tax	35,878	24,826
Tax expense		
Current tax	11,796	3,735
Deferred tax	(466)	(409)
Profit / (loss) for the period	24,548	21,500
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	81	(1,099)
Remeasurement of the net defined benefit liability / asset		
Total other comprehensive income net of taxes	81	(1,099)
Total comprehensive income for the year	24,629	20,401

2.27 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 \$ 70 million (₹ 420.84 crore) with effect from July 1, 2014. Net assets amounting to ₹ 9 crore were taken over and goodwill and intangibles of ₹ 412 crore had been recorded under previous GAAP. On adoption of Ind AS, the goodwill and intangibles have been reversed and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103, which requires common control transactions to be recorded at book values. The consideration has been settled through fully paid-up shares in EdgeVerve.

On April 17, 2015, 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. Subsequently, in the Annual General meeting on June 4, 2015, the shareholders have authorized the Board to enter into a Business transfer

agreement and related documents with Infosys with effect from August 1, 2015, or such other date as the Board may decide. Infosys has undertaken an enterprise valuation by an independent valuer and accordingly, the Finacle and Edge Services businesses have been transferred to the Company for a consideration of ₹3,222 crore and ₹177 crore, respectively, with effect from August 1, 2015.

Net assets amounting to ₹363 crore, (including working capital amounting to ₹337 crore) were taken over and goodwill and intangible assets of ₹3,036 crore had been recorded under previous GAAP. On adoption of Ind AS, the goodwill and intangible assets have been reversed and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103, which requires common control transactions to be recorded at book values. The consideration has been settled in the form of equity shares of ₹850 crore and debentures of ₹2,549 crore.

2.28 Specified Bank Notes (SBN) held and transacted is as follows:

Particulars	SBNs	Other denomi- nation notes	Total
Closing cash-in-hand as on November 8, 2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash-in-hand as on December 30, 2016	–	–	–

The Company did not have any cash balances on the specified dates. Further, no cash was transacted in the specified period.

The accompanying notes form an integral part of the 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 and on behalf of the Board of Directors of
EdgeVerve Systems Limited

Supreet Sachdev
Partner
Membership number : 205385

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 11, 2017

Locations – EdgeVerve Systems Limited

India

Bengaluru

45 and 46, Electronics City
Phase I, Hosur Road,
Bengaluru 560 100

Equinox,

Plot 47, Sy. No. 10, Electronics
City Phase I, Hosur Road,
Bengaluru 560 100
Tel: 91 80 3952 2222
Fax : 91 80 2852 1300

Gold Hill Supreme Software Park,

1st and 5th Floor, North Wing,
Plot No. 21, 22, 27 and 28,
Konappana Agrahara Village,
Begur Hobli, Electronics City
Phase II, Bengaluru 560 100
Tel: 91 80 3087 9001

Chandigarh

Block A, Ground Floor, DLF
Building, Plot No. 2
Rajiv Gandhi
Chandigarh Technology Park,
Chandigarh 160 101
Tel: 91 172 502 1100
Fax : 91 172 504 6222

Chennai

SDB-IV, 2nd Floor,
138, Old Mahabalipuram Road,
Sholinganallur, Chennai 600 119
Tel: 91 44 2450 9530
Fax : 91 44 2450 0390

Building No.9, 'C' Wing

(Infosys Campus),
TP 1/1, Central Avenue,
Techno Park SEZ,
Mahindra World City,
Chengelpet, Kancheepuram
District,
Chennai 603 004
Tel: 91 44 4741 1111
Fax : 91 44 4741 5151

Hyderabad

Survey No.210, X,B-9 (1st,
2nd and 3rd Floor) and B-10
(1st Floor), Manikonda Village,
Lingampally, Ranga Reddy
District, Hyderabad 500 032
Tel: 91 40 6642 0000
Fax : 91 40 2300 5223

Building No. 10 and 11
(Ground Floor), SDB 4,
Pocharam Village,
Ghatkesar Mandal, Ranga
Reddy
District, Hyderabad 500
088

Tel: 91 40 4060 0000
Fax : 91 40 6634 1356

Gurugram

Uniworld Towers, Tower B,
Sector 48,
Gurugram 122 018
Tel: 91 124 392 2000
Fax : 91 124 400 4356

Mumbai

85, C, Mittal Towers,
8th Floor, Nariman Point,
Mumbai 400 021
Tel: 91 22 2284 6490
Fax : 91 22 2284 6489

Pune

3rd Floor, Building 15,
Plot 1,
Rajiv Gandhi Infotech Park
Phase II, Village Maan,
Taluka Mulshi,
Pune 411 057
Tel: 91 20 398 2700
Fax : 91 20 398 2800

