EdgeVerve Systems Limited

Independent Auditor's Report

To the Members of EdgeVerve Systems Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the financial statements').

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report and, Corporate Governance, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS 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.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 including derivative 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 (Auditor's 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 10, 2019

Annexure A to the Independent Auditor's 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, 2019 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 Directors 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, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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 unauthorised 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, 2019, 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 number: 117366W/ W-100018

Gurvinder Singh
Partner
Membership number:110128

Bengaluru
April 10, 2019

Annexure B to the Independent Auditor's 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 3 (i) (c) of the Order is not applicable.

ii. The Company is in the business of sale of software licenses and providing related software services. The Company does not have any physical inventories. Accordingly, 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 Act.

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 public deposits during the year and does not have any unclaimed deposits as at March 31, 2019 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 Act, 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, Customs 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, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

c) Details of dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax which have not been deposited as at March 31, 2019 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 (in ₹ lakhs)
The Income Tax Act 1961	Income Tax	Appellate Tribunal	A.Y. 2016 -17	8
		Appellate Authority up to Commissioner's Level	A.Y. 2019 - 20	-*

*indicates less than 1 lakh

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 and 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 Section 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 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 Companies Act, 2013 are not applicable.

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 number: 117366W/W-100018

Gurvinder Singh
Partner
Membership number: 110128

Bengaluru
April 10, 2019

Balance Sheet

In ₹ lakh

Particulars	Note no.	As at March 31, 2019	2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2.1	4,599	4,552
Financial assets			
Loans	2.3	8	16
Other financial assets	2.4	3,800	5,690
Deferred tax assets (net)	2.14	1,191	1,631
Other non-current assets	2.7	1,351	1,457
Income tax assets (net)	2.14	22,696	19,120
Total non-current assets		33,645	32,466
CURRENT ASSETS			
Financial assets			
Investments	2.2	1,001	4,263
Trade receivables	2.5	13,186	11,660
Cash and cash equivalents	2.6	8,070	3,810
Loans	2.3	443	521
Other financial assets	2.4	25,800	27,661
Other current assets	2.7	14,693	7,650
Total current assets		63,193	55,565
Total assets		96,838	88,031
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(2,30,044)	(2,70,917)
Total equity		(98,860)	(1,39,733)
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Other financial liabilities	2.10	1,48,273	1,83,659
Other non-current liabilities	2.12	396	416
Total non-current liabilities		1,48,669	1,84,075
CURRENT LIABILITIES			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro enterprises and small enterprises		–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,324	9,163
Other financial liabilities	2.10	28,496	21,841
Other current liabilities	2.12	15,858	11,749
Provisions	2.13	351	936
Total current liabilities		47,029	43,689
Total equity and liabilities		96,838	88,031

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

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
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, 2019	Years ended March 31, 2018
Revenue from operations	2.15	2,53,831	2,43,915
Other income, net	2.16	380	1,153
Total Income		2,54,211	2,45,068
Expenses			
Employee benefit expenses	2.17	75,212	82,161
Cost of technical sub-contractors		45,264	39,278
Travel expenses	2.17	12,700	11,816
Cost of software packages and others	2.17	19,200	22,458
Consultancy and professional charges		10,248	10,508
Depreciation expense	2.1	2,234	2,562
Finance cost		14,108	15,580
Other expenses	2.17	14,860	15,296
Total expenses		1,93,826	1,99,659
Profit before tax		60,385	45,409
Tax expense:			
Current tax	2.14	19,398	14,479
Deferred tax	2.14	441	(264)
Profit for the year		40,546	31,194
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		327	585
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		327	585
Total comprehensive income for the year		40,873	31,779
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		3.09	2.38
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

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Changes in Equity

In ₹ lakh

Particulars	Equity share capital	Other equity				Total
		Reserve and surplus			Other comprehensive income	
		Retained earnings	Debenture redemption reserve [1]	Capital reserve – Business transfer adjustment reserve [2]		
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)
Balance as of April 1, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)
Changes in equity for the year ended March 31, 2019						–
Transfer to debenture redemption reserve	–	–	–	–	–	–
Transfer from retained earnings	–	–	–	–	–	–
Remeasurement of the net defined benefit liability/ asset, net of tax effect	–	–	–	–	327	327
Profit for the year	–	40,546	–	–	–	40,546
Balance as of March 31, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)

[1] The Company has created Debenture Redemption Reserve required under Section 71 of Companies Act, 2013, from the profit.

[2] Transfer of goodwill and intangible assets between entities under common control taken to Business Transfer Adjustment Reserve.

