EDGEVERVE SYSTEMS LIMITED

Independent Auditors' Report

To The Members of EDGEVERVE SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of EDGEVERVE SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting 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 and the Order issued under section 143(11) of the Act.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 including Other Comprehensive Income, the Statement of Change in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

    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.

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

Annexure "A" to The Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of EdgeVerve Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Director's of the Company 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. 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, 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 internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. 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.

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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Annexure 'B' to The Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of EdgeVerve Systems Limited of even date)

i. In respect of the Company's fixed assets:

   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the Order is not applicable.

ii. The Company is in the business of sale of software licences and providing related software services. Accordingly, it does not have any physical inventories. Thus, reporting under clause 3 (ii) of the Order is not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

iv. During the year, the Company has not granted 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 provisions of Section 186 of the Act has been complied with.

v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3 (vi) of the Order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

   (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

   (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs duty, Excise duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

   (c) Details of dues of Income Tax which have not been deposited as at March 31, 2018 on account of dispute are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. Lakhs)	Amount Unpaid (Rs. Lakhs)
Income tax	Tax deduction at Source	Income tax Appellate tribunal (Bengaluru)	FY 2015-16	8	8

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. The Company does not have any outstanding dues from any financial institution and banks.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Act are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No.110128)

Bengaluru,
April 11, 2018

Balance Sheet

in ₹ lakh

Particulars	Note no.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	4,552	5,345
Capital work-in-progress		–	10
Financial assets			
Loans	2.3	16	28
Other financial assets	2.4	5,690	1
Deferred tax assets, net	2.14	1,631	1,369
Other non-current assets	2.7	1,457	1,555
Income tax assets, net	2.14	19,120	10,557
Total non-current assets		32,466	18,865
Current assets			
Financial assets			
Investments	2.2	4,263	2,939
Trade receivables	2.5	11,660	12,818
Cash and cash equivalents	2.6	3,810	2,160
Loans	2.3	521	626
Other financial assets	2.4	27,661	27,343
Other current assets	2.7	7,650	7,939
Total current assets		55,565	53,825
Total assets		88,031	72,690
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(2,70,917)	(3,02,696)
Total equity		(1,39,733)	(1,71,512)
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,83,659	2,12,900
Other non-current liabilities	2.12	416	–
Total non-current liabilities		1,84,075	2,12,900
Current liabilities			
Financial liabilities			
Trade payables	2.11	9,163	47
Other financial liabilities	2.10	21,841	21,433
Other current liabilities	2.12	11,749	9,819
Provisions	2.13	936	3
Total current liabilities		43,689	31,302
Total equity and liabilities		88,031	72,690

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

As per our report of even date attached

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

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

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

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Profit and Loss

in ₹ lakh, except equity share and per equity share data

Particulars	Note no.	Years ended March 31,	
		2018	2017
Revenue from operations		2,43,915	2,35,141
Other income, net	2.15	1,153	1,443
Total Income		2,45,068	2,36,584
Expenses			
Employee benefit expenses	2.16	82,161	92,053
Cost of technical sub-contractors		39,278	29,430
Travel expenses	2.16	11,816	13,021
Cost of software packages and others	2.16	22,458	17,695
Consultancy and professional charges		10,508	10,992
Depreciation expense	2.1	2,562	3,815
Finance Cost		15,580	19,713
Other expenses	2.16	15,296	13,987
Total expenses		1,99,659	2,00,706
Profit before tax		45,409	35,878
Tax expense			
Current tax	2.14	14,479	11,796
Deferred tax	2.14	(264)	(466)
Profit for the year		31,194	24,548
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		585	81
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		585	81
Total comprehensive income for the year		31,779	24,629
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		2.38	1.87
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		1,31,18,40,000	1,31,18,40,000

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

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's registration number : 117366W/ W-100018