*Ground, 1st, 2nd
and 3rd Floor,*
Building SDB-3,
Plot No. 24/2,
Rajiv Gandhi Infotech Park,
Phase II, Village Maan,
Taluka Mulshi,
Pune 411 057
Tel: 91 20 398 2700
Fax : 91 20 398 2800

June 02, 2017

Dear Member,

You are cordially invited to attend the third Annual General Meeting of the members of EdgeVerve Systems Limited ('the Company') on Saturday, June 24, 2017 at 10.00 a.m. IST at the Registered Office of the Company at Plot No 44, Electronics City, Hosur Road, Bengaluru - 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 third 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 3rd Annual General Meeting

NOTICE is hereby given that the third Annual General Meeting (AGM) of the Members of EdgeVerve Systems Limited ('the Company') will be held on Saturday, June 24, 2017 at 10.00 A.M. IST at the Registered Office of the Company at Plot No. 44, Electronics City, Hosur Road, Bengaluru-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, 2017, including the audited Balance Sheet as at March 31, 2017, 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 Jonathan Heller, who retires by rotation and being eligible, seeks re-appointment.

Resolved that pursuant to the provisions of Section 152 of the Companies Act 2013, the approval of the members of the company be and is hereby accorded for re-appointment of Jonathan Heller (DIN: 07197070) as a director liable to retire by rotation.

Item no. 3 – Appointment of auditors

The Company had appointed BSR & Co. LLP, Chartered Accountants as statutory auditors of the company. The BSR & Co. LLP has expressed their unwillingness to get re-appointed at the ensuing annual general meeting and have resigned as auditors. The Board on the proposal of the audit committee has recommended the appointment of Deloitte Haskins & Sells LLP (Firm Registration No. 117366 W/W 100018, ICAI Firm Registration No. 101248W/W-100022), chartered accountants as statutory auditors of the company to hold the office from the conclusion of the 3rd annual general meeting till the conclusion of 8th annual general meeting subject to the approval of the shareholders. The first year of audit is for the financial statements for the year ending March 31, 2018 including audit of the quarterly financial statements for the year.

Therefore shareholders are requested to appoint the auditors of the Company, and to fix their remuneration by passing the following resolution as an ordinary resolution:

Resolved that, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, pursuant to the proposals of the audit committee of the Board and recommendation of the Board of Directors of the Company, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018 and ICAI Firm Registration No. 101248W/W-100022) be and is hereby appointed as the statutory auditors of the Company to hold office for a period of five consecutive

years commencing from the financial year 2017-18, on a remuneration that may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis.

Item no. 4 – Appointment of branch auditors

To appoint branch auditors of the Company, and to fix their remuneration and to pass the following resolution as an ordinary resolution:

Resolved that, pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Board of directors be and is hereby authorized to appoint Branch Auditors of any branch office of the Company, whether existing or which may be opened / acquired hereafter, outside India, in consultation with the Company's Auditors, any person(s) qualified to act as Branch Auditors and to fix their remuneration.

Special Business

Item No. 5 – Appointment of Ritika Suri as a director

To consider and if thought fit, to pass 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, Ritika Suri (bearing DIN: 07676759) who was appointed as an additional director of the Company by the Board of Directors with effect from December 16, 2016, 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 member's intention to propose Ritika Suri 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 D. N. Prahlad as an independent director

To consider and if thought fit, to pass 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, D. N. Prahlad, (bearing DIN: 00504146) who was appointed as an Additional and Independent Director of the Company by the Board of Directors with effect from January 6, 2017 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 member's intention to propose D. N. Prahlad 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 January 5, 2022, not liable to retire by rotation.

Bengaluru
April 11, 2017

Item no. 7 – Appointment of Pervinder Johar as Director

To consider and if thought fit, to pass 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, Pervinder Johar (bearing DIN: 02148376) who was appointed as an additional director of the Company by the Board of Directors with effect from March 3, 2017 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 member's intention to propose Pervinder Johar as a candidate for the office of a director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

by order of the Board of Directors
for EdgeVerve Systems Limited



Sudhir Gaonkar
Company Secretary

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. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before June 22, 2017, 10:00 a.m. IST). A proxy form for the AGM is enclosed.
3. 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 10% of the total share capital of the Company.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of members and the Register of debenture holders maintained under Section 88 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

Statement pursuant to Section 102 of the Companies Act, 2013

Item no. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Ritika Suri as an Additional Director of the Company with effect from December 16, 2016 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, Ritika Suri 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 Ritika Suri for the office of a Director, to be appointed under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ritika Suri (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, (iii) Notice of interest by director in Form MBP-1 pursuant to Section 184(1) and Rule 9(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013.

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

No director, key managerial personnel or their relatives, except Ritika Suri, 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

The Board of directors based on the recommendation of Nomination and Remuneration Committee appointed D. N. Prahlad as an Additional Director of the Company with effect from January 6, 2017 pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company.