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

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 10, 2019

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

Accounting policy

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and 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. The Company considers all highly liquid investments that are readily convertible to known amount of cash to be cash equivalents.

In ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Cash flow from operating activities		
Profit for the year	40,546	31,194
Adjustments to reconcile net profit to net cash generated by operating activities		
Depreciation	2,234	2,562
Income tax expense	19,839	14,215
Impairment loss recognized on financial assets	162	20
Provision/ (reversal) for post-sales client support and others	(684)	934
Loss on sale of fixed assets	45	28
Finance cost	14,108	15,580
Interest income	(434)	(469)
(Gain)/ Loss on investments	(413)	(489)
Exchange difference on translation of assets and liabilities	(25)	293
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(7,280)	1,718
Other financial assets and other assets	2,411	(6,228)
Trade payables	(7,658)	9,060
Other financial liabilities, other liabilities and provisions	9,284	8,997
Cash generated from operations	72,135	77,415
Income taxes paid	(22,974)	(23,042)
Net cash generated by operating activities	49,161	54,373
Cash flow from investing activities		
Expenditure on property, plant and equipment	(1,507)	(1,724)
Loans to employees	86	117
Payments to acquire financial assets		
Liquid mutual fund units	(1,14,067)	(1,37,708)
Proceeds on sale of financial assets		
Liquid mutual fund units	1,17,741	1,36,875
Interest and dividend received on investments	429	490
Net cash generated/ used in investing activities	2,682	(1,950)
Cash flow from financing activities		
Debentures repaid to holding company	(33,500)	(34,900)
Payment of interest on debentures	(14,108)	(15,580)
Net cash used in financing activities	(47,608)	(50,480)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	25	(293)
Net increase/ (decrease) in cash and cash equivalents	4,260	1,650
Cash and cash equivalents at the beginning of the year	3,810	2,160
Cash and cash equivalents at the end of the year	8,070	3,810
Supplementary information		
Restricted cash balance	19	19

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 10, 2019

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

D. N. Prahlad *Chairman*	Sanat Rao *Whole-time Director*	Atul Soneja *Whole-time Director*
Srinivasan Rajam *Director*	Rajesh Kini *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 August 1, 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 10, 2019.

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.

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 year end figures are taken from the source and rounded to the nearest digit, the figures already reported for the previous quarters might not always add up to the year figures reported in this statements.

1.3 Use of estimates and judgments

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. 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.

Further, the Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

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

Property, plant and equipment represents a significant portion of asset base of the Company. 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 (Refer to Note 2.1).

1.5 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 capitalised include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

1.6 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.

1.7 Borrowing costs

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

1.8 Recent accounting pronouncements

Ind AS 116 - Leases: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 - Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 - Leases and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospectiv: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application. or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 and March 31, 2018 will not be retrospectively adjusted.

The effect of adoption as on transition date would be an increase in right of use asset in the range of ₹ 9,000 to ₹ 12,000 lakh, an increase in lease liability by ₹ 10,000 to ₹ 14,000 lakh. The Company has elected certain available practical expedients on transition.

Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments: On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

i) Full retrospective approach: Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 - Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

Amendment to Ind AS 12 – Income taxes: On March 30, 2019, the MCA issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment in the financial statements.

Amendment to Ind AS 19 – Plan amendment, curtailment or settlement: On March 30, 2019, the MCA issued amendments to Ind AS 19 - Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment in the financial statements and the impact is not expected to be material.

2.1 Property, plant and equipment

Accounting policy

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	5 years
Leasehold improvements	Over lease term

(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.

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in 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.

Impairment

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.

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2019 are as follows:

In ₹ lakh

Particulars	Leasehold Improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Total
Gross carrying value as of April 1, 2018	–	18	164	9,389	84	9,655
Additions	26	–	18	2,216	75	2,335
Deletions	–	–	–	(530)	–	(530)
Gross carrying value as of March 31, 2019	26	18	182	11,075	159	11,460
Accumulated depreciation as of April 1, 2018	–	(5)	(78)	(4,979)	(41)	(5,103)
Depreciation	(3)	(3)	(34)	(2,152)	(42)	(2,234)
Accumulated depreciation on deletions	–	–	–	476	–	476
Accumulated depreciation as of March 31, 2019	(3)	(8)	(112)	(6,655)	(83)	(6,861)
Carrying value as of March 31, 2019	23	10	70	4,420	76	4,599

The changes in the carrying value of property, plant and equipment are as follows:

In ₹ lakh

Particulars	Leasehold improvements	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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Unquoted current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	1,001	4,263
Total investments	1,001	4,263
Aggregate and market value of unquoted investments	1,001	4,263

Fair value

The fair value of liquid mutual fund units was as follows.