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

Gurvinder Singh
Partner
Membership number : 110128

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption reserve (1)	Business transfer adjustment reserve (2)		
Balance as of April 1, 2016	1,31,184	18,818	–	(3,44,760)	(1,383)	(1,96,141)
Changes in equity for the year ended March 31, 2017						–
Transfer to debenture redemption reserve	–	(24,548)	–	–	–	(24,548)
Transfer from retained earnings	–	–	24,548	–	–	24,548
Profit for the year	–	24,548	–	–	81	24,629
Balance as of March 31, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Balance as of April 1, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Changes in equity for the year ended March 31, 2018						–
Transfer to debenture redemption reserve	–	(24,202)	–	–	–	(24,202)
Transfer from retained earnings	–	–	24,202	–	–	24,202
Remeasurement of the net defined benefit liability / asset, net of tax effect	–	–	–	–	585	585
Profit for the year	–	31,194	–	–	–	31,194
Balance as of March 31, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)

(1) The Company has created Debenture Redemption Reserve required under Sec 71 of Companies Act, 2013, from the profit.

(2) 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 accompanying notes form an integral part of the financial statements.

As per our report of even date attached

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

Gurvinder Singh
Partner
Membership number : 110128

Bengaluru
April 11, 2018

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

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Cash flow from operating activities		
Profit for the year	31,194	24,548
Adjustments to reconcile net profit to net cash generated by operating activities		
Depreciation expense	2,562	3,815
Income tax	14,215	11,330
Allowance for credit losses on financial assets	20	103
Provision / (reversal) for sales and customer support	934	–
Loss on sale of fixed assets	28	–
Finance cost	15,580	19,713
Interest and dividend income	(469)	(562)
(Gain) / loss on investments	(489)	–
Exchange difference on translation of assets and liabilities	293	(215)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	1,718	23,418
Loans, other financial assets and other assets	(6,228)	(5,122)
Trade payables	9,060	21
Other financial liabilities, other liabilities and provisions	8,997	949
Cash generated from operations	77,415	77,998
Income taxes paid	(23,042)	(12,962)
Net cash generated by operating activities	54,373	65,036
Cash flow from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(1,724)	(5,246)
Loans to employees	117	376
Payments to acquire financial assets		
Liquid mutual fund units	(1,37,708)	(1,63,333)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,36,875	1,63,563
Interest and dividend received on investments	490	544
Net cash generated / used in investing activities	(1,950)	(4,096)
Cash flow from financing activities		
Repayment of debenture to holding company	(34,900)	(42,000)
Interest paid	(15,580)	(19,713)
Net cash used in financing activities	(50,480)	(61,713)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(293)	215
Net increase / (decrease) in cash and cash equivalents	1,650	(558)
Cash and cash equivalents at the beginning of the year	2,160	2,718
Cash and cash equivalents at the end of the year	3,810	2,160
Supplementary information:		
Restricted cash balance	19	731

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

As per our report of even date attached

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

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

Gurvinder Singh
Partner
Membership number : 110128

D. N. Prahlad
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Director

Bengaluru
April 11, 2018

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

1. Company overview and significant accounting policies

1.1 Company overview

EdgeVerve Systems Limited ("the Company") is a limited company incorporated in India. It is a wholly-owned subsidiary of Infosys Limited. The address of its registered office is Plot No. 44, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. 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.

The financial statements are approved by the Company's Board of Directors on April 11, 2018.

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 and the provisions of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Amounts for the year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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.

As the quarter and year figures are taken from the source and rounded to the nearest digit, the figures already reported for all the quarters during the year might not always add up to the year figures reported in the statements.

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 year. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note. 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as 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 Critical accounting estimates

a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. The use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

b. Property, plant and equipment

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

1.5 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 rateably 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 rateable 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.

1.6 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.

a. Post-sales client support

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

b. Onerous contracts

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

1.7 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[(1)]	5 years
Computer equipment[(1)]	3-5 years
Furniture and fixtures[(1)]	5 years
Office equipment[(1)]	5 years

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

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

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.

1.8 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.

1.9 Financial instruments

1.9.1 Initial recognition

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

1.9.2 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 and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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. 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.

1.9.3 Derecognition of financial instruments

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

1.10 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.

Refer to Note 2.8 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.11 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, ECL 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 ECL (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 Cash Generating Unit ('CGU') to which the asset belongs.

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

1.12 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 lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian 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 remeasurements 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 EdgeVerve are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

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 performed by an independent actuary using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses on non-accumulating compensated absences is recognized in the period in which the absences occur.

1.13 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 lakh).

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 year 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.