As per provisions of Section 161 of the Companies Act, he holds office up to the date of 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 D. N. Prahlad for the office of a Director, to be appointed under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from D. N. Prahlad (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, (iii) Notice of interest by director in Form MBP-1 pursuant to Section 184(1) and Rule 9(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 and (iv) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for appointment of D. N. Prahlad as an Independent Director of the Company for a period up to January 5, 2022, not liable to retire by rotation.

In the opinion of the Board, D. N. Prahlad, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of D. N. Prahlad 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 D. N. Prahlad, 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.

Item no. 7

The Board of directors based on the recommendation of Nomination and Remuneration Committee appointed Pervinder Johar as an Additional Director of the Company with effect from March 3, 2017 pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company.

As per provisions of Section 161 of the Companies Act, he holds office up to the date of 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 Pervinder Johar for the office of a Director, to be appointed under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Pervinder Johar (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, (iii) Notice of interest by director in Form MBP-1 pursuant to Section 184(1) and Rule 9(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013.

The resolution seeks the approval of members for appointment of Pervinder Johar as Director of the

Company liable to retire by rotation.

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

The Board recommends the resolution set forth in Item no. 7 for the approval of the members.

Bengaluru
April 11, 2017

by order of the Board of Directors
for EdgeVerve Systems Limited



Sudhir Gaonkar
Company Secretary

Additional information on directors seeking election at the annual general meeting



Ritika Suri
Director

Ritika is the Global Head of Corporate Development at Infosys, where she leads Infosys Corporate Venture Fund, as well as the Strategic Large Deals program. She has been an Executive Leader in Technology for the past 18+ years, focused on defining new business models to transform and deliver new business value to customers, and the end users. She has led roles in sales, product management, professional services and mergers & acquisitions.

Prior to Infosys, Ritika was Senior Vice President at SAP Labs in Palo Alto, where she held the role of Customer Officer for the Technology, Innovation and Products group, directly responsible for managing key executive relationships within SAP, and running customer engagements through strategic account management with Fortune 100 companies.

She helped drive new innovations and thus new lines of revenues within these accounts. In her role of a sales executive, she successfully led, negotiated and closed large multi-year, complex sales deals involving new services and joint product development. In her Business Development role, she helped establish new recurring revenue models, especially low/no touch routes to market, through online marketplace and cloud models. Ritika has also worked in silicon valley startups, and started her career in Citibank managing product development for financial derivatives.

Ritika has an MBA from Leeds Business School, UK.



D N Prahlad
Independent Director

D. N. Prahlad is the founder and CEO of Surya Software Systems Private Limited, Bangalore. Surya focusses on products for financial risk management of financial institutions in general and banks in particular.

In addition, Prahlad is on the advisory board of Computer Science and Automation Department of Indian Institute of Science, Bangalore. He served as an adjunct faculty at Indian institute of Information Technology, Bangalore in its formative years. He serves as an advisory board member



Pervinder Johar
Director

Pervinder Johar is the CEO of EdgeVerve. He comes to EdgeVerve from Steelwedge Software Inc, where he served as the President and CEO. Pervinder helped position Steelwedge as the market leader in Supply Planning and Sales & Operations Planning. Under his leadership, Steelwedge successfully orchestrated a merger with E2open to form the largest purely cloud-based supply chain software company in the world. Prior to Steelwedge, Pervinder was at HP, where he served as Vice President of Global Supply Chain Systems. In this role, he was responsible for strategy and execution of worldwide supply chain management, manufacturing, product life cycle management, order-to-cash, and procure-to-pay business processes and IT systems for HP's supply chain, one of the largest in the world. Pervinder previously held the position of CTO at Manhattan Associates, a leading provider of supply chain execution solutions, where he was responsible for global research, development, and quality assurance. He also held senior positions in strategy, marketing, technology and finance with large companies including State Street Bank, and Fidelity Investments. In addition, Pervinder served as CTO for two successful startup companies.

Pervinder holds a Master's degree in Computer Science from Villanova University, an MBA from Boston University, and a Bachelor's degree in Computer Engineering from the Indian Institute of Technology (IIT) Roorkee.

of PathShodh Healthcare, a company with leading edge nano-technology in diagnostic measurements related to diabetes.

Prahlad is a B.Sc. with honours in mathematics from Bangalore University and B.E. (Electrical technology and Electronics) from Indian Institute of Science, Bangalore.

Prior to founding Surya, Prahlad played a key role in the rapid growth of Infosys Technologies, being associated with Infosys from its formative years. He brings with him a high level of experience of working with multiple Fortune 50 clients, creation of new services, products and strategies.