Method of fair valuation

in ₹ lakh

Class of investment	Method	As at March 31,	
		2019	2018
Mutual fund-Liquid mutual fund units	Quoted price	1,001	4,263

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Other Loans		
Loans to employees	8	16
Total non-current loans	8	16
Current		
Unsecured, considered doubtful		
Loans to employees	7	7
Less: Allowances for doubtful loans to employees	7	7
	–	–
Other loans		
Loans to employees	443	521
Total current loans	443	521
Total loans	451	537

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Other customer receivables	3,799	5,689
Security deposits	1	1
Total non-current other financial assets	3,800	5,690
Current		
Restricted deposits(1)	4,212	3,906
Unbilled revenues (2) (3)	21,578	23,390
Interest accrued but not due	10	5
Others (4)	–	360
Total current other financial assets	25,800	27,661
Total other financial assets	29,600	33,351
Financial assets carried at amortized cost	29,600	33,351
(2) Includes dues from fellow subsidiaries (Refer to Note 2.21)	–	593
(4) Includes dues from fellow subsidiaries (Refer to Note 2.21)	32	2

(1) Restricted deposits represent deposit with financial institutions to settle employee compensated absence benefit related obligations as and when they arise during the normal course of business.

(3) Classified as financial asset as right to consideration is unconditional upon passage of time.

2.5 Trade receivables

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Unsecured		
Considered good[1]	13,186	11,660
Considered doubtful	224	73
	13,410	11,733
Less: Allowances for credit losses	224	73
Total trade receivables	13,186	11,660
[1] Includes dues from fellow subsidiaries (Refer to Note 2.21)	416	630

2.6 Cash and cash equivalents

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Balances with banks		
In current and deposit accounts	8,070	3,810
Total cash and cash equivalents	8,070	3,810
Deposit accounts with more than 12 months maturity	19	19
Balances with banks held as margin money deposits against guarantees	19	19

Cash and cash equivalents as of March 31, 2019 and March 31, 2018 include restricted cash and bank balances of ₹ 19 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 with banks as on Balance Sheet dates are as follows:

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
In current accounts		
ICICI Bank, India	438	858
ICICI Bank, EEFC (U.S. Dollar account)	325	574
State Bank of India	10	9
	773	1,441
In deposit accounts		
ICICI Bank	7,297	2,369
	7,297	2,369
Total cash and cash equivalents	8,070	3,810

2.7 Other assets

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Prepaid expenses	25	29
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	1,326	1,428
Total non-current other assets	1,351	1,457
Current		
Advance other than capital advances		
Payment to vendors for supply of goods/ services	201	223
Balance with government authorities	130	342
Others		
Unbilled revenues[1]	7,404	–
Prepaid expenses	4,016	1,771
Withholding taxes and others[2]	2,942	5,314
Total current other assets	14,693	7,650
Total other assets	16,044	9,107

[1] Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

[2] Withholding taxes and others primarily consist of input tax credits

2.8 Financial instruments

Accounting Policy

2.8.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, 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 recognized immediately in the Statement of Profit or Loss. Regular way purchase and sale of financial assets are accounted for at trade date.

2.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

2.8.3 Derecognition of financial instruments

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

2.8.4 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 table below 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.

2.8.5 Impairment

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.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 are as follows:

In ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory		
Assets						
Cash and cash equivalents	2.6	8,070	–	–	8,070	8,070
Investments– Liquid mutual funds units	2.2	–	–	1,001	1,001	1,001
Trade receivables	2.5	13,186	–	–	13,186	13,186
Loans	2.3	451	–	–	451	451
Other financial assets	2.4	29,600	–	–	29,600	29,600
Total		51,307	–	1,001	52,308	52,308
Liabilities						
Trade payables	2.11	2,324	–	–	2,324	2,324
Non-convertible debentures [1]	2.10	1,44,500	–	–	1,44,500	1,44,500
Other financial liabilities	2.10	32,269	–	–	32,269	32,269
Total		1,79,093	–	–	1,79,093	1,79,093

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

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

In ₹ lakh

Particulars	Note no.	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory		
Assets						
Cash and cash equivalents	2.6	3,810	–	–	3,810	3,810
Investments – Liquid mutual funds units	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
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

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

Fair-value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: 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 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair-value hierarchy of financial assets as at March 31, 2019.

In ₹ lakh

Particulars	As on March 31, 2019	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)	1,001	1,001	–	–

The fair value hierarchy of financial assets as at March 31, 2018.