1.14 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.

1.15 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 year 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.

1.16 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 year. 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.

1.17 Cash Flow Statement

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

Amendment to Ind AS 7

The Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material the effect on the financial statements.

1.18 Borrowing costs

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

1.19 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. All other lease are classified as operating lease. 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.

1.20 Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards)

Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

This rule will come into force from April 1, 2018. The Company has evaluated the effect of this and it is not material."

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach: This approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
- Cumulative catch-up approach: Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.
- The effective date for adopting Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using use the cumulative catch-up transition method and accordingly comparatives for the year ending March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

2.1 Property, plant and equipment

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2018:

in ₹ lakh

Particulars	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2017	42	151	9,737	89	10,019
Additions	18	13	1,811	36	1,878
Deletions	42	–	2,159	41	2,242
Gross carrying value as of March 31, 2018	18	164	9,389	84	9,655
Accumulated depreciation as of April 1, 2017	9	40	4,602	23	4,674
Depreciation	16	38	2,466	41	2,562
Accumulated depreciation on deletions	21	–	2,089	23	2,133
Accumulated depreciation as of March 31, 2018	5	78	4,979	41	5,103
Carrying value as of March 31, 2018	13	86	4,410	43	4,552

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

in ₹ lakh

Particulars	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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	4,263	2,939
Total investments	4,263	2,939
Market value of unquoted investments	4,263	2,939
Liquid mutual funds		

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

in ₹ lakh

Particulars	As at March 31, 2018		As at March 31, 2017	
	Units	Amount	Units	Amount
Particulars				
Aditya Birla Sun Life Cash Plus Direct Growth Plan	2,68,992	751	11,24,618	2,939
ICICI Prudential Liquid Direct plan	13,65,687	3,512	–	–
	16,34,679	4,263	11,24,618	2,939

The fair value of liquid mutual funds as of March 31, 2018 and March 31, 2017 is ₹4,263 lakh and ₹2,939 lakh , respectively.

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Other loans		
Loans to employees	16	28
	16	28

Particulars	As at March 31, 2018	2017
Current		
Unsecured, considered doubtful		
Loans to employees	7	2
Less: Allowances for doubtful loans to employees	7	2
	–	–
Other loans		
Loans to employees	521	626
	521	626
Total loans	537	654

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31, 2018	2017
Non-current		
Other customer receivables	5,689	–
Security deposits	1	1
	5,690	1
Current		
Restricted Deposits	3,906	3,227
Unbilled revenues [(1)]	23,390	23,970
Interest accrued but not due	5	26
Others [(2)]	360	120
	27,661	27,343
	33,351	27,344
Financial assets carried at amortized cost	33,351	27,344
[(1)] Includes dues from fellow subsidiaries (Refer to Note 2.22)	593	19
[(2)] Includes dues from fellow subsidiaries (Refer to Note 2.22)	2	–

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31, 2018	2017
Unsecured		
Considered good[(1)]	11,660	12,818
Considered doubtful	73	103
	11,733	12,921
Less: Allowances for credit losses	73	103
	11,660	12,818
	11,660	12,818
[(1)] Includes dues from fellow subsidiaries (Refer to Note 2.22)	630	200

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31, 2018	2017
Balances with banks		
In current and deposit accounts	3,810	2,160
	3,810	2,160
Deposit accounts with more than 12 months maturity	19	705
Balances with banks held as margin money deposits against guarantees	19	731

Cash and cash equivalents as of March 31, 2018 and March 31, 2017 include restricted cash and bank balances of ₹ 19 lakh and ₹ 731 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

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

in ₹ lakh

Particulars	As at March 31, 2018	As at March 31, 2017
In current accounts		
ICICI Bank, India	858	161
ICICI Bank, EEFC US Dollar account)	574	186
State Bank of India	9	4
	1,441	351
In deposit accounts		
ICICI Bank	2,369	1,809
	2,369	1,809
Total cash and cash equivalents	3,810	2,160

2.7 Other assets

in ₹ lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Capital advances	–	7
Prepaid expenses	29	111
	29	118
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.18)	1,428	1,437
	1,457	1,555
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	223	230
Balance with Government authorities	342	2,549
Others		
Prepaid expenses	1,771	1,288
Withholding and other taxes receivable	5,314	3,872
	7,650	7,939