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

3rd Annual General Meeting – June 24, 2017, 10:00 AM IST

Name of the Member(s)														
Registered address														
Email														
Folio no. / Client ID														
DP ID														

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 :

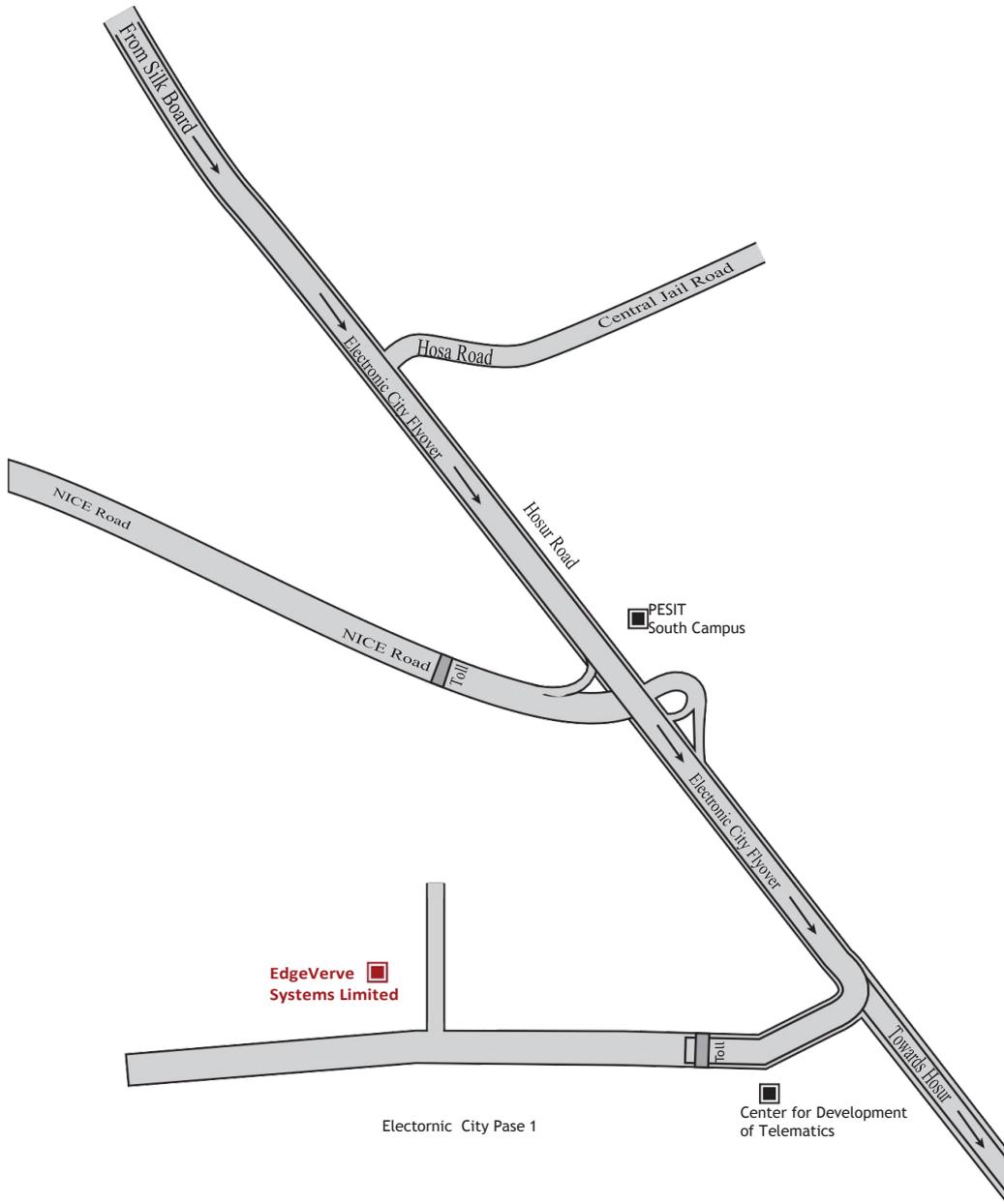
or failing him / her

..... Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the third Annual general meeting of the Company, to be held on the 24th day of June 2017 at 10.00 a.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

(contd...)

Route map of the venue of the AGM



Safe Harbor

This Annual Report contains 'forward-looking statements', that are based on our current expectations, assumptions, estimates and projections about the Company, our industry, economic conditions in the markets in which we operate, and certain other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'will', 'project', 'seek', 'should' and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. These statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results or outcomes to differ materially from those implied by the forward-looking statements. Important factors that may cause actual results or outcomes to differ from those implied by the forward-looking statements include, but are not limited to, those discussed in the 'Outlook, risks and concerns' section in this Annual Report. In light of these and other uncertainties, you should not conclude that the results or outcomes referred to in any of the forward-looking statements will be achieved. All forward-looking statements included in this Annual Report are based on information available to us on the date hereof, and we do not undertake to update these forward-looking statements to reflect future events or circumstances unless required to do so by law.