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	–	–

The foreign currency risk from financial instruments as of March 31, 2019:

In ₹ lakh

Particulars	US Dollars	Euros	UK Pound Sterling	Australian Dollars	Other currencies	Total
Cash and cash equivalents	325	–	–	–	–	325
Trade receivables	9,455	46	14	–	387	9,902
Other financials assets (including loans)	8,556	3,246	514	173	1,400	13,889
Trade payables	(442)	(86)	(26)	(1)	(31)	(586)
Other financial liabilities	(4,837)	(2)	(29)	(774)	(402)	(6,044)
Net assets/ (liabilities)	13,057	3,204	473	(602)	1,354	17,486

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

In ₹ lakh

Particulars	US Dollars	Euros	UK Pound Sterling	Australian Dollars	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

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 ₹13,186 lakh and ₹11,660 lakh as of March 31, 2019 and March 31, 2018 respectively and unbilled revenue amounting to ₹28,982 lakh and ₹23,390 lakh as of March 31, 2019 and March 31, 2018, 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, 2019 and March 31, 2018 was ₹162 lakh and ₹16 lakh, respectively.

In ₹ lakh

Particulars	As at March 31,	
	2019	2018
Balance at the beginning	154	136
Provisions recognized	162	16
Write-offs	–	–
Translation differences	3	2
Balance at the end	319	154

Credit risk on cash and cash equivalent is limited as the Company generally invest in deposits with banks and in liquid mutual fund units.

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, 2019, the Company had a working capital of ₹16,164 lakh including cash and cash equivalents of ₹8,070 lakh and current investments of ₹1,001 lakh. As of March 31, 2018, the Company had a working capital of ₹11,876 lakh including liquid assets such as cash and cash equivalents of ₹3,810 lakh and current investments of ₹4,263 lakh.

As of March 31, 2019 and March 31, 2018, the outstanding compensated absences were ₹2,794 lakh and ₹3,009 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, 2019 are as follows:

In ₹ lakh

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	2,324	–	–	–	2,324
Other liabilities excluding non convertible debentures(1)	26,098	1,887	1,886	–	29,871
	28,422	1,887	1,886	–	32,195

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(1)	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

(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 from the date of issue.

2.9 Equity

Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31, 2019	As at March 31, 2018
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (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 (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.

The details of shareholder holding more than 5% shares are as follows:

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	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, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning and 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, 2019	As at March 31, 2018
Non-current		
Non-convertible debentures *(1)	1,44,500	1,78,000
Other payables	3,773	5,659
Total non-current other financial liabilities	1,48,273	1,83,659
Current		
Accrued compensation to employees	4,413	4,337
Capital creditors	875	56
Compensated absences	2,794	3,009
Accrued expenses (2)	15,786	13,651
Other payables (3)	4,628	788
Total current other financial liabilities	28,496	21,841
Total other financial liabilities	1,76,769	2,05,500
Financial liability carried at amortized cost	1,76,769	2,05,500

Particulars	As at March 31, 2019	As at March 31, 2018
*The interest rate for the debentures as of March 31, 2019 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.390%. 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 2.21)	1,44,500	1,78,000
(2) Includes dues to holding company/ fellow subsidiaries (Refer to Note 2.21)	4,048	3,184
(3) Includes dues to fellow subsidiaries (Refer to Note 2.21)	51	412

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Trade payables [1]	2,324	9,163
Total trade payables	2,324	9,163
[1] Includes dues to holding company/fellow subsidiaries (Refer to Note 2.21)	440	405

As at March 31, 2019 and March 31, 2018, there are no outstanding dues to Micro, Small and Medium Enterprises. There is no interest due or outstanding on the same. During the year ended March 31, 2019, an amount of ₹246 lakh was paid beyond the appointed day as defined in the Micro, Small and Medium Enterprises Development Act 2006, which has been paid as of March 31, 2019.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Non-current		
Deferred rent	396	416
Total non-current other liabilities	396	416
Current		
Unearned revenue	9,920	7,815
Withholding taxes and other taxes	5,938	3,934
Total current other liabilities	15,858	11,749
Total other liabilities	16,254	12,165

2.13 Provisions

Accounting policy

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 and others

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.

Provision for post-sales client-support and others

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Current		
Others		
Post-sales client support and others	351	936
Total provisions	351	936

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Balance at the beginning	936	3
Provisions recognized/ (reversal)	(684)	934
Provision utilized	98	–
Translation differences	1	(1)
Balance at the end	351	936

Provision for post-sales client support and others are expected to be utilized over a period of 6 months to 1 year.

2.14 Income taxes

Accounting policy

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.