2.8 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or 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	2.6	3,810	–	–	–	–	3,810	3,810
Investments- liquid mutual funds	2.2	–	–	4,263	–	–	4,263	4,263
Trade receivables	2.5	11,660	–	–	–	–	11,660	11,660
Loans	2.3	537	–	–	–	–	537	537
Other financial assets	2.4	33,351	–	–	–	–	33,351	33,351

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or 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		
Total		49,358	–	4,263	–	–	53,621	53,621
Liabilities								
Trade payables	2.11	9,163	–	–	–	–	9,163	9,163
Non-convertible debentures [(1)]	2.10	1,78,000	–	–	–	–	1,78,000	1,78,000
Other financial liabilities	2.10	27,500	–	–	–	–	27,500	27,500
Total		2,14,663	–	–	–	–	2,14,663	2,14,663

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

in ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets / liabilities at fair value through profit or 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	2.6	2,160	–	–	–	–	2,160	2,160
Investments-liquid mutual funds	2.2	–	–	2,939	–	–	2,939	2,939
Trade receivables	2.5	12,818	–	–	–	–	12,818	12,818
Loans	2.3	654	–	–	–	–	654	654
Other financial assets	2.4	27,344	–	–	–	–	27,344	27,344
Total		42,976	–	2,939	–	–	45,915	45,915
Liabilities								
Trade payables	2.11	47	–	–	–	–	47	47
Non-convertible debentures [(1)]	2.10	2,12,900	–	–	–	–	2,12,900	2,12,900
Other financial liabilities	2.10	21,433	–	–	–	–	21,433	21,433
Total		2,34,380	–	–	–	–	2,34,380	2,34,380

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

Fair value hierarchy

Level: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

in ₹ lakh

Particulars	As on March 31, 2018	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	4,263	4,263	–	–

Particulars	As on March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	2,939	2,939	–	–

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018:

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	574	–	–	–	–	574
Trade receivables	7,069	197	–	–	508	7,774
Other financials assets (including loans)	4,611	237	74	(364)	362	4,920
Trade payables	(101)	(61)	(9)	–	(9)	(180)
Other financial liabilities	(3,530)	(16)	(11)	(391)	(381)	(4,329)
Net assets / (liabilities)	8,623	357	54	(755)	480	8,759

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

in ₹ lakh

Particulars	USD	EUR	GBP	AUD	Other currencies	Total
Cash and cash equivalents	186	–	–	–	–	186
Trade receivables	9,411	61	–	–	194	9,665
Other financials assets (including loans)	10,359	1,084	531	1,711	2,290	15,974
Other financial liabilities	(869)	(10)	–	2	(396)	(1,273)
Net assets / (liabilities)	19,086	1,135	531	1,713	2,087	24,552

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 ₹11,660 lakh and ₹12,818 lakh as of March 31, 2018 and March 31, 2017 respectively and unbilled revenue amounting to ₹23,390 lakh and ₹23,970 lakh as of March 31, 2018 and March 31, 2017, 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 the year ended March 31, 2018 and March 31, 2017 was ₹16 lakh and ₹140 lakh, respectively.

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	136	2
Provisions recognized	16	140
Write-offs	–	–
Translation differences	2	(6)
Balance at the end	154	136

Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of March 31, 2018, the Company had a working capital of ₹11,876 lakh including cash and cash equivalents of ₹3,810 lakh and current investments of ₹4,263 lakh. 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, 2018 and March 31, 2017, the outstanding compensated absences were ₹3,009 lakh and ₹2,822 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2018 'are as follows :

in ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	9,163	–	–	–	9,163
Other liabilities excluding non convertible debentures*	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	47	–	–	–	47
Other liabilities excluding non convertible debentures[(1)]	21,433	–	–	–	21,433
	21,480	–	–	–	21,480

[(1)] The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

2.9 Equity

Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31, 2018	2017
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (Previous year 4,100,000,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,311,840,000 (Previous year 1,311,840,000) 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, 2018 and March 31, 2017 are set out below:

Name of the shareholder	As at March 31, 2018		As at March 31, 2017	
	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 are as follows:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000
Add: Shares issued	–	–	–	–
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

2.10 Other financial liabilities

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-current		
Non-convertible debentures *(1)	1,78,000	2,12,900
Other payables	5,659	–
	1,83,659	2,12,900
Current		
Accrued compensation to employees	4,337	3,357
Capital creditors	56	–
Compensated absences	3,009	2,822
Accrued expenses (2)	13,651	14,548
Other payables (3)	788	706
	21,841	21,433
Total financial liabilities	2,05,500	2,34,333
Financial liability carried at amortized cost	2,05,500	2,34,333
* The interest rate for the debentures as of March 31, 2018 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 7.692%. 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 will not exceed 10 years.		
(1) Includes dues to holding company (Refer to Note 2.22)	1,78,000	2,12,900
(2) Includes dues to holding company (Refer to Note 2.22)	3,184	4,524
(3) Includes dues to fellow subsidiaries (Refer to Note 2.22)	412	198

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Trade payables (1)	9,163	47
	9,163	47
(1) Includes dues to holding company / fellow subsidiaries (Refer to Note 2.22)	405	6

As at March 31, 2018 and March 31, 2017, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Non-Current		
Deferred rent	416	–
	416	–
Current		
Unearned revenue	7,815	7,724
Withholding and others	3,934	2,095
	11,749	9,819

2.13 Provisions

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Others		
Post-sales client support	936	3
	936	3

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Balance at the beginning	3	562
Provisions recognized / (reversal)	934	(560)
Translation differences	(1)	1
Balance at the end	936	3

2.14 Income taxes

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Current taxes	14,479	11,796
Deferred taxes	(264)	(466)
Income tax expense	14,215	11,330

Current tax expense for the year ended March 31, 2018 and March 31, 2017 includes provisions / (reversal) amounting to ₹(124) lakh and ₹4,136 lakh respectively pertaining to prior periods.

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Profit before income taxes	45,409	35,878
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	15,716	12,417
Tax effect due to non-taxable income for Indian tax purposes	–	(44)
Overseas taxes, net of FTC	1,030	494
Prior year taxes	(124)	4,136
Effect of exempt non-operating income	–	(134)
Effect of differential overseas tax rates	–	13
Effect of non-deductible expenses	(19)	20

Particulars	As at March 31,	
	2018	2017
Additional deduction on research and development expense	(2,173)	(5,627)
Others	(215)	55
Income tax expense	14,215	11,330

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 is 34.61%.

The details of income tax assets and income tax liabilities are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Income tax assets	47,706	25,721
Current income tax liabilities	28,586	15,164
Net current income tax assets at the end	19,120	10,557

The gross movement in the current income tax asset are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net current income tax assets at the beginning	10,557	9,885
Income tax paid	23,042	12,960
Current income tax expense (Refer to Note 2.14)	(14,479)	(12,288)
Net current income tax assets at the end	19,120	10,557

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Deferred income tax assets		
Trade receivables	317	49
Compensated absences	1,052	977
MAT credit entitlement	–	494
Others	490	153
Total deferred income tax assets	1,859	1,673
Deferred income tax liabilities		
Property, plant and equipment	228	304
Total deferred income tax liabilities	228	304
Deferred income tax assets after set off	1,631	1,369
Deferred income tax liabilities after set off	–	–

The gross movement in the deferred income tax account is as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Net deferred income tax asset at the beginning	1,369	409
Credits relating to temporary differences (Refer to Note 2.14)	264	958
Temporary differences on other comprehensive income	(2)	2
Net deferred income tax asset at the end	1,631	1,369

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 (with effect from AY 2018-19, MAT credit can be carried forward up to fifteen 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. The Deferred income tax asset for MAT credit entitlement is Nil and ₹494 lakh as on March 31, 2018 and March 31, 2017 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.