Income tax expense in the Statement of profit and loss comprises:

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Current taxes	19,398	14,479
Deferred taxes	441	(264)
Income tax expense	19,839	14,215

Current tax expense for the year ended March 31, 2019 and March 31, 2018 includes reversal amounting to ₹217 lakh and ₹124 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,	
	2019	2018
Profit before income taxes	60,385	45,409
Enacted tax rates in India	34.94%	34.61%
Computed expected tax expense	21,101	15,716
Overseas taxes, net of foreign tax credit	733	1,030
Prior year taxes	(217)	(124)
Effect of non-deductible expenses	55	(19)
Additional deduction on research and development expense	(2,090)	(2,173)
Others	257	(215)
Income tax expense	19,839	14,215

The applicable Indian statutory tax rates for the fiscal, 2019 is 34.944% and fiscal year 2018 is 34.608.

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Income tax assets	69,829	47,706
Current income tax liabilities	47,133	28,586
Net current income tax assets at the end	22,696	19,120

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Net current income tax assets at the beginning	19,120	10,557
Income tax paid	23,228	23,042
Tax on other comprehensive income	(254)	–
Current income tax expense (Refer to Note 2.14)	(19,398)	(14,479)
Net current income tax assets at the end	22,696	19,120

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,	
	2019	2018
Deferred income tax assets		
Trade receivables	115	317
Compensated absences	977	1,052
Others	246	490
Total deferred income tax assets	1,338	1,859
Deferred income tax liabilities		
Property, plant and equipment	147	228
Total deferred income tax liabilities	147	228
Deferred income tax assets after set off	1,191	1,631
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,	
	2019	2018
Net deferred income tax asset at the beginning	1,631	1,369
Credits relating to temporary differences (Refer to Note 2.14)	(441)	264
Temporary differences on other comprehensive income	1	(2)
Net deferred income tax asset at the end	1,191	1,631

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 Revenue from operations

Accounting policy

The Company derives revenues primarily from business IT services comprising of software development and related services, consulting and package implementation and from the licensing of software products and platforms across our core and digital offerings (together called as software related services).

Effective April 1, 2018, the Company adopted Ind AS 115 - Revenue from Contracts with Customers, using the cumulative catch-up transition method applied to contracts that were not completed as of April 1, 2018. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. Refer Note 1 - Significant Accounting Policies in the Company's 2018 Annual Report for the policies in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Arrangements with customers for software 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 invoicing to the reporting date is recognized as contract asset (unbilled revenue). Revenue from fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenues in excess of invoicing are classified as contract asset while invoicing in excess of revenues are classified as contract liability (Unearned Revenues). Fixed time frame revenue is recognized ratably over the term of the underlying time frame arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 115 - Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering software development and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. For software development and related services, the performance obligations are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Revenue from licenses where the customer obtains a right to use the licenses is recognized at the time the license is made available to the customer. Revenue from licenses whether the customer obtains a right to access is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the same have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices.

In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue 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 performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

Advances received for services and products are reported as contract liabilities until all conditions for revenue recognition are met.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price

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

Revenue from operations for the year ended March 31, 2019 and March 31, 2018 are as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Revenue from operations	2,53,831	2,43,915
Total revenue from operations	2,53,831	2,43,915

Trade receivables and contract balances

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straight line basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time .

Revenue recognition for fixed price development contracts is based on percentage of completion method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price development contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones. Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

The movement in unbilled revenue on fixed price development contracts:

in ₹ lakh

Particulars	Year ended 2019
Balance at the beginning	13,464
Add : Revenue recognized during the period	4,685
Less : Invoiced during the period	11,690
Less : Impairment/ (reversal) during the period	(35)
Add : Translation gain/ (loss)	910
Balance at the end	7,404

The movement in unearned revenue balances:

in ₹ lakh

Particulars	Year ended 2019
Balance at the beginning	7,815
Less: Revenue recognized during the period	7,774
Add: Changes due to business combinations	–
Add: Invoiced during the period but not recognized as revenues	9,423
Add: Translation loss/ (gain)	456
Balance at the end	9,920

Performance obligations and remaining performance obligations

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹23,390 lakh. Out of this, the Company expects to recognize revenue of around 88% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of applying the erstwhile Ind AS 18 - Revenue instead of Ind AS 115 - Revenue from contract with customers on the financials results of the Company for the year ended is insignificant. On account of adoption of Ind AS 115 - Unbilled revenue of ₹7,404 lakh as at March 31, 2019 has been considered as a non financial asset.

2.16 Other income, net

Other income is comprised primarily of interest income, dividend income, gain/ loss on investments and exchange gain/loss on forward and options contracts and on translation of other assets and liabilities. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established

Foreign currency - Accounting policy

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 period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

During the three months ended June 30, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of 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. The effect on account of adoption of this amendment was insignificant.