2.15 Other income

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Interest received on financial assets-carried at amortized cost:		
Deposits with banks and others	469	340
Dividend received on investments carried at fair value through profit or loss	–	222
Exchange gain / (loss) on translation of other assets and liabilities	42	714
Gain / (loss) on investment carried at fair value through profit or loss	489	–
Miscellaneous income	153	167
	1,153	1,443

2.16 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Employee benefit expenses		
Salaries including bonus	77,661	87,269
Contribution to provident and other funds	3,568	3,940
Staff welfare	932	844
	82,161	92,053
Travel expenses		
Overseas travel expenses	10,449	11,794
Travelling and conveyance	1,367	1,227
	11,816	13,021
Cost of software packages and others		
For own use	3,971	2,021
Third party items bought for service delivery to clients	18,487	15,674
	22,458	17,695
Other expenses		
Repairs and maintenance	2,320	2,276
Brand and marketing	2,128	2,416
Communication expenses	878	835
Operating lease payments (Refer to Note 2.17)	5,231	5,055
Rates and taxes	75	222
Commission charge	2,249	2,738
Fuel and power	727	347
Consumables	224	129
Provision for post-sales client support	934	(560)
Commission to non-whole time directors	20	18
Impairment loss recognized on financial assets	20	140
Contributions towards Corporate Social Responsibility	155	–
Auditors' remuneration		
Statutory audit fees	25	36
Others	310	335
	15,296	13,987

2.17 Leases

Obligations on long-term, non-cancellable operating leases

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

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Lease rentals recognized during the year	5,231	5,055

in ₹ lakh

Lease obligations payable[(1)]	As at March 31,	
	2018	2017
Within one year of the Balance Sheet date	705	656
Due in a period between one year and five years	3,213	210
Due after five years	2,161	–

The operating lease arrangements, are renewable on a periodic basis and are extendable upto a maximum of ten years from the date of inception and relates to rented premises and have price escalation clauses.

(1) Lease obligation payable as on March 31, 2018 pertains to balance period of entire lease term.

2.18 Employee benefits

Gratuity

The funded status of the gratuity plans and the amounts recognized in the Company's financial statements are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Change in benefit obligations		
Benefit obligations at the beginning	7,058	6,091
Service cost	915	869
Interest expense	456	460
Transfer of obligation	(311)	254
Remeasurements - Actuarial (gains) / losses	(758)	(29)
Benefits paid	(640)	(587)
Benefit obligations at the end	6,720	7,058
Change in plan assets		
Fair value of plan assets at the beginning	8,496	6,165
Interest income	553	521
Transfer of assets	(344)	124
Remeasurements-Return on plan assets excluding amounts included in interest income	83	73
Contributions	–	2,200
Benefits paid	(640)	(588)
Fair value of plan assets at the end	8,148	8,495
Funded status	1,428	1,437
Prepaid gratuity benefit	1,428	1,437

Amount recognized in the Statement of Profit and Loss under employee benefit expenses:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Service cost	915	869
Net interest on the net defined benefit liability / asset	(97)	(61)
Net gratuity cost	818	808

Amount recognized in Statement of Other Comprehensive Income

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(758)	(29)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(83)	(73)
	(841)	(102)

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
(Gain) / loss from change in financial assumptions	(364)	539
(Gain) / loss from change in experience	(394)	(568)
	(758)	(29)

The weighted-average assumptions used to determine benefit obligations are as follows

Particulars	As at March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost are as follows

Particulars	Years ended March 31,	
	2018	2017
Discount rate	7.5%	6.9%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	6.1 years	6.1 years

As of March 31, 2018, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹582 lakh.

As of March 31, 2018, every percentage point increase / decrease in weighted average rate of increase in compensation level will affect our gratuity benefit obligation by approximately ₹522 lakh.

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant. The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is not probable, and changes in some of the assumptions may be correlated.

Gratuity is applicable only to employees drawing a salary in Indian Rupees and there are no other foreign defined benefit 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, 2018 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2018 and March 31, 2017 were ₹636 lakh and ₹594 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:

in ₹ lakh

Within 1 year	600
1-2 year	614
2-3 year	679
3-4 year	804
4-5 year	835
5-10 years	5,037

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

2.19 Provident fund

The Company contributed ₹2,104 lakh during the year ended March 31, 2018 (₹1,955 lakh for the year ended March 31, 2017).

2.20 Superannuation

The Company contributed ₹615 lakh during the year ended March 31, 2018 (₹693 lakh for the year ended March 31, 2017).

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

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Contingent liabilities		
Claims against the Company, not acknowledged as debts [(1)]	8	–
Commitments		
Estimated amount of unexecuted capital contracts (net of advances and deposits)	733	1,255

[(1)] As at March 31, 2018, claims against the Company not acknowledged as debts in respect of income tax matters amounts to ₹8 lakh. These matters are pending before Income Tax Appellate Tribunal (ITAT) and the Management and its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Amount paid to statutory authorities against the above tax claims is Nil.

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.

2.22 Related party transactions

List of holding companies

Name of the holding company	Country	Holding as at March 31,	
		2018	2017
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of the subsidiary	Country
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 Nova Holdings LLC. (Infosys Nova)	US
Lodestone Management Consultants GmbH (Lodestone Austria)(1)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	US
Infosys Chile SpA(2)	Chile
Infosys Arabia Limited(3)	Saudi Arabia
Infosys Americas Inc., (Infosys Americas)	US
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)(4)	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	US
Infosys Canada Public Services Ltd.(5)(6)	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.(7)	Czech Republic
Infosys Poland, Sp z.o.o(7)	Poland
Infosys McCamish Systems LLC (7)	US
Portland Group Pty Ltd(7)	Australia
Infosys BPO Americas LLC.(7)	US
Infosys Consulting Holding AG (formerly Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.(4)(8)	US
Infosys Management Consulting Pty Limited(8)	Australia
Infosys Consulting AG(8)	Switzerland
Infosys Consulting GmbH(8)	Germany
Infosys Consulting SAS(8)	France
Infosys Consulting s.r.o.(8)	Czech Republic
Lodestone Management Consultants Co., Ltd.(8)	China
Infy Consulting Company Ltd(8)	UK
Infy Consulting B.V.(8)	The Netherlands
Infosys Consulting Sp. z.o.o(8)	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. (8)	Portugal
S.C. Infosys Consulting S.R.L.(8)	Romania
Infosys Consulting S.R.L.(8)	Argentina
Lodestone GmbH(8)(9)	Switzerland
Lodestone Augmentis AG (10)(11)	Switzerland
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)(12)	Belgium
Infosys Consulting Ltda.(12)	Brazil
Panaya Inc. (Panaya)	US
Panaya Ltd.(13)	Israel
Panaya GmbH(13)	Germany
Panaya Japan Co. Ltd(4)(13)	Japan
Panaya Pty Ltd.(13)(14)	Australia
Noah Consulting LLC (Noah)(15)	US
Noah Information Management Consulting Inc. (Noah Canada)(16)(17)	Canada
Brilliant Basics Holdings Limited(18)	UK
Brilliant Basics Limited(19)	UK

Name of the subsidiary	Country
Brilliant Basics (MENA) DMCC[19]	Dubai
Infosys Consulting Pte Limited[1]	Singapore
Infosys Middle East FZ LLC[20]	Dubai

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys Public Services, Inc.
(6) Liquidated effective May 9, 2017
(7) Wholly-owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).
(8) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(9) Liquidated effective December 21, 2016
(10) Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)
(11) Liquidated effective October 5, 2016
(12) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(13) Wholly-owned subsidiary of Panaya Inc.
(14) Liquidated effective November 16, 2016
(15) Liquidated effective November 9, 2017
(16) Wholly-owned subsidiary of Noah
(17) Liquidated effective December 20, 2017
(18) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1
(19) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(20) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

List of associates	Country
DWA Nova LLC[1][2]	US

(1) Associate of Infosys Nova Holdings LLC
(2) DWA Nova LLC, has been liquidated w.e.f Novemeber 17, 2017

List of other related parties

Name of the entity	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)
- Jonathan Heller (resigned on July 10, 2017)
- Sanat Rao (appointed on November 16, 2016)
- Ritika Suri (resigned on August 15, 2017)
- D N Prahlad (appointed on January 6, 2017)
- Sanjay Purohit (resigned on September 30, 2016)
- Roopa Kudva (resigned on November 11, 2016)
- Arun Krishnan (resigned on April 30, 2017)
- Sandeep Dadlani (resigned on June 23, 2017)
- Deepak Padaki (appointed on July 10, 2017)
- Inderpreet Sawhney (appointed on September 1, 2017)
- Pervinder Johar (resigned on October 13, 2017)
- Nitesh Banga (appointed on December 1, 2017)
- Executive officers
- Prem Pereira, Chief Financial Officer
- Sudhir Shridhar Gaonkar, Company Secretary