Other income is as follows :

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Interest received on financial assets – carried at amortized cost:		
Deposits with banks and others	434	469
Exchange gain/ (loss) on translation of assets and liabilities	(473)	42
Gain/ (loss) on investment carried at fair value through profit or loss	413	489
Miscellaneous income	6	153
Total other income	380	1,153

2.17 Expenses

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Employee benefit expenses		
Salaries including bonus	70,790	77,661
Contribution to provident and other funds	3,107	3,568
Staff welfare	1,315	932
	75,212	82,161
Travel expenses		
Overseas travel expenses	11,813	10,449
Travelling and conveyance	887	1,367
	12,700	11,816
Cost of software packages and others		
For own use	4,016	3,971
Third party items bought for service delivery to clients	15,184	18,487
	19,200	22,458
Other expenses		
Repairs and maintenance	2,314	2,320
Brand and Marketing	3,307	2,128
Communication expenses	860	878
Operating lease payments (Refer to Note 2.18)	4,506	5,231
Rates and taxes	84	75
Commission charge	2,521	2,249
Fuel and power	681	727
Consumables	125	224
Provision/ (reversal) for post-sales client support and others	(684)	934
Commission to non-whole time directors	40	20

Particulars	Years ended March 31,	
	2019	2018
Impairment loss recognized on financial assets	162	20
Contributions towards corporate social responsibility	520	155
Auditor's remuneration		
Statutory audit fees	31	25
Others	393	310
	14,860	15,296

2.18 Leases

Accounting policy

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.

The lease rentals charged during the period are as follows:

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Lease rentals recognized during the year	4,506	5,231

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

in ₹ lakh

Future minimum Lease payable*	As at March 31,	
	2019	2018
Within one year of the Balance Sheet date	606	705
Due in a period between one year and five years	2,740	3,213
Due after five years	968	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.

* Lease obligation payable as on March 31, 2019 pertains to balance period of entire lease term.

2.19 Employee benefits

Accounting policy

2.19.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, 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.

2.19.2 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.

2.19.3 Provident fund

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

2.19.4 Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by 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.

a. 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,	
	2019	2018
Change in benefit obligations		
Benefit obligations at the beginning	6,720	7,058
Service cost	738	915
Interest expense	481	456
Transfer of obligation	(63)	(311)
Remeasurements – Actuarial (gains)/ losses	(554)	(758)
Benefits paid	(578)	(640)
Benefit obligations at the end	6,744	6,720
Change in plan assets		
Fair value of plan assets at the beginning	8,148	8,496
Interest income	587	553
Transfer of assets	(113)	(344)
Remeasurements – return on plan assets excluding amounts included in interest income	26	83
Contributions	–	–
Benefits paid	(578)	(640)
Fair value of plan assets at the end	8,070	8,148
Funded status	1,326	1,428
Prepaid gratuity benefit	1,326	1,428

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

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Service cost	738	915
Net interest on the net defined benefit liability/asset	(106)	(97)
Net gratuity cost	632	818

Amount recognized in statement of other comprehensive income:

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains)/ losses	(554)	(758)
(Return)/ loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/ (asset)	(26)	(83)
	(580)	(841)

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
(Gain)/ loss from change in financial assumptions	160	(364)
(Gain)/ loss from change in experience	(313)	(394)
(Gain)/ loss from change in demographic assumptions	(402)	–
	(555)	(758)

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

Particulars	As at March 31,	
	2019	2018
Discount rate	7.1%	7.5%
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	As at March 31,	
	2019	2018
Discount rate	7.1%	7.5%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	5.9 years	6.1 years

Sentivity of significant assumptions used for valuation of defined benefit obligations:

in ₹ lakh

Impact from percentage point increase/ decrease in	As at March 31, 2019
Discount rate	412
Weighted average rate of increase in compensation level	358

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, 2019 and March 31, 2018, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2019 and March 31, 2018 were ₹624 lakh and ₹636 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	883
1-2 year	910
2-3 year	988
3-4 year	970
4-5 year	974
5-10 years	4,880

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

b. Provident Fund

The Company contributed ₹1,823 lakh during the year ended March 31, 2019 (₹2,104 lakh for the year ended March 31, 2018).

c. Superannuation

The Company contributed ₹628 lakh during the year ended March 31, 2019 (₹615 lakh for the year ended March 31, 2018).

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

in ₹ lakh

Particulars	As at March 31,	
	2019	2018
Contingent liabilities :		
Claims against the Company, not acknowledged as debts [(1)]	8	8
Commitments :		
Estimated amount of unexecuted capital contracts		
(net of advances and deposits)	321	733

(1) As at March 31, 2019, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹8 lakh. Majority of the matters are pending before various Appellate Authorities and the Management including 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.