The details of amounts due to or due from related parties are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2018	2017
Trade receivables		
Infosys Public Services	49	7
Infosys BPM Limited	3	–
Infosys Poland	135	–
Infosys China	443	193
	630	200
Other receivables		
Infosys China	1	–
Infosys Mexico	1	–
	2	–
Non convertible debentures		
Infosys Limited	1,78,000	2,12,900
	1,78,000	2,12,900
Trade payables		
Infosys Limited	318	(2)
Infosys Consulting	61	–
Infosys BPM Limited	26	8
	405	6
Other payables		
Infosys BPM Limited	–	22
Infosys China	–	24
Infosys Mexico	32	–
Panaya Ltd.	380	152
	412	198
Unbilled Revenue		
Infosys Public Services	315	10
Infosys Consulting (Singapore)	74	–
Infosys China	33	–
Infosys BPM Limited	126	–
Infosys Poland	45	9
	593	19
Accrued expenses		
Infosys Limited	3,184	4,524
	3,184	4,524

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

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
CAPITAL TRANSACTIONS		
Financing transactions		
Debentures		
Infosys Limited	(34,900)	(42,000)
Revenue transactions		
Sale of services		
Infosys Public Services	494	141
Infosys Poland	231	–
Infosys China	278	177
Infosys Consulting (Singapore)	74	–
Infosys BPM Limited	698	120
	1,775	438
Purchase of shared services including facilities and personnel		
Infosys Limited	44,742	34,445
Infosys Mexico	176	–
Infosys Consulting	271	–
Infosys BPM Limited	306	251
Panaya Ltd.	1,470	1,288
	46,965	35,984
Finance cost		
Infosys Limited	15,580	19,713

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

Transaction with key managerial personnel

The compensation given to key managerial personnel which comprise directors and executive officers:

in ₹ lakh

Particulars	Years ended March 31,	
	2018	2017
Salaries and other employee benefits to whole-time directors and executive officers	1,039	221
Commission and other benefits to non-executive / independent directors	20	18
Total	1,059	239

2.23 Research and development expenditure

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [1]		
Capital Expenditure	–	–
Revenue Expenditure	12,560	16,258
Other R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	19,980	23,909
Total R&D Expenditure		
Capital Expenditure	–	–
Revenue Expenditure	32,540	40,167

[1] During the year ended March 31, 2018 and 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, 2020 and upto March 31, 2017 respectively. The weighted tax deduction is equal to 150% and 200% respectively of such expenditure incurred.

2.24 Segment-reporting

The Company's business activity, falls within a single primary business segment, i.e. providing products and platforms and related services. Accordingly, 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.

2.25 Corporate social responsibility

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

a) Gross amount required to be spent by the Company during the year is ₹ 155 lakh.

b) The details of the amount spent during the year on CSR activities are as follows:

in ₹ lakh

Sl. No.	Particulars	In cash	To be paid in cash	Total
(i)	Construction/acquisition of any asset	–	–	–
(ii)	For purposes other than (i) above	155	–	155

2.26 Function wise classification of Statement of Profit and Loss

in ₹ lakh

Particulars	Year ended March 31,	
	2018	2017
Revenue from operations	2,43,915	2,35,141
Cost of sales	1,44,685	1,38,191
Gross profit	99,230	96,950
Selling and marketing expenses	17,350	19,935
General and administration expenses	22,044	22,867
Total operating expenses	39,394	42,802
Operating profit	59,836	54,148
Other Income	1,153	1,443
Profit before interest and tax	60,989	55,591
Finance cost	15,580	19,713
Profit before tax	45,409	35,878
Tax expense:		
Current tax	14,479	11,796
Deferred tax	(264)	(466)
Profit for the year	31,194	24,548
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	585	81
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	585	81
Total comprehensive income for the year	31,779	24,629

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

D. N. Prahlad
Chairman

Nitesh Banga
Director

Srinivasan Rajam
Director

Sanat Rao
Director

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru

April 11 , 2018