2.21 Related party transactions

List of related parties

Name of holding company	Country	Holding as at March 31, 2019	2018
Infosys Limited	India	100%	100%

List of fellow subsidiaries

Name of subsidiary companies	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)	U.S.
EdgeVerve Systems Limited (EdgeVerve)	India
Infosys Austria GmbH[1] (formerly Lodestone Management Consultants GmbH)	Austria
Skava Systems Pvt. Ltd. (Skava Systems)	India
Kallidus Inc. (Kallidus)	U.S.
Infosys Chile SpA[2]	Chile
Infosys Arabia Limited[3]	Saudi Arabia
Infosys Consulting Ltda.[3]	Brazil
Infosys CIS LLC[1][22]	Russia
Infosys Luxembourg S.a.r.l [1][17]	Luxembourg
Infosys Americas Inc., (Infosys Americas)	U.S.
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)[4]	Australia
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.
Infosys Canada Public Services Inc[23]	Canada
Infosys Canada Public Services Ltd[24]	Canada
Infosys BPM Limited (formerly Infosys BPO Limited)	India
Infosys (Czech Republic) Limited s.r.o.[5]	Czech Republic
Infosys Poland, Sp z.o.o[5]	Poland
Infosys McCamish Systems LLC [5]	U.S.
Portland Group Pty Ltd[5]	Australia
Infosys BPO Americas LLC.[5]	U.S.
Infosys Consulting Holding AG (Infosys Lodestone)	Switzerland
Lodestone Management Consultants Inc.[6][15]	U.S.
Infosys Management Consulting Pty Limited[6]	Australia
Infosys Consulting AG[6]	Switzerland
Infosys Consulting GmbH[6]	Germany
Infosys Consulting SAS[6]	France
Infosys Consulting s.r.o.[6]	Czech Republic
Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)[6]	China
Infy Consulting Company Ltd[6]	U.K.
Infy Consulting B.V.[6]	The Netherlands
Infosys Consulting Sp. z.o.o[6]	Poland
Lodestone Management Consultants Portugal, Unipessoal, Lda. [6]	Portugal
S.C. Infosys Consulting S.R.L.[1]	Romania
Infosys Consulting S.R.L.[6]	Argentina
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.)[7]	Belgium
Panaya Inc. (Panaya)	U.S.
Panaya Ltd.[8]	Israel
Panaya GmbH[8]	Germany
Panaya Japan Co. Ltd[8]	Japan
Noah Consulting LLC (Noah)[9]	U.S.
Noah Information Management Consulting Inc. (Noah Canada)[10]	Canada
Brilliant Basics Holdings Limited (Brilliant Basics)[11]	U.K.
Brilliant Basics Limited[12]	U.K.
Brilliant Basics (MENA) DMCC[12]	Dubai
Infosys Consulting Pte Limited (Infosys Singapore)[1]	Singapore

Name of subsidiary companies	Country
Infosys Middle East FZ LLC[13]	Dubai
Fluido Oy[13][18]	Finland
Fluido Sweden AB (Extero)[19]	Sweden
Fluido Norway A/S[19]	Norway
Fluido Denmark A/S[19]	Denmark
Fluido Slovakia s.r.o[19]	Slovakia
Fluido Newco AB[19]	Sweden
Infosys Compaz PTE. Ltd (formerly Trusted Source Pte. Ltd) [13][20]	Singapore
Infosys South Africa (Pty) Ltd[13][21]	South Africa
WongDoody Holding Company Inc. (WongDoody) [14]	U.S.
WDW Communications, Inc[16]	U.S.
WongDoody, Inc[16]	U.S.

(1) Wholly-owned subsidiary of Infosys Limited
(2) Incorporated effective November 20, 2017
(3) Majority-owned and controlled subsidiary of Infosys Limited
(4) Under liquidation
(5) Wholly-owned subsidiary of Infosys BPM
(6) Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(7) Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)
(8) Wholly-owned subsidiary of Panaya Inc.
(9) Liquidated effective November 9, 2017
(10) Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017
(11) On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited
(12) Wholly-owned subsidiary of Brilliant Basics Holding Limited.
(13) Wholly-owned subsidiary of Infosys Consulting Pte Ltd
(14) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody
(15) Liquidated effective May 17, 2018
(16) Wholly-owned subsidiary of WongDoody
(17) Incorporated effective August 6, 2018
(18) On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries
(19) Wholly-owned subsidiary of Fluido Oy
(20) On November 16, 2018 , Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd
(21) Incorporated effective December 19,2018
(22) Incorporated effective November 29, 2018
(23) Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc
(24) Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

Associates

Name of Associates	Country
DWA Nova LLC has been liquidated w.e.f November 17, 2017	U.S.

List of other related parties

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

List of key management personnel

Directors

- Srinivasan Rajam (appointed on July 8, 2014)
- Jonathan Heller (resigned on July 10, 2017)
- Ritika Suri (resigned on August 15, 2017)
- D. N. Prahlad (appointed on January 6, 2017)
- 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)
- Sanat Rao (appointed as whole time director from April 11, 2018)
- Nitesh Banga (resigned on June 4, 2018)
- Atul Soneja (appointed as whole time director from July 20, 2018)
- Mohit Joshi (appointed as director from January 22, 2019)

Executive officers

- Prem Pereira (resigned on January 16, 2019)
- Rajesh Kini (appointed as Chief Financial Officer from January 17,2019)
- Sudhir Shridhar Gaonkar, Company Secretary

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

Particulars	As at March 31, 2019	2018
Trade receivables		
Infosys Public Services	43	49
Infosys BPM Limited	11	3
Infosys Poland	–	135
Infosys China	362	443
	416	630
Other financial assets		
Infosys China	–	1
Infosys BPM Limited	10	–
Infosys Poland	22	–
Infosys Mexico	–	1
	32	2
Non convertible debentures		
Infosys Limited	1,44,500	1,78,000
	1,44,500	1,78,000
Trade payables		
Infosys Limited	319	318
Infosys Consulting	86	61
Infosys BPM Limited	35	26
	440	405
Other current financial liabilities		
Infosys China	9	–
Infosys Public Services	9	–
Infosys Mexico	33	32
Panaya Ltd.	–	380
	51	412
Unbilled Revenue		
Infosys Public Services	–	315
Infosys Consulting (Singapore)	–	74
Infosys China	–	33
Infosys BPM Limited	–	126
Infosys Poland	–	45
	–	593
Accrued expenses		
Infosys Public Services	27	–
Infosys BPM Limited	63	–
Infosys Limited	3,958	3,184
	4,048	3,184

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,	
	2019	2018
Capital transactions:		
Financing transactions		
Debentures		
Infosys Limited	(33,500)	(34,900)
Revenue transactions:		
Sale of services		
Infosys Public Services	131	494
Infosys Poland	–	231
Infosys China	39	278
Infosys Consulting (Singapore)	–	74
Infosys BPM Limited	426	698
	596	1,775
Purchase of shared services including facilities and personnel		
Infosys Limited	50,469	44,742
Infosys Mexico	159	176
Brilliant Basics	122	–
Infosys Consulting (Singapore)	5	–
Infosys Poland	3	–
Infosys Consulting	312	271
Infosys BPM Limited	369	306
Panaya Ltd.	56	1,470
	51,495	46,965
Finance cost		
Infosys Limited	14,108	15,580

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 to key managerial personnel which comprise directors and executive officers:

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Salaries and other employee benefits to whole-time directors and executive officers[(1)]	765	1,039
Commission and other benefits to non-executive/ independent directors	40	20
Total	805	1,059

[(1)] For the year ended March 31, 2018, includes ₹10 lakh paid to Arun Krishnan, who retired as Director w.e.f April 30, 2017

2.22 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 development projects. The funds will be allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹520 lakh.

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

in ₹ lakh

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	520	–	520

2.23 Research and development expenditure

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) [(1)]		
Capital expenditure	–	–
Revenue expenditure	11,960	12,560
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	16,994	19,980
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	28,953	32,540

[(1)] During the year ended March 31, 2019 and March 31, 2018, 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. The weighted tax deduction is equal to 150% 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 Function-wise Classification of Statement of Profit and Loss

in ₹ lakh

Particulars	Years ended March 31,	
	2019	2018
Revenue from operations	2,53,831	2,43,915
Cost of sales	1,40,233	1,44,685
Gross profit	1,13,598	99,230
Operating expenses		
Selling and marketing expenses	19,055	17,350
General and administration expenses	20,430	22,044
Total operating expenses	39,485	39,394
Operating profit	74,113	59,836
Other Income, net	380	1,153
Profit before interest and tax	74,493	60,989
Finance cost	14,108	15,580
Profit before tax	60,385	45,409
Tax expense:		
Current tax	19,398	14,479
Deferred tax	441	(264)
Profit for the year	40,546	31,194
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset	327	585
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	327	585
Total comprehensive income for the year	40,873	31,779

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

D. N. Prahlad
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Srinivasan Rajam
Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary