

EdgeVerve Systems Limited



Annual Report 2015-16



Letter to the stakeholder

The world around us is becoming digital at a rapid pace. In 1995, Nicholas Negroponte wrote about digitization of the world in his book 'Being Digital'. He predicted the way technology would evolve, and how this will impact our lives. Nicholas talked about the transformation of the world from atoms to bits, a transformation which is irrevocable, irreplaceable and exponential. Twenty years after the book was first published, we are witnessing that prediction come alive. And this 'digitization of everything' driven by smart software is changing the context in which we all operate.

Last year, Dr. Vishal Sikka, CEO & MD – Infosys, clearly laid out our vision for transforming Infosys into a next-generation services company that amplifies human potential with its software and services offerings. EdgeVerve is the Company's strategic investment to power our software products' ambition. At EdgeVerve, we are fully focused on creating next-generation software products that deliver connection, innovation and growth to our clients. In fiscal 2016, we took several strides towards fulfilling this promise.

In cognizance with our vision to make Infosys Finacle the best banking platform the world has ever seen, in August 2015, the Finacle unit along with its intellectual property, talent pool and assets moved to EdgeVerve. This is a significant milestone for us as it is helping us offer a product-centric operating environment to scale up our most popular product suite.

From a client success perspective, EdgeVerve saw 103 wins and 82 go-lives in fiscal 2016. With Finacle solution suite alone, we enjoyed 73 wins and 66 go-lives, and entered 10 new markets. Today, we are serving clients in 94 countries. To propel our growth further, we are making significant investments to deepen our reach in the growth markets where we have a dominant position. Alongside, we are also expanding our footprint in the advanced markets such as the U.S. and Europe. Besides, we are leveraging the latest technologies in the areas of blockchain, mobility, advanced analytics, social, cloud and digital networks to broaden our offerings and increase the attractiveness of our solutions further.

This year, we also achieved a major milestone in the adoption of Finacle in our client environments. We now have more than one billion accounts which are powered by Finacle. In fact, last year, Finacle core banking was benchmarked to support more than two billion bank accounts in a single instance – a number estimated to be higher than the number of adult bank account holders in the top nine most

populous countries in the world.

For our industry-agnostic Edge suite of products, we added 30 wins and 16 go-lives. In this case, advanced markets are driving majority of the revenue with more than 50% revenues coming from the Americas. The Edge products are also seeing great traction from industry verticals like Energy, Communication, Manufacturing, Retail, CPG and Logistics. Together with the Edge suite of products and the Finacle offerings, we continue to win a significant number of new client relationships for the entire Infosys group; while we also continue to cross-sell our offerings to existing clients.

AssistEdge today has over 25 customers and more than 300,000 end-users. We are gaining significant traction in verticals like telecom, financial services, retail and manufacturing. Today, the product is not just powering our clients to deliver superior customer experience and services across channels, but is also enabling them to run their operations a lot more efficiently leveraging Robotic Process Automation (RPA). TradeEdge has more than 12 active clients, in fact some of the best known CPG companies in the world are running their emerging markets business on TradeEdge. Recently, the Consumer Goods Technology (CGT) group honored TradeEdge with the Readers' Choice award for the year 2016. CreditFinanceEdge continues to reign over the commercial real-estate lending, loan servicing and asset management space. Today, the solution is managing over \$30 billion worth of portfolios.

In terms of financials, revenue from EdgeVerve operations for the fiscal 2016 stood at ₹1,532.96 crore. This includes revenues from the Finacle business which was transferred to EdgeVerve starting August 1. Apart from Finacle solution suite, we also registered good revenue growth for Edge solutions. The gross profit for the organization rose to ₹629.96 crore – largely led by the addition of Finacle business. Considering we are aggressively investing in the subsidiary, we registered net loss of ₹59.30 crore, which includes a depreciation and amortization expense of ₹321.97 crore. This is well in line with the investment plan we have envisaged for EdgeVerve. In this period, net increase in cash and cash equivalents for EdgeVerve was ₹17.37 crore. Overall, as of March 31, 2016, the cash and cash equivalents stood at ₹27.17 crore.

We also continue to differentiate ourselves on the human capital front at EdgeVerve. We hire top-quality talent from the markets we operate in and offer them the most encouraging workplace experience for

continuous innovation. The successful onboarding of over 3,000 Finacle colleagues to EdgeVerve on a single day across five locations was indeed an incredible feat. We also continue to take great pride in the deep level of employee engagement and satisfaction we enjoy at EdgeVerve. In both years of our operation, we have topped the charts on employee engagement across Infosys group's business units and subsidiaries.

On the innovation front, we continue to invest aggressively in R&D. We established a new research lab in Ireland. Similarly, we expanded our R&D operations in Israel and U.S. to onboard world-class technology and fintech talent. We introduced six new solutions in the last financial year to expand our Finacle solution suite. These solutions are designed to help our clients accelerate their digital transformation and deliver superior services to their customers.

We continued to be the leader in industry assessments. Finacle solutions were rated leaders in several assessments across core banking and digital solution spaces by leading analysts such as Gartner, Forrester, Ovum, and IDC FI.

However, we know that this is not enough. The world has changed considerably in the last few years. Today, consumers are so willing to adopt new digital technologies that startups can challenge established players and norms at every turn. This makes the status quo short-lived, as technologies and customers are evolving at a never-before pace. We continue to make industry-leading investments in R&D to bring new innovations to market rapidly, and help our clients adapt to the new environment. We are committed to ensure that our products and our clients stay ahead of the curve.



Sandeep Dadlani
Chairman of the Board

THE EDGEVERVE
BOARD OF DIRECTORS



Clockwise from top right :

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Director

Roopa Kudva
Independent Director

Arun Krishnan
Whole-time Director

Srinivasan Rajam
Independent Director

Jonathan Heller
Director



Anirban Dey
President - Customers & Operations

Being #TrulyDigital

Our world is changing faster than ever before and simultaneously, at the slowest pace it will ever be. Rapid evolution and adoption of new technologies is changing the way consumers interact with enterprises, and the way businesses are run. This technological evolution, along with changing customer demands, has set the stage for pervasive digitization of our world. The confluence of these forces is disrupting long-established business models in virtually every market and every industry. Today's successful businesses look distinctly different from those just a decade ago. For instance, today, the biggest taxi company doesn't own a single cab, the biggest hotel chain doesn't own a single room, and the biggest retailer doesn't own much inventory.

At EdgeVerve, we have committed ourselves to power the digital transformation of our clients and help them become #TrulyDigital, so they can succeed in today's dynamic environment. We are doing this by developing world-class software products that deliver connection, constant innovation and growth. In fiscal 2016, we made significant progress in this endeavor.

We integrated our most popular product offering Finacle with EdgeVerve to accelerate our success in the banking industry. Today, Finacle solutions are powering banks across 94 countries and are servicing 848 million end customers - estimated to be nearly 16.5% of the world's adult banked population. In fiscal 2016, we strengthened our market success further by adding several new marquee clients. A US domiciled Global Wall Street bank chose Finacle Core Banking Solution to power its new business expansion strategy. A global tier-1 European bank selected Finacle Treasury Solution and partnered with us to co-create new licensable components. With Bancolombia, we closed a significantly large core banking deal in Latin America.

Two of the largest public-sector banks in India, Corporation Bank and Indian Overseas Bank, chose Finacle to transform their businesses. In South East Asia, we accelerated our growth and added many new clients. EXIM Bank in Vietnam, Fubon Banking in Hong Kong, and Asian Green Development Bank, Myanmar selected Finacle solutions to power their growth. Adding strength to our presence in the Middle East and Africa, Al Ahli Bank from Kuwait, Qatar National Bank from Qatar, Fidelity Bank from Nigeria and First Bank of Nigeria all opted for Finacle.

There are many such inspiring wins across regions which I am very proud of. Overall, in terms of deals in 2015, Finacle was rated as one of the top selling universal banking solutions in the IBS Sales League table.

On similar lines, we had major project go-lives across the globe. The India Post project, where we are undertaking the world's largest core banking transformation, made significant progress. As of March 31, 2016, we had migrated over 506 million accounts and a whopping 20,494 branches on to Finacle. This feat, once again, reiterates how Finacle is the most scalable solution in the banking technology space. In the U.S., Discover Financial Services, continued its transformation journey with Finacle by converting its personal lending business on Finacle Core Banking Solution. As a result it became one of the first U.S. domiciled banks with a real-time core banking advantage.

We completed major core transformation programs at ICICI Bank and State Bank of India. In fact, both of these programs were recently recognized as the best implementation programs in the APAC region at the Asian Banker Awards 2016. The success of our client partnerships was evident in multiple such industry recognitions received in the year. During the year, nine of our clients won Banking Excellence Awards for their implementation programs with Finacle.

In the Edge suite of products, we continue to build on the success of AssistEdge. The solution is helping enterprises automate high-touch, rules-based clerical processes through Robotic Process Automation (RPA). It amplifies business value through multi-fold increase in productivity, delivering up to 70% reduction in turnaround times, improved quality and increased reliability of processes. For instance, at a leading high-tech manufacturing company in the U.S., AssistEdge RPA helped reduce the cost of operations by over 50%.

TradeEdge continues to be our flagship offering for the CPG companies, helping them streamline their business in the emerging markets. We have on-boarded over 3,500 tier-1 and tier-2 distributors globally and have influenced over \$30 billion revenue for our clients with TradeEdge. We continue to engage with global players in the investment and asset management space with our CreditFinanceEdge offering. This product is also garnering interest from banks and new age lending companies. Our clients have enjoyed up to 40% improvement in operational efficiencies with this offering.

We also continue to invest significantly in latest technologies – such as blockchain, mobility, biometric authentication and advanced analytics - to deliver a competitive edge to our clients. In the last financial year, we introduced six new solutions under our Finacle solution suite: Finacle Youth Banking, Finacle SME Enable, Finacle Analytics

Solution, Finacle Assure, Finacle Payments Bank Solution, and Finacle Small Finance Bank Solution. In April 2016, we introduced EdgeVerve Blockchain Framework for Financial Services. The framework offers asset-agnostic permissioned distributed ledger that enables rapid deployment of blockchain-based services for various use cases. We are already working on multiple proof-of-concepts with several clients, globally.

Our focus on continuous innovation is also reflected in our success in industry-analysts assessments. This year, Finacle Core Banking solution was positioned as a Leader in the Gartner Magic Quadrant for Global Retail Core Banking, for the ninth time in a row. Forrester named us a leader in the Forrester Wave for Omnichannel Banking and Mobile Banking Solutions. IDC named us a leader in their MarketScape of Worldwide Core Banking Solution Providers.

We continue to build on these successes by investing aggressively to expand our product portfolio to help our clients transform into

#TrulyDigital businesses. Our focus is around four key areas to help them achieve this. One, by enabling frictionless client experience to achieve differentiation and growth. Two, by powering the strategy of creating value-based networks with extended sets of partners thus creating an ecosystem effect. We believe the network-based business models will enable next-level of growth for enterprises in this connected world. Three, by leveraging extensive automation to deliver unprecedented efficiencies and superior service experiences to customers. Four, by leveraging advanced and predictive analytics to delivery personalized experiences to end-customers and better predictability of business going forward.

With these focus areas, we are constantly challenging the status quo. We believe that is the only way, for us and our clients to succeed in this rapidly transforming world.

Finacle



Arun Krishnan

Head Product Delivery & Whole-time Director

Change is upon us. Here and now – in the form of technological evolution, digitization, demanding customers and non-traditional competition. Achieving sustainable growth is one of the greatest challenges for businesses today. Most leaders understand that agility built on the foundation of continuous innovation is key to keeping up. In response, they seek to partner with technology solution providers who enable them to be responsive to change.

At EdgeVerve, we are focused on empowering our customers in their transformative journey to become truly digital. We empower them with a competitive advantage that's powered by modern technology, backed by our deep domain expertise. In fiscal 2016, we took several steps towards fulfilling this promise. Within the development organization, we invested in three primary areas: product, processes and people.

Finacle, our award-winning product offering was integrated with EdgeVerve last year, accelerating Finacle's success in the banking and financial services space. In the last year, Finacle Core Banking Solution set the scalability benchmark by demonstrating the ability to support more than 2.0 billion bank accounts in a single instance – a number estimated to be higher than the number of adult bank account holders in the top nine most populous countries in the world. Finacle already supports the world's largest core banking deployment and we continue to invest significantly in technologies such as blockchain, mobility and advanced analytics. In the last financial year, we introduced six new solutions under our Finacle solution suite: Finacle Youth Banking, Finacle SME Enable, Finacle Analytics Solution, Finacle Assure, Finacle Payments Bank Solution, and Finacle Small Finance Bank Solution. All of these solutions are designed to help our clients accelerate their digital transformation and engage with consumers more effectively.

On the process front, we renewed our focus on the basics. We are implementing the dynamics of Design Thinking in each of our processes, and thus encouraging our people to think and behave in significantly more efficient and agile ways. We have embraced the Scaled Agile Framework (SAFe) as the means to accelerate our R&D processes and are seeing results. The Finacle Core Banking Solution has accelerated to a release cadence of six months, which is double the pace from the year before. Similarly, for channel solutions such as the Finacle Online Banking Solution, a release happens every three months, doubling our earlier pace of one release every six months.

Beyond the acceleration, our reimagined processes help us in reducing time to value in meaningful ways, which in turn helps our customers quickly adapt to changing customer and market expectations.

We have had a strong focus on people in fiscal 2016, with our efforts primarily focused on two drivers – becoming a learning organization and augmenting our capabilities by hiring the best talent from around the world. We continue to recruit the best and brightest minds to achieve a strong talent mix in the organization. We increased our global R&D footprint by expanding our presence in two new technology capitals of the world, namely Israel and Ireland. These two new centers will allow us to tap into the local fintech talent pool to evolve the Finacle suite of solutions.

We are making industry-leading investments in our products so that our customers continue to experience market success and keep up with the increasing pace of business innovation. It is this sustained focus on continuous innovation that earns us our success in industry-analysts assessments. Finacle Core Banking solution was once again positioned as a Leader in the Gartner Magic Quadrant for Global Retail Core Banking for the ninth year in a row. Forrester named Finacle a leader in the Forrester Wave for Omnichannel Banking and Mobile Banking Solutions. Our customers also continue to win industry recognition by leveraging the Finacle solution suite. This year, nine Finacle clients won awards for their implementation programs with Finacle.

The pace of change today is faster than ever before. As the famous management thinker, Peter Drucker wrote: "And it is change that always provides the opportunity for the new and different. Systematic innovation therefore consists in the purposeful and organized search for changes, and in the systematic analysis of the opportunities such changes might offer for economic or social innovation." It takes a partner with consistent focus on both technological progression and organizational agility to help our customers stay relevant, and to lead. We understand this need, and remain focused on empowering our customers to achieve the pace of change they need to excel in their businesses.

AssistEdge



Jonathan Heller

Director

What was once the EdgeVerve flagship offering in the customer experience and customer service space has today evolved into a powerful operational productivity platform. With 25+ clients across six verticals, and more than 300,000 users processing more than 50 million interactions per year, AssistEdge is providing significant benefits to marquee clients across geographies and verticals.

The Journey

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

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

AssistEdge today

Today, AssistEdge has become the most sought-after product for enterprises looking to optimize their operations cost and IT investments by automating front office, mid office and back office operations. Key components of AssistEdge today are –

- Robotic Process Automation (RPA) – Our big bet innovation, RPA has fast evolved into a market leading product. Within few months, AssistEdge RPA has been deployed with multiple global clients and has delivered significant operational cost savings. This is our key offering in the “non-assisted” automation space, which is one of the fastest growing spaces in the operations world.
- Smart User Environment – This offers “assisted” automation and functions as a ‘single pane of glass’ that provides a seamless experience across multiple systems to the customer service agent.
- Real-Time Expertise Manager – Our channel automation offering is a multichannel, multimedia collaboration product that enables end customers and employees / partners to intelligently access expertise within the enterprise. It helps to multi-skill agents and enhance productivity.

We have also developed self-service capabilities following our “query-to-action” philosophy. The Interactive Self-Service product enables enterprises to offer “actionable messaging” to its customers and agents, thus enabling self-service over chat – the channel of choice of today's digital consumers.

Innovations

- While RPA has now become a mainstream product, our vision is to personalize automation and unleash its power to streamline daily tasks of business and enterprise users. Our research is focusing on creating automations through observation using “Record, Model and Playback” methodology.
- We continue to develop our Analytics capabilities – mining data from operations, customer interactions and processes to create insights for business.
- We have reduced automation POC timeframe to 4-6 weeks and the program recovers its costs within 6-12 months of implementation, making it the easiest and best investment decision for operations leaders.
- Using Cognitive Computing and Artificial Intelligence, our vision is to create “smart” robots that learn from every experience of process exception and patterns and self-heal and self-optimize the processes. This will broaden the spectrum of automations to processes that require human decision-making and intelligence.

The road ahead

Today's enterprises are faced with the dual challenge of escalating operational costs due to increasing regulations and market pressures and increasing expectations of digital consumers. Organizations need to optimize their operational costs and invest in enhancing the digital experience of their consumers. AssistEdge fits perfectly as a single platform for this need. In the near future, AssistEdge will evolve with the changing digital customer needs, with new human interaction technologies including sensory, neural and voice technologies.

CreditFinanceEdge



Hariprasad B. K.

Senior Director and Product Head

With the twin objectives of improving lending efficiency in the finance industry and helping clients rapidly launch new, innovative loan products, we developed CreditFinanceEdge. This platform integrates loan servicing and asset management functions and delivers comprehensive loan servicing capabilities such as asset recovery and loss mitigation, hard asset management, and litigation tracking. It enables financial institutions improve operational efficiencies, manage financial and operating risks, reduce operating costs, and enhance customer service capabilities.

The genesis

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

CreditFinanceEdge today

Today, we focus on proactively acquiring clients across multi-asset classes such as merchant loans, unsecured loans, invoice financing, commercial real estate, fund management, etc. CreditFinanceEdge has a strong book of business with clients across multi-asset classes. Many of our clients have gone live with the solution and some of them have chosen CreditFinanceEdge as their enterprise loan management platform.

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

What's new

While imbibing and nurturing product culture in conceptualization, design and implementation, we have identified niche areas and created models for growth through agility and innovation, for our customers as well as for ourselves. Innovation at EdgeVerve is driven by market trends and enabling our clients to differentiate themselves by leveraging technologies such as Artificial Intelligence and Big Data. Apart from core product innovation, we seek new ways to ensure agile delivery and to improve release efficiency. Our focus on people and expertise – with the right balance of domain, technology and consulting knowledge – helps us move ahead on the innovation path.

The way ahead

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

ProcureEdge



Ajay Anand

Senior Director and Product Head

ProcureEdge is an intelligent cloud-based Source-to-pay platform that allows global organizations to realize rapid, measurable and sustainable procurement savings. It helps enterprises increase adoption by providing their employees with an intuitive buying experience that is powered by a single search window. The backbone of the solution is the capability to intelligently guide users and route procurement requests through compliant buying channels that are configured in line with the organization's procurement policies.

The ProcureEdge Advantage

The platform encapsulates insights gleaned from our experience of managing spend and processing payments worth over \$ 100 billion across 100+ G2K clients. ProcureEdge gives buyer organizations the unique combination of our world-class procurement platform that comes along with pre-integrated, best-of-breed solutions and is backed by industry- and analyst-recognized services across the entire Sourcing and Procurement and Finance and Accounting spaces.

The way ahead

Today we are revolutionizing the product discovery, guided procurement and virtual payment systems. We are also building a novel ecosystem that brings together pre-enabled catalog content across categories, enabling buyer organizations to potentially increase savings through benchmarking and comparative procurement. ProcureEdge has also expanded into the settlements space by building a payment network that enables collaboration between buyers, suppliers and financiers to streamline payments, improve cash flow and working capital management and strengthen buyer-supplier relations.

TradeEdge



Suresh Prahlad Bharadwaj

Senior Director and Product Head

The Year Gone By

For TradeEdge, fiscal 2016 was a year of validation and renewal. Market validation of ideas it represents and therefore, the value delivered to our customers is extremely important for any company to continue investing in the product. That validation for TradeEdge came in the form of an initial deployment and subsequent scale-up of its Distributor Management System (DMS) module across two clients – one in India and the other in China. It also opened up a new value proposition hitherto undiscovered or underestimated, but best articulated by the client as “I finally get to see sales metrics that I can trust”. While for years, TradeEdge’s Market Connect module in conjunction with its reporting module, Market Pulse, had endeavored to bridge the visibility gap in indirect sales channels, it was still reliant on distributor’s willingness to part with data that would truly represent his business. DMS, being a cloud-ERP, has not just enabled near real-time visibility to distributor sales activity but most importantly brought in the trust quotient that was non-existent.

The Way Forward:

It has also been a year of renewal on two counts: one, opportunity to enhance product user-experience and two, converge TradeEdge to a modernized technology stack.. Both these initiatives have started in right earnest and we plan to deliver through incremental releases through fiscal 2017. While the first of the initiatives is targeted toward enhancing product ‘desirability’, the latter is expected to enhance responsiveness in terms of delivering to market requirements with

agility. These are critical success factors that determine the success of a global commerce network that we have embarked upon to build. Finally, we have also recognized that user experience is not just limited to having a good-looking user-interface or agile delivery of functionality. Rather, a truly multi-tenanted cloud B2B software-as-a-service (SaaS) model must ensure automated deployments, continuous integration and seamless data conversion / migration with external client systems and this is not a trivial problem to solve. Our efforts would also be directed toward addressing these as core non-functional requirements that would not only ensure minimal disruptions to client business but also for us to build a cloud offering that is sustainable in the long run.

People Team



Sushanth Tharappan

Chief People Officer

It's been tremendously exciting for us to grow our employee base 10-fold through the year. It challenged us, stretched us, made us learn, but at the end of it all, gave us tremendous self-belief in our ability to scale significantly. Last year has been a story of change, achievements, and recognition for us. Let me outline each of these aspects briefly.

The key changes: With the Finacle integration, we grew from being a 400-odd employee organization to a 4000+ organization and expanded our presence from two centres to nine centers across seven locations. Our hiring requirements have more than tripled since the integration. Global mobility, immigration, and compliance brought in additional dimensions to the people enablement story.

Significant achievements: We on-boarded more than 3,000 employees in a single day across locations seamlessly. Deconstructing this a bit, it meant all the employee data and access migration, systems set-up, and joining formalities were completed in a single day. It was a massive occasion for us and we are really proud of the way everyone in the organization came together to make it happen. We also ensured that from Day 1, all of them were covered under our signature benefits.

This team work was also in display abundantly during the unfortunate Chennai floods that devastated the city and severely impacted our employees as well. Working with our Infosys colleagues, we showed tremendous strength of character, compassion, and great organizational skills to reach out and help all our affected colleagues. In adversity, true character does indeed shine through.

We've had some amazing fun and learning during the year. Our annual extravaganza, Fever, was bigger, grander, and a whole lot more fun. Across locations, we got together to participate in a series of events like Drum Jam, Karaoke, Fashion Show, Beat Boxing and many more. We ran a very successful initiative, Disrupt, where we had some eminent speakers from the product industry share their perspectives on productivity and innovation with our employees. Ideathon, a part of Disrupt, saw some cool and awesome ideas, two of which we are taking forward to implementation. With engagement focus and fun like this, it's no surprise that very few of our top talent left us through the year.

We also ensured that the key cultural markers that we had so meticulously cultivated at EV since inception did not change or fade despite the multifold growth in our employee base. We not only continued with, but expanded our People Committee, thus getting on board many more cultural, policy, self-governance, and organizational ambassadors.

Through all this, our focus on getting the right talent did not wane. We've made offers at IITs and NITs and look forward to welcoming the talented youngsters soon. We have extended the stringent selection standards and assessments to all Finacle hiring as well, thus ensuring that an increased scale of hiring doesn't dilute our quality of talent. Quality of talent is one aspect that we are extremely passionate about and remain committed to.

The recognition: Of course, recognition is a good measure of the success of effort and we are thrilled that we have a few significant ones to be proud about. We topped the Employee Engagement Survey, Litmus, across the Infosys Group organization for the second year running, with Finacle showing an amazing improvement in the Experience score. This is indeed a great testimony to the focus and intensity of our engagement initiatives.

Our New Hire Joining Experience Survey, where we seek feedback from all candidates and employees on their experience with our selection, onboarding, and the first month with the organization, has returned some very positive feedback. Through our focus on this, we are positively impacting the time to productivity of new hires.

The most gratifying of all the recognitions though, was the smile and happiness on the faces of our support staff and their children during the 'Make a Wish' initiative. Through the holiday season and New Year, almost all our employees came forward to make wishes true for the children of our support staff. Those smiles will remain etched in our memories for a long time.

While we've accomplished a lot over the year, we realize that this is only the beginning of becoming a truly great and world-class product organization. We remain committed to not only our core mission of hiring and retaining the right talent, we will also constantly push the envelope in nurturing and enhancing the discovery, learning, innovation and entrepreneurial spirit in the organization. We are confident this year will truly set the tone for that!

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Board, committees and management – EdgeVerve Systems Limited

Board of Directors as on March 31, 2016

Sandeep Dadlani
Chairman of the Board

Michael Reh
Director

Sanjay Purohit
Director

Srinivasan Rajam
Independent Director

Jonathan Heller
Director

Roopa Kudva
Independent Director

Arun Kumar Krishnan
Whole-time Director

Appointed during the year

Michael Reh
(Appointed on April 1, 2015)

Jonathan Heller
(Appointed on June 10, 2015)

Arun Kumar Krishnan
(Appointed on October 9, 2015)

Resigned during the year

Rajiv Bansal
(Resigned on April 17, 2015)

Samson David
(Resigned on April 20, 2015)

Sanjay Purohit
(Resigned as Chief Executive Officer and Managing Director on April 20, 2015)

Michael Reh
(Resigned on March 31, 2016, close of business hours)

Committees of the Board

Audit Committee

Roopa Kudva
Chairperson

Srinivasan Rajam
Member

Sandeep Dadlani
Member

Nomination & Remuneration Committee

Srinivasan Rajam
Chairperson

Roopa Kudva
Member

Sandeep Dadlani
Member

Corporate Social Responsibility Committee

Michael Reh
Chairperson

Sandeep Dadlani
Member

Srinivasan Rajam
Member

Key Managerial Personnel

Arun Kumar Krishnan
Whole-time director

Sudhir Gaonkar
Company Secretary

Prem Pereira
Chief Financial Officer

Board's report

To the members,

Your directors are pleased to present their second Annual Report on the business and operations of the Company for the year ended March 31, 2016.

1. Results of our operations

| Particulars | in ₹ crore, except per share data | |
|---|-----------------------------------|---------|
| | Standalone | |
| | 2016 | 2015 |
| Income from software services and products | 1,532.96 | 147.73 |
| Software development expenses | 903.00 | 138.99 |
| Gross profit | 629.96 | 8.74 |
| Selling and marketing expenses | 152.63 | 3.67 |
| General and administration expenses | 158.20 | 30.92 |
| Operating Profit before Interest, Depreciation, Taxes and Amortization (PBIDTA) | 319.13 | (25.85) |
| Finance cost | 62.32 | - |
| Depreciation and amortization | 321.97 | 44.71 |
| Operating profit before tax | (65.16) | (70.56) |
| Other income, net | 5.86 | 0.06 |
| Net profit before tax | (59.30) | (70.50) |
| Provision for taxation | 30.54 | - |
| Net profit after tax | (89.84) | (70.50) |
| Earnings per share in ₹ | | |
| Basic | (1.30) | (3.39) |
| Diluted | (1.30) | (3.39) |

Company's Overview

EdgeVerve Systems, a wholly-owned subsidiary of Infosys, develops innovative software products and offers them on premise or as cloud-hosted business platforms. Our products help businesses develop deeper connections with stakeholders, power continuous innovation and accelerate growth in the digital world. We power our clients' growth in rapidly evolving areas like banking, distributive trade, credit servicing, customer service, and enterprise buying. Today, global corporations across financial services, insurance, retail and CPG, life sciences, manufacturing, and telecommunications, use EdgeVerve products.

Operations

During this fiscal year, the Company has earned a gross operating revenue of ₹1,532.96 crore.

Operating expenses stood at ₹903.00 crore and the Company earned a gross profit of ₹629.96 crore. After providing for other indirect expenses, interest and depreciation cost the financial result for the year was negative to the tune of ₹65.16 crore.

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

Deposits from public

The Company has not accepted any deposits from the public.

Particulars of loans, guarantees or investments

The Company has not made any loan directly or indirectly to any person or other body corporate nor guaranteed nor provided security in connection with the loan to any other body corporate during the year and the Company has not acquired by way of subscription, purchase or otherwise securities of any other body corporate, exceeding the limits prescribed in Section 186 of the Companies Act, 2013.

Particulars of contracts or arrangements with related parties

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

Particulars of employees

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

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

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

Share capital

During the year, the Company purchased the Finacle and Edge Services business from its holding company Infosys Limited for the total consideration of ₹3,399 crore. The Company settled the payment towards purchase consideration by way of issue of fully-paid-up equity shares of the company and debentures. The Company issued 85 crore equity shares of ₹10 each amounting to ₹850 crore and 25.49 crore unsecured debentures of ₹100 each amounting to ₹2,549 crore in full and final settlement to Infosys Limited. The shareholders approved the above transaction in the Extraordinary General Meeting held on December 11, 2015.

With the issue of the above shares, the authorized share capital of the Company as on March 31, 2016 stands at ₹4,100 crore and paid-up share capital of the Company stands at ₹1,311.84 crore.

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

2. Products

AssistEdge, our flagship offering in the customer experience and service space, delivers an integrated, cross-channel experience and reduces service intensity by enhancing operational productivity.

TradeEdge is the best insights-driven sales platform for global brands to accelerate profitable growth in the emerging markets.

ProcureEdge is the next-generation procurement platform which ensures higher compliance, risk governance, and improves spend visibility in procurement space.

CreditFinanceEdge provides flexibility while delivering integrated primary and special servicing functions, loss mitigation, hard asset management, and litigation tracking in one platform.

Finacle, our universal banking solution, is the choice of financial institutions across 94 countries and serves over 848 million customers – estimated to be nearly 16.5% of the world's adult banked population. The solution is consistently rated as a leader in the market by top industry analysts and is proven to be the most scalable banking platform globally. An independent assessment of the top 1,000 world banks revealed that banks powered by Finacle enjoy 50% higher returns on assets, 30% higher returns on capital, and 8.1% points lesser costs to income than others.

Awards

- DBS Bank, Singapore and Infosys Finacle were adjudged the winner of the Outstanding Technology Implementation Award at The Asian Banker Annual Business Achievement Awards
- Infosys Finacle was conferred The Asian Banker Vendor Satisfaction Survey Gold Award 2015 based on a survey of banks in Asia Pacific, Middle East and Africa
- The Housing Bank for Trade and Finance (HBTF), Jordan and Infosys Finacle were awarded the Best Regional Core Banking Implementation Project at The Asian Banker Middle East and Africa International Banking Convention
- Union National Bank (UNB), UAE and Infosys Finacle were awarded the Best Treasury Management Project at The Asian Banker Middle East and Africa International Banking Convention
- Infosys Finacle was adjudged the Best Core Banking System by The Banker Middle East
- Infosys Finacle has been adjudged the Best Core Banking System and Best Technology Provider in Western Africa by The Banker Africa
- Finacle's implementation at the 104 co-operative banks under NABARD was declared as a winner at the Gujarat Cooperative Summit Awards
- The Consumer Goods Technology (CGT) group honored TradeEdge with the Readers' Choice award for the year 2016.

3. Corporate Governance

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

At EdgeVerve, the Board of Directors ensures accountability, fairness and transparency, in a company's relationship with the stakeholders like clients, shareholders, employees, Management, government and the community as a whole and state that the Company has complied with all norms of corporate governance applicable to unlisted public limited companies as envisaged under the Companies Act 2013 and the Rules made thereunder.

Our Corporate governance report for fiscal 2016 forms part of this Annual Report.

Board of Directors

During the year Michael Reh, Jonathan Heller and Arun Kumar Krishnan were appointed as additional directors of the Company effective April 1, 2015, June 10, 2015 and October 9, 2015 respectively. The shareholders approved the appointment of Michael Reh and Jonathan Heller at the AGM held on July 31, 2015 and of Arun Kumar Krishnan at the EGM held on December 11, 2015.

Michael Reh resigned as director of the Company effective March 31, 2016 (close of business hours). The Board places on record its sincere appreciation of the valuable services rendered by Michael Reh during his tenure.

As on March 31, 2016 the Board consists of seven directors, out of whom two are independent directors including a woman director, one is an executive and whole-time director and the other four members are non-executive directors. As such, the composition of the Board is in conformity with the provisions of Section 149 and other applicable provisions of the Companies Act 2013.

Reappointment

Pursuant to Section 152 (6) of the Companies Act, 2013, Sanjay Purohit, who has served the longest on the Board, retires by

rotation at the Annual General Meeting. Sanjay Purohit, being eligible, offers himself for reappointment.

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

Committees of the Board

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

Committee composition as on March 31, 2016:

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

Number of meetings of the Board

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

Meeting of the independent directors

Independent directors of the Company held their meeting on January 12, 2016 without the presence of the Management. Further details are given under the Corporate Governance Report which forms part of this Annual Report.

Policy on directors' nomination, appointment and remuneration

The current policy is to have an appropriate mix of executive, non-executive and independent directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2016, the Board consists of seven members, two of whom are independent directors and four are non-executive directors and one member of the Board is an executive director. The Board periodically evaluates composition and size in order to ensure proper balance of executive and non-executive directors and to ensure Board diversity.

The Board affirms that the remuneration paid to the directors is in conformity with the Nomination and Remuneration Policy of the Company. There has been no change to the Nomination and Remuneration Policy adopted by the Company during the fiscal 2016. The copy of the policy is available on the website of the Company under the following link: <https://www.edgeverve.com/about/corporate-governance/Documents/nomination-remuneration-policy.pdf>

Declaration by independent directors

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

Board evaluation

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

Subsidiaries, associate companies, joint ventures etc

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

Responsibility statement of the Board of Directors

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

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

The directors confirm that:

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

Risk management

The Company follows the risk management framework adopted by holding company Infosys Limited. The detailed note on the framework is appended as *Annexure 5* to the *Board's report*.

4. Auditors

Statutory Auditor

At an Extraordinary General Meeting held on July 10, 2014, B S R & Co. LLP, Chartered Accountants, were appointed as statutory auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General

Meeting. Accordingly, the appointment of B S R & Co. LLP, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders.

The Auditors' Report for fiscal 2016 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Secretarial Auditor

Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, was appointed to conduct the secretarial audit of the Company for the fiscal 2016, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for fiscal 2016 forms part of the Annual Report as *Annexure 3* to the *Board's report*. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

The Board has appointed Parameshwar G. Hegde, Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2017.

Significant and material orders

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

Extract of annual return

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

5. CSR Report

The Company during the year has not earned any profits and thus there was no CSR contribution made by the Company.

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

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

Foreign exchange earned and used for the year ended

| Particulars | March 31, 2016 | March 31, 2015 |
|--|----------------|----------------|
| Foreign exchange earnings | 1,113.48 | 146.47 |
| Foreign exchange outgo (including capital goods and imported software packages) | 160.04 | 15.76 |

Acknowledgments

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

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

for and on behalf of the Board of directors



Sandeep Dadlani
Chairman of the Board

Bengaluru
April 12, 2016

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

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2016, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2016 are as follows:

| Name of related party | Nature of relationship | Duration of contract | Salient terms | Amount (in ₹ crore) |
|-----------------------|------------------------|--------------------------|-----------------------------|---------------------|
| Infosys Limited | Holding Company | Valid from July 1, 2014 | Purchase of shared services | 143.30 |
| Infosys BPO | Fellow Subsidiary | Valid from July 1, 2014 | Purchase of shared services | 0.83 |
| Panaya | Fellow Subsidiary | Valid from April 1, 2015 | Purchase of shared services | 4.67 |
| Infosys Limited | Holding Company | Refer Note | Issue of equity shares | 850.00 |
| Infosys Limited | Holding Company | Refer Note | Issue of debentures | 2,549.00 |

Note: Appropriate approvals have been taken for related party transactions.

for and on behalf of the Board of directors



Sandeep Dadlani
Chairman of the Board

Bengaluru
April 12, 2016

Annexure 2 – Particulars of employees

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

| Employee name | Designation | Educational qualification | Age | Experience (in years) | Date of joining | Gross remuneration paid (₹) | Previous employment |
|----------------------------|---|---------------------------|-----|-----------------------|-----------------|-----------------------------|---------------------|
| Ajay S. Anand | Senior Director and Product Head | BE | 44 | 22.7 | 1-Jul-14 | 77,40,683 | Infosys Limited |
| Anirban Dey | Global Head - Customer & Operations | BTECH, MS (Eng), MBA | 44 | 18.3 | 30-Mar-15 | 2,02,81,371 | CONCUR TECHNOLOGIES |
| Ghanashyam Wagle | Senior Director - Product Architecture | BE | 47 | 25.2 | 1-Jul-14 | 75,98,333 | Infosys Limited |
| Hariprasad Karnam | Senior Director and Product Head | BE, MMS | 45 | 22.0 | 1-Jul-14 | 91,86,661 | Infosys Limited |
| Bhupasamudram | | | | | | | |
| Prem Joseph Pereira | Chief Financial Officer | CA | 40 | 16.8 | 23-Sep-14 | 64,72,275 | Infosys Limited |
| Rajeshwari Ganesan | Senior Director and Head - Systems Engineering | BE | 43 | 20.7 | 1-Jul-14 | 64,50,772 | Infosys Limited |
| Rakhi Mullick | Director - Product Management | PGD | 47 | 21.8 | 1-Jul-14 | 72,46,928 | Infosys Limited |
| Sambit Sarangi | Director - Product Engineering | BE, PGD | 43 | 19.0 | 1-Jul-14 | 60,76,544 | Infosys Limited |
| Sateesh Seetharamiah | Senior Director and Head - IP, Commercialization, Information Security and Risk | BE, MSc | 47 | 21.9 | 1-Jul-14 | 96,05,906 | Infosys Limited |
| Savio Anthony Coutinho | Senior Director - Product Engineering | BE | 44 | 23.0 | 1-Jul-14 | 76,57,604 | Infosys Limited |
| Suresh Prahlad Bharadwaj | Senior Director and Product Head | BE, MS | 54 | 30.4 | 1-Jul-14 | 1,22,93,447 | Infosys Limited |
| Sushanth Michael Tharappan | Chief People Officer | MBA | 41 | 18.8 | 1-Jul-14 | 1,37,00,798 | Infosys Limited |

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

| Employee name | Designation | Educational qualification | Age | Experience (in years) | Date of joining | Gross remuneration paid (₹) | Previous employment |
|------------------------------------|---|---------------------------|-----|-----------------------|-------------------|-----------------------------|---------------------|
| Abhishek Kumar | Principal Product Architect | BE | 35 | 12.8 | August 1, 2015 | 44,43,547 | Infosys Limited |
| Anand Sinha | Principal Product Architect | MCA, PGD | 41 | 18.8 | August 1, 2015 | 41,07,876 | Infosys Limited |
| Arun Kumar Krishnan ⁽¹⁾ | Product Delivery Head | MS(Eng) | 52 | 26.9 | August 1, 2015 | 56,27,511 | Infosys Limited |
| Babu N. S. | Senior Product Line Manager | MSC | 44 | 22.0 | August 1, 2015 | 44,14,577 | Infosys Limited |
| Deepak N. Hoshing | Head - Architecture | B.Tech | 53 | 30.9 | August 1, 2015 | 65,96,536 | Infosys Limited |
| Mahesh Dutt Kolar | Regional Manager - Finacle Sales | BE, PGD | 47 | 22.1 | August 1, 2015 | 46,29,768 | Infosys Limited |
| Naresh Kumar K. | Senior Product Line Manager | BE | 47 | 25.5 | August 1, 2015 | 42,25,022 | Infosys Limited |
| Rajashekara V. Maiya | Principal - Product Strategy | MCOM, CA | 43 | 20.7 | August 1, 2015 | 46,97,452 | Infosys Limited |
| Rama Mohan Venkata Kadayinti | Business Excellence - Head | MTECH | 46 | 22.7 | September 8, 2015 | 46,47,962 | Infosys Limited |
| Sheenam Ohrie | Delivery Head | BE | 45 | 23.7 | August 1, 2015 | 56,23,360 | Infosys Limited |
| Shekar S. R. | Senior Industry Principal | BCOM, CAIIB | 60 | 40.23 | August 1, 2015 | 9,24,493 | Infosys Limited |
| Sumit Dhar | Senior Director & Head - Information Security | BTECH, MBA | 38 | 15.1 | March 1, 2016 | 5,13,334 | HEWLETT PACKARD |
| Sunder Prahlad Madakshira | Senior Director and Head - Marketing | BE, PGD | 44 | 19.8 | July 23, 2015 | 69,15,957 | HEXAWARE |
| Sunil Kumar Gupta | Chief Operating Officer - EdgeVerve Systems Limited | BE | 52 | 18.4 | August 1, 2015 | 92,02,238 | Infosys Limited |
| Venkataramanan T. S. | Product Delivery Head | BE | 51 | 29.9 | August 1, 2015 | 66,84,608 | Infosys Limited |

| Employee name | Designation | Educational qualification | Age | Experience (in years) | Date of joining | Gross remuneration paid (₹) | Previous employment |
|------------------------|-----------------------|---------------------------|-----|-----------------------|-----------------|-----------------------------|---------------------|
| Venkatesh S. G. | Delivery Head | BE, MBA | 47 | 23.8 | August 1, 2015 | 46,70,486 | Infosys Limited |
| Venkatesh Vaidyanathan | Product Delivery Head | MCA | 48 | 24.6 | August 1, 2015 | 50,76,802 | Infosys Limited |
| Venkatramana Gosavi | Regional Head | BE, MBA | 52 | 27.1 | August 1, 2015 | 64,37,741 | Infosys Limited |

⁽ⁱ⁾ For the period from August 1, 2015 to March 31, 2016

| Employee name | Designation | Educational qualification | Age | Experience (in years) | Date of leaving | Gross remuneration paid (₹) | Previous employment |
|-----------------------------------|---|---------------------------|-----|-----------------------|------------------|-----------------------------|---------------------|
| Nagaraj Nanjundaram | Senior Director and Product Head | BE, PGD | 45 | 21.6 | October 4, 2015 | 55,09,517 | Infosys Limited |
| Samson David | Chief Operating Officer - EdgeVerve Systems Limited | BE | 47 | 24.6 | April 20, 2015 | 6,55,738 | Infosys Limited |
| Sanjay Nambiar R. | Senior Director and Product Head | BE | 41 | 19.7 | April 18, 2016 | 82,33,579 | Infosys Limited |
| Sanjay Purohit | Chief Executive Officer and Managing Director - EdgeVerve Systems Limited | BE | 49 | 25.3 | April 20, 2015 | 6,55,738 | Infosys Limited |
| Shekar S. R. | Senior Industry Principal | BCOM, CAIIB | 60 | 40.23 | October 30, 2015 | 9,24,493 | Infosys Limited |
| Srinivas Seshadri | Senior Director and Head - Technology Management | BE | 46 | 23.5 | October 30, 2015 | 64,78,408 | Infosys Limited |
| Sudhindra Magadi Suryanarayanarao | Director - Product Architecture | BE | 42 | 18.3 | May 28, 2015 | 12,07,125 | Infosys Limited |
| Vidya Govindan | Director - Product Engineering | BE, MS, MBA | 44 | 18.8 | March 18, 2016 | 57,88,322 | Infosys Limited |

Annexure 3 – Secretarial audit report for the financial year ended March 31, 2016

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

To,

The Members, EdgeVerve Systems Limited, No. 44, Electronics City, Hosur Road, Bengaluru – 560 100.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of :

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

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

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

I further report that the Company has issued 25,49,00,000 Unsecured, Non-convertible debentures of ₹100 each aggregating ₹2549 Crore to Infosys Limited, its holding Company, towards payment of part consideration for transfer of business pursuant to Business Purchase Agreement dated September 30, 2015 entered into between the Company and Infosys Limited in respect of which the company has represented that the said debentures do not fall within the purview of Section 73 & 76 of the Companies Act read with Companies (Acceptance and Deposits) Rules 2014 and hence it was not required to comply with the requirements of the said rules.

I further report that, based on the information provided and the representation made by the company and also on the review of compliance reports taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes exist in the company to monitor and ensure compliance with the provisions of applicable general laws like labour laws and environmental laws.

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

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

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

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

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

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

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

I further report that, during the audit period:

1. The Company has issued 85,00,00,000 equity shares of ₹10 each aggregating ₹850 crore and 25,49,00,000 unsecured non-convertible debentures of ₹100 each aggregating ₹2,549 crore to Infosys Limited towards consideration for transfer of business pursuant to Business Transfer Agreement dated September 30, 2015 entered into between the company and Infosys Limited. The debentures are redeemable at the expiry of 10 years from the date of allotment or earlier at the option of the company.

And there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc. having a major bearing on the Company's affairs.

Bangalore
April 12, 2016

FCS: 1325/ C.P.No: 640



P G HEGDE
Hegde & Hegde
Company Secretaries

Annexure 4 – Extract of Annual Return

Form No. MGT-9

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

Registration and other details

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

Principal business activities of the Company

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

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

Particulars of Holding, Subsidiary and Associate Companies

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

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

(i) Category-wise shareholding

| Category code | Category of shareholder | No. of shares held at the beginning of the year | | No. of shares held at the end of the year | | % change during the year | | |
|---------------|--|---|---------------|---|-----------------|--------------------------|------------|-----------------------|
| | | Demat (III) | Physical (IV) | Demat (VII) | Physical (VIII) | | Total (IX) | % of total shares (X) |
| (1) | (II) | (V) | (VI) | (IX) | (X) | (XI) | | |
| (A) | Promoters | | | | | | | |
| (1) | Indian | | | | | | | |
| (a) | Individual / HUF | - | - | - | - | - | - | - |
| (b) | Central Government | - | - | - | - | - | - | - |
| (c) | State Government(s) | - | - | - | - | - | - | - |
| (d) | Bodies Corporate | 46,18,39,994 | - | 46,18,39,994 | - | 1,31,18,39,994 | 100 | - |
| (e) | Banks / Financial Institutions | - | - | - | - | - | - | - |
| (f) | Any other | - | - | - | - | - | - | - |
| | Sub total A(1) | 46,18,39,994 | - | 46,18,39,994 | - | 1,31,18,39,994 | 100 | - |
| (2) | Foreign | | | | | | | |
| (a) | Individuals (NRIs / Foreign Individuals) | - | - | - | - | - | - | - |
| (b) | Other Individuals | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | - | - | - | - | - | - | - |
| (d) | Banks / Financial Institutions | - | - | - | - | - | - | - |
| (e) | Any other | - | - | - | - | - | - | - |
| | Sub total A(2) | - | - | - | - | - | - | - |
| | Total Shareholding of Promoters A=A(1)+A(2) | 46,18,39,994 | - | 46,18,39,994 | - | 1,31,18,39,994 | 100 | - |
| (B) | Public shareholding | | | | | | | |
| (1) | Institutions | | | | | | | |
| (a) | Mutual Funds / UTI | - | - | - | - | - | - | - |
| (b) | Banks / Financial Institutions | - | - | - | - | - | - | - |
| (c) | Central Government | - | - | - | - | - | - | - |
| (d) | State Government(s) | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - |
| (f) | Insurance Companies | - | - | - | - | - | - | - |
| (g) | Foreign Institutional Investors | - | - | - | - | - | - | - |
| (h) | Foreign Venture Capital Funds | - | - | - | - | - | - | - |
| (i) | Any other | - | - | - | - | - | - | - |
| | Sub total B(1) | - | - | - | - | - | - | - |
| (2) | Non-institutions | | | | | | | |
| (a) | Bodies Corporate | - | - | - | - | - | - | - |
| (b) | Individuals | | | | | | | |
| | (i) Individuals holding nominal share capital up to ₹ 1 lakh | - | (1) 6 | 6 | 0 | 6 | 6 | 0 |
| | (ii) Individuals holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - |
| (c) | Others (specify) | | | | | | | |
| | Sub total B(2) | - | 6 | 6 | 0 | 6 | 6 | 0 |
| | Total public shareholding total B=B(1)+B(2) | - | 6 | 6 | 0 | 6 | 6 | 0 |
| | Total (A+B) | 46,18,39,994 | 6 | 46,18,40,000 | 100 | 1,31,18,39,994 | 6 | 1,31,18,40,000 |
| (C) | Shares held by custodians for ADRs | | | | | | | |
| | Grand total (A+B+C) | 46,18,39,994 | 6 | 46,18,40,000 | 100 | 1,31,18,39,994 | 6 | 1,31,18,40,000 |

^{v)} Shares held pursuant to Section 89 of the Companies Act, 2013.

(ii) Shareholding of promoters

| Name of the shareholder | Shareholding at the beginning of the year | | Shareholding at the end of the year | | % change in share holding during the year |
|-------------------------|---|----------------------------------|-------------------------------------|----------------------------------|---|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company | |
| Infosys Limited | 461,839,994 | 100 | 1,31,18,39,994 | 100 | — |

(iii) Change in promoters' shareholding

| Name of the shareholder | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Infosys Limited | | | | |
| At the beginning of the year | 46,18,39,994 | 100 | 46,18,39,994 | 100 |
| September 30, 2015 issued shares to Infosys Limited | 85,00,00,000 | 100 | 1,31,18,39,994 | 100 |
| At the end of the year | — | — | 1,31,18,39,994 | 100 |

(iv) Shareholding pattern of top ten shareholders

(other than directors, promoters and holders of ADRs)

| Name of the shareholder | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| Infosys Limited | | | | |
| At the beginning of the year | 461,839,994 | 100 | 46,18,39,994 | 100 |
| September 30, 2015 issued shares to Infosys Limited | 85,00,00,000 | 100 | 1,31,18,39,994 | 100 |
| At the end of the year (or on the date of separation, if separated during the year) | — | — | 1,31,18,39,994 | 100 |
| Others | (⁽ⁱ⁾ 6 | 0 | (⁽ⁱ⁾ 6 | 0 |

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

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

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

(vi) Indebtedness

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | - | - | - | - |
| i) Principal Amount | - | 18,00,00,000 | - | 18,00,00,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 4,77,444 | - | 4,77,444 |
| Total (i+ii+iii) | - | 18,04,77,444 | - | 18,04,77,444 |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | 27,05,81,99,596 | - | 27,05,81,99,596 |
| Reduction | - | 1,74,86,77,040 | - | 1,74,86,77,040 |
| Net Change | - | 25,30,95,22,556 | - | 25,30,95,22,556 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 25,49,00,00,000 | - | 25,49,00,00,000 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 25,49,00,00,000 | - | 25,49,00,00,000 |

(vii) Remuneration of directors and key managerial personnel

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

| Particulars of remuneration | Name of MD / WTD / Manager | | Total Amount |
|---|-------------------------------|------------------------------------|--------------|
| | Sanjay Purohit ⁽¹⁾ | Arun Kumar Krishnan ⁽²⁾ | |
| Gross salary ⁽¹⁾ | | | |
| Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 22,820 | 22,486 | 10,53,530 |
| Value of perquisites u/s 17(2) Income-tax Act, 1961 | 58,949 | 68,078 | 14,00,988 |
| Profits in lieu of salary under Section 17(3) Income-tax Act, 1961 | - | - | - |
| Stock option | - | - | - |
| Sweat equity | - | - | - |
| Commission | - | - | - |
| as % of profit | - | - | - |
| other (bonus) | 5,69,673 | 5,60,765 | 16,82,716 |
| Others, Retiral benefits | 4,295 | 4,408 | 2,24,947 |
| Total (A) | 6,55,738 | 6,55,738 | 43,62,181 |
| Ceiling as per the Act | 6,57,534 | 6,57,534 | 66,73,973 |

⁽¹⁾ Paid for the period from April 1, 2015 to April 20, 2015.⁽²⁾ Paid of the period from October 9, 2015 to March 31, 2016.

Remuneration to other Directors :

in ₹ crore

| Particulars of remuneration | Name of Directors | | Total Amount |
|--|-------------------|-------------|--------------|
| | Srinivasan Rajam | Roopa Kudva | |
| Independent Directors | | | |
| Fee for attending board / committee meetings | 11,00,000 | 9,50,000 | 20,50,000 |
| Commission | - | - | - |
| Others, please specify | - | - | - |
| Total (1) | 11,00,000 | 9,50,000 | 20,50,000 |
| Other Non-Executive Directors | | | |
| Fee for attending board / committee meetings | - | - | - |
| Commission | - | - | - |
| Others, please specify | - | - | - |
| Total (2) | - | - | - |
| Total (B)=(1+2) | 11,00,000 | 9,50,000 | 20,50,000 |
| Total Managerial Remuneration | 11,00,000 | 9,50,000 | 20,50,000 |
| Overall Ceiling as per the Act | 11,00,000 | 9,50,000 | 20,50,000 |

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

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

in ₹ crore

| | CEO & MD ⁽¹⁾ | WTD ⁽¹⁾ | WTD ⁽²⁾ | Company Secretary | CFO | Total |
|---|-------------------------|--------------------|--------------------|-------------------|------|-------|
| Gross salary | | | | | | |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 0.00 | 0.00 | 0.11 | 0.02 | 0.14 | 0.27 |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.01 | 0.01 | 0.14 | 0.04 | 0.25 | 0.45 |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - | - |
| Stock Option | - | - | - | - | - | - |
| Sweat Equity | - | - | - | - | - | - |
| Commission | - | - | - | - | - | - |
| as % of profit | - | - | - | - | - | - |
| Others (Bonus) | 0.06 | 0.06 | 0.17 | 0.02 | 0.22 | 0.53 |
| Others, Retiral benefits | 0.00 | 0.00 | 0.03 | 0.00 | 0.03 | 0.06 |
| Total | 0.07 | 0.07 | 0.44 | 0.08 | 0.65 | 1.31 |

¹⁾ Resigned as CEO & MD on April 20, 2015.

²⁾ Appointed as Whole-time Director effective October 9, 2015.

(vi) Penalties / punishment / compounding of offences

There are no penalties / punishments / compounding of offences for the year ending March 31, 2016.

Annexure 5 – Risk Management Framework

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

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

Key business objectives

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

Risk categories

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

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

Key risk management practices

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

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

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

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

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

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

Disclaimer

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

Independent Auditors' Report

To the Members of EdgeVerve Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of EdgeVerve Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1.As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure-A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations as on 31 March 2016 which would impact its financial position;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 2.8 to the standalone financial statements;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for B S R & Co. LLP
Chartered Accountants*

Firm’s registration number: 101248W/W-100022

Place : Bangalore

Date : April 12, 2016

Supreet Sachdev

Partner

Membership number: 205385

Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of EdgeVerve Systems Limited ('the Company') on the standalone financial statements for the year ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not own any immovable properties. Thus, paragraph 3(i)(c) of the Order is not applicable.
- (ii) The Company is a service company, primarily engaged in the business of sale of software licenses and related software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii)(a) to (c) of the Order is not applicable.
- (iv) The Company has not advanced any loan, including any loan represented by book debt to any of its Directors or to any other person in whom the director is interested or not given any guarantee or not provided any security in connection with any loan taken by him or such person. The Company has not made investment through more than two layers of investment companies. Also the Company has not given loan, guarantee or provide security in connection with a loan, whether directly or indirectly to any person or other body corporate. Thus paragraph 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise and duty of customs. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of income tax, service tax and value added tax which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its debenture holders. The Company does not have any outstanding dues from any financial institution or banks during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Thus, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for B S R & Co. LLP
Chartered Accountants

Firm's registration number: 101248W/W-100022

Place : Bangalore
Date : April 12, 2016

Supreet Sachdev
Partner
Membership number: 205385

Annexure – B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of EdgeVerve Systems Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Annexure – B to the Independent Auditors' Report (Continued)

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 authorisations of 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

Firm's registration number : 101248W/W-100022

Place : Bangalore

Date : April 12, 2016

Supreet Sachdev

Partner

Membership number : 205385

Balance Sheet

in ₹

| Particulars | Note | As at March 31, | |
|--|------|------------------|----------------|
| | | 2016 | 2015 |
| EQUITY AND LIABILITIES | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share capital | 2.1 | 13,11,84,00,000 | 4,61,84,00,000 |
| Reserves and surplus | 2.2 | (1,60,35,00,819) | (70,50,27,449) |
| | | 11,51,48,99,181 | 3,91,33,72,551 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities (net) | 2.3 | – | – |
| Long-term borrowings | 2.4 | 25,49,00,00,000 | – |
| Other long-term liabilities | 2.5 | – | 6,48,29,041 |
| | | 25,49,00,00,000 | 6,48,29,041 |
| CURRENT LIABILITIES | | | |
| Trade payables | 2.6 | – | – |
| Total outstanding dues of micro enterprises and small enterprises | | – | – |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 25,78,870 | 17,40,90,152 |
| Other current liabilities | 2.7 | 2,83,05,54,950 | 30,64,48,079 |
| Short-term provisions | 2.8 | 20,82,66,535 | 1,79,20,086 |
| Short-term borrowings | 2.9 | – | 18,04,77,444 |
| | | 3,04,14,00,355 | 67,89,35,761 |
| | | 40,04,62,99,536 | 4,65,71,37,353 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Fixed assets | | | |
| Tangible assets | 2.10 | 39,23,76,019 | 8,84,53,646 |
| Intangible assets | 2.10 | 31,12,90,47,060 | 3,71,19,79,532 |
| Capital work-in-progress | | 6,39,379 | – |
| | | 31,52,20,62,458 | 3,80,04,33,178 |
| Deferred tax assets (net) | 2.3 | 4,09,00,000 | – |
| Long-term loans and advances | 2.11 | 99,15,89,522 | 9,10,17,773 |
| Other non-current assets | 2.12 | 73,01,641 | – |
| | | 32,56,18,53,621 | 3,89,14,50,951 |
| CURRENT ASSETS | | | |
| Current investments | 2.13 | 31,68,81,609 | – |
| Trade receivables | 2.14 | 3,51,61,12,683 | 4,43,35,436 |
| Cash and cash equivalents | 2.15 | 27,17,04,961 | 9,79,90,059 |
| Short-term loans and advances | 2.16 | 3,37,97,46,662 | 62,33,60,907 |
| | | 7,48,44,45,915 | 76,56,86,402 |
| | | 40,04,62,99,536 | 4,65,71,37,353 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner

Membership number: 205385

Sandeep Dadlani
Chairman

Srinivasan Rajam
Director

Prem Pereira
Chief Financial Officer

Arun Krishnan
Director

Roopa Kudva
Director

Sudhir Gaonkar
Company Secretary

Sanjay Purohit
Director

Jonathan Heller
Director

Place: Bangalore
Date: April 12, 2016

Statement of Profit and Loss

| Particulars | Note | in ₹ | |
|---|------|------------------------------|---|
| | | Year ended March 31, 2016 | Period from February 14, 2014 to March 31, 2015 |
| Income from software products, platforms and services | 2.18 | 15,32,96,17,831 | 1,47,73,43,061 |
| Other income | 2.19 | 5,85,66,175 | 6,72,846 |
| Total revenue | | 15,38,81,84,006 | 1,47,80,15,907 |
| Expenses | | | |
| Employee benefit expenses | 2.20 | 7,02,21,60,082 | 62,94,34,139 |
| Cost of technical sub-contractors | 2.20 | 1,02,52,04,543 | 47,20,95,211 |
| Travel expenses | 2.20 | 75,46,58,373 | 4,45,98,350 |
| Cost of software packages and others | 2.20 | 1,60,58,44,547 | 29,94,33,987 |
| Communication expenses | 2.20 | 3,72,64,539 | 1,75,06,436 |
| Professional charges | | 62,38,75,363 | 7,53,53,508 |
| Depreciation and amortization expense | | 3,21,97,14,802 | 44,71,50,933 |
| Finance cost | | 62,31,99,596 | – |
| Other expenses | 2.20 | 1,06,92,88,531 | 19,74,70,792 |
| Total expenses | | 15,98,12,10,376 | 2,18,30,43,356 |
| LOSS BEFORE TAX | | (59,30,26,370) | (70,50,27,449) |
| Tax expense: | | | |
| Current tax | 2.21 | 34,63,47,000 | – |
| Deferred tax | 2.21 | (4,09,00,000) | – |
| LOSS FOR THE YEAR | | (89,84,73,370) | (70,50,27,449) |
| LOSS PER EQUITY SHARE | | | |
| Equity shares of par value ₹10/- each | | | |
| Basic | | (1.30) | (3.39) |
| Diluted | | (1.30) | (3.39) |
| Number of shares used in computing earnings per share | 2.31 | | |
| Basic | | 69,17,58,033 | 20,78,96,740 |
| Diluted | | 69,17,58,033 | 20,78,96,740 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner

Membership number: 205385

Sandeep Dadlani
Chairman

Srinivasan Rajam
Director

Arun Krishnan
Director

Roopa Kudva
Director

Sanjay Purohit
Director

Jonathan Heller
Director

Place: Bangalore
Date: April 12, 2016

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Cash Flow Statement

in ₹

| Particulars | Note | Year ended | Period from |
|---|----------|-----------------------|--|
| | | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (59,30,26,370) | (70,50,27,449) |
| Adjustments to reconcile loss before tax to cash generated by operating activities | | | |
| Depreciation and amortisation expense | | 3,21,97,14,802 | 44,71,50,933 |
| Interest income | | (1,01,38,588) | (10,66,740) |
| Dividend income | | (1,55,65,273) | (18,776) |
| Finance cost | | 62,31,99,596 | 25,01,236 |
| Provisions made during the year | | 5,64,86,796 | – |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | 1,22,52,219 | – |
| Changes in assets and liabilities | | | |
| Trade receivables | | (3,47,17,77,247) | (4,43,35,436) |
| Loans and advances and other assets | | 67,37,20,204 | (65,48,86,792) |
| Liabilities and provisions | | 2,42,18,73,339 | 49,19,59,664 |
| | | 2,91,67,39,478 | (46,37,23,360) |
| Income taxes paid | | (1,24,39,51,691) | – |
| NET CASH USED IN OPERATING ACTIVITIES | | 1,67,27,87,787 | (46,37,23,360) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment towards capital expenditure | | (39,14,56,205) | (2,70,90,999) |
| Investment in mutual fund units | | (4,22,55,65,273) | 1,50,00,000 |
| Disposal of mutual fund units | | 3,90,86,83,663 | (1,50,00,000) |
| Interest and dividend received | | 2,51,94,188 | 8,28,210 |
| NET CASH USED IN INVESTING ACTIVITIES | | (68,31,43,627) | (2,62,62,789) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loan from parent | | 94,50,00,000 | 30,00,00,000 |
| Loan repayment to parent | | (1,12,54,77,444) | (12,00,00,000) |
| Finance cost | | (62,31,99,596) | (20,23,792) |
| Proceeds from issuance of share capital | | – | 41,00,00,000 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | (80,36,77,040) | 58,79,76,208 |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | | (1,22,52,219) | – |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 17,37,14,901 | 9,79,90,059 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | 9,79,90,059 | – |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | | 27,17,04,961 | 9,79,90,059 |
| SIGNIFICANT ACCOUNTING POLICIES | 1 | | |

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants

Firm's registration number: 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner

Membership number: 205385

Sandeep Dadlani
Chairman

Srinivasan Rajam
Director

Arun Krishnan
Director

Roopa Kudva
Director

Sanjay Purohit
Director

Jonathan Heller
Director

Place: Bangalore
Date: April 12, 2016

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Significant accounting policies

Company overview

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

With effect from 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”

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent applicable). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 Use of estimates

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

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.3 Revenue recognition

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

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

while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

Annual Technical Services revenue and revenue from fixed-price maintenance contracts are recognized ratably over the period in which services are rendered. Revenue from the sale of user licenses for software applications is recognized on transfer of the title in the user license, except in case of multiple element contracts, which require significant implementation services, where revenue for the entire arrangement is recognized over the implementation period based upon the percentage-of-completion method. Revenue from client training, support and other services arising due to the sale of software products is recognized as the related services are performed.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discount / incentive amount to each of the underlying revenue transactions that result in progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognizes the liability based on its estimate of the customer’s future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognized until the payment is probable and the amount can be estimated reliably. The Company recognizes changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

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

1.4 Provisions and contingent liabilities

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

1.5 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Costs, directly attributable to the acquisition are capitalized until such assets are ready for use as intended by the management. Capital work-in-progress comprises of the cost of assets that are not yet ready for their intended use at the reporting date and advances paid towards acquisition of assets.

1.6 Intangible assets and amortization

Identifiable assets acquired and liabilities assumed in a business transfer are measured initially at their fair value on the date of the transfer. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Goodwill is recorded when consideration in money or money's worth has been paid for. When a business is acquired for a price (payable in cash or in shares or otherwise) which is in excess of the value of the net assets of the business taken over, the excess is termed as goodwill. Amortisation methods and useful life are reviewed periodically including at each financial year end.

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.

1.7 Depreciation

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged.

1.8 Impairment

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

1.9 Retirement benefits to employees

Gratuity

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

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

Superannuation

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

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the Company make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a Government administered provident fund. The Company has no further obligations under the provident fund plan beyond its monthly contributions.

Compensated absences

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

1.10 Foreign currency transactions

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

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

1.11 Income taxes

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty

supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

1.12 Earnings per share

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

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

1.13 Investments

Trade investments are the investments made to promote the trade or business of the Company. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Cost for overseas investments comprises the Indian Rupee value of the consideration paid for the investment translated at the exchange rate prevalent at the date of investment. Long-term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

1.14 Cash and cash equivalents

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

1.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash

receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

1.16 Leases

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

1.17 Borrowing Costs

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

2 Notes on accounts for the year ended March 31, 2016

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

2.1 Share Capital

in ₹, except as otherwise stated

| Particulars | As at March 31, | |
|--|-----------------|----------------|
| | 2016 | 2015 |
| Authorized Equity shares, ₹ 10/- par value | | |
| 4,10,00,00,000 (47,00,00,000) equity shares | 41,00,00,00,000 | 4,70,00,00,000 |
| Issued/ subscribed / paid-up Equity shares, ₹ 10/- par value | | |
| 1,31,18,40,000 (46,18,40,000) equity shares* | 13,11,84,00,000 | 4,61,84,00,000 |
| | 13,11,84,00,000 | 4,61,84,00,000 |

* The Company has allotted 850,000,000 fully-paid-up equity shares of face value ₹ 10/- each during the current year and had allotted 420,840,000 fully-paid-up equity shares of face value ₹ 10/- each during the previous year pursuant to a Business Transfer Agreement entered into with the holding company, Infosys Limited for consideration other than cash.

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

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

The details of shareholder holding more than 5% shares as at March 31, 2016 and March 31, 2015 is set out below:

| Name of the shareholder | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|--------|----------------------|--------|
| | No. of shares | % held | No. of shares | % held |
| Infosys Limited (Equity shares of ₹ 10/- fully paid-up held by holding company) | 1,31,18,40,000 | 100 | 46,18,39,994 | 100 |

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2016 and March 31, 2015 is set out below:

| Particulars | As at March 31, 2016 | | As at March 31, 2015 | |
|---|----------------------|-----------------|----------------------|----------------|
| | No. of shares | Amount | No. of shares | Amount |
| Number of shares at the beginning of the year | 46,18,40,000 | 4,61,84,00,000 | - | - |
| Add: Shares issued | 85,00,00,000 | 8,50,00,00,000 | 46,18,40,000 | 4,61,84,00,000 |
| Number of shares at the end of the year | 1,31,18,40,000 | 13,11,84,00,000 | 46,18,40,000 | 4,61,84,00,000 |

2.2 Reserves and surplus

in ₹

| Particulars | As at March 31, | |
|---|------------------|----------------|
| | 2016 | 2015 |
| Deficit (Debit balance in Statement of Profit and Loss) | | |
| Opening balance | (70,50,27,449) | – |
| Add: Net loss for the year | (89,84,73,370) | (70,50,27,449) |
| Total | (1,60,35,00,819) | (70,50,27,449) |

2.3 Deferred taxes

in ₹

| Particulars | As at March 31, | |
|--|-----------------|-----------|
| | 2016 | 2015 |
| Deferred tax assets | | |
| Compensated absences | 5,26,00,000 | – |
| Other assets | 41,00,000 | 99,00,000 |
| | 5,67,00,000 | 99,00,000 |
| Deferred tax liabilities | | |
| Fixed assets | 1,58,00,000 | 99,00,000 |
| | 1,58,00,000 | 99,00,000 |
| Deferred tax assets after setoff | 4,09,00,000 | – |
| Deferred tax liabilities after set off | – | – |

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

2.4 Long-term borrowings

in ₹

| Particulars | As at March 31, | |
|---|-----------------|------|
| | 2016 | 2015 |
| Non-convertible debentures* | 25,49,00,00,000 | – |
| | 25,49,00,00,000 | – |
| Includes dues to holding company (Refer to Note 2.25) | 25,49,00,00,000 | – |
| *Unsecured | | |

During the year ended March 31, 2016, the Company has not created any Debenture Redemption Reserve required under Section 71 of Companies Act, 2013, as the Company did not make any profits during the year ended March 31, 2016.

The interest rate for the debentures as of March 31, 2016 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.75%. 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.

2.5 Other long-term liabilities

in ₹

| Particulars | As at March 31, | |
|---------------------|-----------------|-------------|
| | 2016 | 2015 |
| Gratuity obligation | – | 6,48,29,041 |
| | – | 6,48,29,041 |

2.6 Trade payables

in ₹

| Particulars | As at March 31, | |
|---|-----------------|--------------|
| | 2016 | 2015 |
| Trade payables | | |
| Total outstanding dues of micro enterprises and small enterprises | – | – |
| Total outstanding dues of creditors other than micro enterprises and small enterprises* | 25,78,870 | 17,40,90,152 |
| | 25,78,870 | 17,40,90,152 |
| *Includes dues to holding company (Refer to Note 2.25) | 2,99,435 | 14,31,79,110 |

As at March 31, 2016, there is no amount outstanding to micro and small enterprises (nil as at March 31, 2015). There are no interests also due or outstanding on the same.

2.7 Other current liabilities

in ₹

| Particulars | As at March 31, | |
|--|-----------------|--------------|
| | 2016 | 2015 |
| Accrued salaries and benefits | | |
| Salaries and benefits | 98,90,365 | 2,36,428 |
| Bonus and incentives | 29,24,17,538 | 7,01,94,777 |
| Other liabilities | | |
| Provision for expenses ⁽¹⁾ | 1,42,04,10,061 | 4,78,13,638 |
| Withholding and other taxes payable | 29,97,15,397 | 4,43,70,882 |
| Other payables ⁽²⁾ | 35,23,99,326 | 14,38,32,354 |
| Unearned revenue | 45,57,22,263 | – |
| | 2,83,05,54,950 | 30,64,48,079 |
| ⁽¹⁾ Includes dues to holding company (Refer to Note 2.25) | 20,30,66,973 | – |
| ⁽²⁾ Includes dues to holding company / fellow subsidiaries (Refer to Note 2.25) | 8,88,11,712 | 14,33,23,922 |

2.8 Short-term provisions

in ₹

| Particulars | As at March 31, | |
|--|-----------------|-------------|
| | 2016 | 2015 |
| Provision for employee benefits | | |
| Compensated absences | 15,20,26,877 | 1,79,20,086 |
| Provision for | | |
| Post-sales client support and warranties | 5,62,39,658 | – |
| | 20,82,66,535 | 1,79,20,086 |

2.9 Short-term borrowings

in ₹

| Particulars | As at March 31, | |
|--------------------------|-----------------|--------------|
| | 2016 | 2015 |
| Loans from related party | | |
| Unsecured Loan | – | 18,04,77,444 |
| | – | 18,04,77,444 |

The loan from Infosys Limited, the holding company, was taken during year ended March 31, 2016 at an interest rate of 8.67% p.a. This loan has been repaid during the year ended March 31, 2016.

2.10 Fixed assets

Following are the changes in the carrying value of fixed assets for the year ended March 31, 2016 :

| Particulars | Tangible assets | | | Intangible assets | | | Grand Total | | | |
|--------------------------------------|---------------------|-----------|-----------------------------------|-------------------|-------------------------|-----------------------------------|----------------|---------------------------|---------------------------|-----------------|
| | Plant and equipment | Furniture | Computer equipment ⁽¹⁾ | Total | Goodwill ⁽¹⁾ | Customer contracts ⁽¹⁾ | | Trade name ⁽¹⁾ | Technology ⁽¹⁾ | Total |
| Original cost | | | | | | | | | | |
| As at April 1, 2015 | - | - | 12,70,47,979 | 12,70,47,979 | 2,80,39,08,132 | 3,00,60,000 | - | 1,28,65,68,000 | 4,12,05,36,132 | 4,24,75,84,111 |
| Additions during the year | 1,28,61,743 | 16,51,665 | 57,07,12,816 | 58,52,26,224 | 20,16,21,78,480 | 85,33,00,000 | 1,25,95,00,000 | 8,08,05,00,000 | 30,35,54,78,480 | 30,94,07,04,704 |
| Deletions during the year | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2016 | 1,28,61,743 | 16,51,665 | 69,77,60,796 | 71,22,74,204 | 22,96,60,86,612 | 88,33,60,000 | 1,25,95,00,000 | 9,36,70,68,000 | 34,47,60,14,612 | 35,18,82,88,815 |
| Depreciation and amortization | | | | | | | | | | |
| As at April 1, 2015 | - | - | 3,85,94,333 | 3,85,94,333 | 30,06,93,084 | 1,12,82,795 | - | 9,65,80,721 | 40,85,56,600 | 44,71,50,933 |
| For the year | 8,31,781 | 64,608 | 28,04,07,463 | 28,13,03,852 | 1,74,47,03,537 | 47,03,72,836 | 5,59,77,778 | 66,73,56,800 | 2,93,84,10,951 | 3,21,97,14,802 |
| Deletions during the year | - | - | - | - | - | - | - | - | - | - |
| As at March 31, 2016 | 8,31,781 | 64,608 | 31,90,01,796 | 31,98,98,185 | 2,04,53,96,621 | 48,16,55,631 | 5,59,77,778 | 76,39,37,521 | 3,34,69,67,551 | 3,66,68,65,736 |
| Net book value | | | | | | | | | | |
| As at March 31, 2016 | 1,20,29,962 | 15,87,057 | 37,87,59,000 | 39,23,76,019 | 20,92,06,89,991 | 40,17,04,369 | 1,20,35,22,222 | 8,60,31,30,479 | 31,12,90,47,060 | 31,52,14,23,079 |

Following are the changes in the carrying value of fixed assets for the period ended March 31, 2015 :

| Particulars | Tangible assets | | | Intangible assets | | | Grand Total |
|--------------------------------------|-----------------------------------|--------------|-------------------------|-----------------------------------|---------------------------|----------------|----------------|
| | Computer equipment ⁽¹⁾ | Total | Goodwill ⁽¹⁾ | Customer contracts ⁽¹⁾ | Technology ⁽¹⁾ | Total | |
| Original cost | | | | | | | |
| As at February 14, 2014 | - | - | - | - | - | - | - |
| Additions during the period | 12,70,47,979 | 12,70,47,979 | 2,80,39,08,132 | 3,00,60,000 | 1,28,65,68,000 | 4,12,05,36,132 | 4,24,75,84,111 |
| Deletions during the period | - | - | - | - | - | - | - |
| As at March 31, 2015 | 12,70,47,979 | 12,70,47,979 | 2,80,39,08,132 | 3,00,60,000 | 1,28,65,68,000 | 4,12,05,36,132 | 4,24,75,84,111 |
| Depreciation and amortization | | | | | | | |
| As at February 14, 2014 | - | - | - | - | - | - | - |
| For the period | 3,85,94,333 | 3,85,94,333 | 30,06,93,084 | 1,12,82,795 | 9,65,80,721 | 40,85,56,600 | 44,71,50,933 |
| Deletions during the period | - | - | - | - | - | - | - |
| As at March 31, 2015 | 3,85,94,333 | 3,85,94,333 | 30,06,93,084 | 1,12,82,795 | 9,65,80,721 | 40,85,56,600 | 44,71,50,933 |
| Net book value | | | | | | | |
| As at March 31, 2015 | 8,84,53,646 | 8,84,53,646 | 2,50,32,15,048 | 1,87,77,205 | 1,18,99,87,279 | 3,71,19,79,532 | 3,80,04,33,178 |

⁽¹⁾ Refer to Note 2.34 for details of assets acquired pursuant to Business Transfer Agreements

The estimated useful life of the categories of assets presented above is as under:

| | |
|--------------------|-------------------------|
| Computer equipment | 3-5 years |
| Goodwill | 7 - 10 years |
| Customer contracts | 15 months -2 years |
| Trade name | 15 years ⁽²⁾ |
| Technology | 10 years |

⁽²⁾ Based on an independent valuation, the Management believes that the estimated useful life of the asset is 15 years.

2.11 Long-term loans and advances

| Particulars | As at March 31, | |
|---|-----------------|-------------|
| | 2016 | 2015 |
| Unsecured, considered good | | |
| Capital advances | 1,36,032 | – |
| Other deposits | – | 1,25,000 |
| Other loans and advances | | |
| TDS receivable (net of provision for tax) | 98,84,97,464 | 9,08,92,773 |
| Loans and advances to employees | | |
| Housing and other loans | 29,56,026 | – |
| | 99,15,89,522 | 9,10,17,773 |

2.12 Other non-current assets

| Particulars | As at March 31, | |
|---|-----------------|------|
| | 2016 | 2015 |
| Others | | |
| Advance to gratuity trust (Refer to Note 2.28) | 73,01,641 | – |
| | 73,01,641 | – |

2.13 Current investments

| Particulars | As at March 31, | |
|--|-----------------|------|
| | 2016 | 2015 |
| Other current investments | | |
| Unquoted | | |
| Liquid mutual fund units | 31,68,81,609 | – |
| | 31,68,81,609 | – |
| Aggregate amount of unquoted investments | 31,68,81,609 | – |

2.13.1 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund units as at March 31, 2016 are as follows:

| Particulars | Units | | Amount |
|--|----------|--|--------------|
| | | | |
| Reliance liquid fund – Treasury Plan-Direct Plan | | | |
| Daily dividend option | 2,07,283 | | 31,68,81,609 |
| | 2,07,283 | | 31,68,81,609 |

2.14 Trade receivables

| Particulars | As at March 31, | |
|---|-----------------|-------------|
| | 2016 | 2015 |
| Debts outstanding for a period exceeding six months from the date they became due for payment | – | – |
| Other debts | | |
| Unsecured | | |
| Considered good | 3,51,61,12,683 | 4,43,35,436 |
| Considered doubtful | – | – |
| | 3,51,61,12,683 | 4,43,35,436 |
| | 3,51,61,12,683 | 4,43,35,436 |

2.15 Cash and cash equivalents

| Particulars | As at March 31, | |
|--|-----------------|-------------|
| | 2016 | 2015 |
| Balances with bank | | |
| In current and deposit accounts | 27,17,04,961 | 9,79,90,059 |
| | 27,17,04,961 | 9,79,90,059 |
| Deposit accounts with more than 12 months maturity | 2,04,82,000 | 20,00,000 |
| Balance with banks held as margin money deposit against guarantees | 2,79,09,695 | 41,50,000 |

Cash and cash equivalents as of March 31, 2016 and March 31, 2015 include restricted bank balances of ₹ 2,79,09,695 and ₹ 41,50,000, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

The deposits maintained by the Company with bank comprise 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 are as follows:

| Particulars | As at March 31, | |
|---------------------------------------|-----------------|-------------|
| | 2016 | 2015 |
| In current account | | |
| ICICI Bank, India | 46,78,664 | 6,69,83,973 |
| ICICI Bank-EEFC (U.S. Dollar account) | 35,65,774 | 2,56,25,953 |
| State Bank of India | 5,50,827 | 12,30,133 |
| | 87,95,266 | 9,38,40,059 |
| In deposit account | | |
| ICICI Bank | 26,29,09,695 | 41,50,000 |
| | 26,29,09,695 | 41,50,000 |
| Total cash and cash equivalents | 27,17,04,961 | 9,79,90,059 |

2.16 Short-term loans and advances

in ₹

| Particulars | As at March 31, | |
|---|-----------------|--------------|
| | 2016 | 2015 |
| Unsecured, considered good | | |
| Others | | |
| Advances | | |
| Prepaid expenses | 1,53,20,100 | 7,13,420 |
| For supply of goods and rendering of services | 36,61,36,017 | 5,14,19,175 |
| Withholding and other taxes receivable | 10,64,97,238 | 3,19,27,831 |
| Loans and advances to employees | 2,47,138 | – |
| Less: Provision for doubtful loans | (2,47,138) | – |
| Others | 10,41,72,112 | 8,72,46,336 |
| | 59,21,25,467 | 17,13,06,762 |
| Restricted deposits (Refer to Note 2.32) | 17,18,95,031 | 1,98,75,468 |
| Unbilled revenues | 2,51,48,11,621 | 43,13,49,127 |
| Interest accrued but not due | 7,66,984 | 2,57,311 |
| Loans and advances to employees | | |
| Housing and other loans | 4,09,03,590 | – |
| Salary advances | 5,91,18,969 | 5,72,239 |
| Electricity and other deposits | 1,25,000 | – |
| | 3,37,97,46,662 | 62,33,60,907 |

2.17 Leases

The lease rentals charged during the year on cancellable and non-cancellable leases is as follows:

in ₹

| Particulars | Year ended | Period from |
|--|----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Lease rentals recognized during the period | 36,48,01,328 | 4,18,71,067 |

in ₹

The Company is obligated under non-cancellable leases for office premises. Future minimum lease payments are as follows:

| | As at March 31, | |
|---|-----------------|------|
| | 2016 | 2015 |
| Not later than one year | 6,75,47,835 | – |
| Later than one year but not later than five years | 9,58,80,398 | – |
| Later than five years | – | – |
| Total | 16,34,28,233 | – |

The existing operating lease arrangements extend for a lock-in period of 36 months from the dates of inception.

2.18 Income from software products, platforms and services

in ₹

| Particulars | Year ended | Period from |
|---|-----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Income from software products, platforms and services | 15,32,96,17,831 | 1,47,73,43,061 |
| | 15,32,96,17,831 | 1,47,73,43,061 |

2.19 Other income

in ₹

| Particulars | Year ended | Period from |
|---|----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Interest on deposits with bank | 1,01,38,588 | 10,66,740 |
| Dividend from mutual funds | 1,55,65,273 | 18,776 |
| Miscellaneous income | (26,58,458) | 24,34,025 |
| Gains / (losses) on foreign currency, net | 3,55,20,772 | (28,46,695) |
| | 5,85,66,175 | 6,72,846 |

2.20 Expenses

in ₹

| Particulars | Year ended | Period from |
|---|----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Employee benefit expenses | | |
| Salaries and bonus including overseas staff expenses | 6,55,57,09,073 | 55,74,28,786 |
| Contribution to provident and other funds | 40,14,14,261 | 6,55,05,292 |
| Staff welfare | 6,50,36,748 | 65,00,061 |
| | 7,02,21,60,082 | 62,94,34,139 |
| Cost of technical sub-contractors | | |
| Technical sub-contractors – holding company / fellow subsidiaries | 81,07,67,865 | 46,42,28,258 |
| Technical sub-contractors – others | 21,44,36,678 | 78,66,953 |
| | 1,02,52,04,543 | 47,20,95,211 |

| Particulars | Year ended | Period from |
|--|----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Travel expenses | | |
| Overseas travel expenses | 66,77,68,767 | 3,67,61,517 |
| Travelling and conveyance | 8,68,89,606 | 78,36,833 |
| | 75,46,58,373 | 4,45,98,350 |
| Cost of software packages and others | | |
| For own use | 19,84,52,648 | 29,14,47,468 |
| Third party items bought for service delivery to clients | 1,40,73,91,899 | 79,86,519 |
| | 1,60,58,44,547 | 29,94,33,987 |
| Communication expenses | | |
| Telephone and communication charges | 3,72,64,539 | 1,75,06,436 |
| | 3,72,64,539 | 1,75,06,436 |
| Other expenses | | |
| Office maintenance | 16,33,30,046 | 2,29,52,567 |
| Power and fuel | 28,42,264 | – |
| Brand building | 6,48,01,838 | – |
| Rent | 36,48,01,328 | 4,18,71,067 |
| Insurance | 12,22,005 | – |
| Rates and taxes, excluding taxes on income | 3,20,16,092 | 2,87,44,805 |
| Computer maintenance | 3,59,30,881 | 6,44,10,043 |
| Consumables | 1,34,69,009 | 6,53,906 |
| Commission charges | 21,89,92,891 | – |
| Commission to non-whole time directors | 20,52,500 | 6,00,000 |
| Provision for bad and doubtful advances | 2,47,138 | – |
| Provision for post sale customer support | 5,62,39,658 | – |
| Auditor's remuneration | | |
| Statutory audit fees | 34,03,000 | 5,00,000 |
| Bank charges and commission | 14,73,695 | 2,10,487 |
| Others | 10,84,66,186 | 3,75,27,917 |
| | 1,06,92,88,531 | 19,74,70,792 |

2.21 Tax expense

| Particulars | Year ended | Period from |
|---------------------|----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Current tax | | |
| Income tax expense: | 34,63,47,000 | – |
| Deferred taxes | (4,09,00,000) | – |
| | 30,54,47,000 | – |

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

| Particulars | As at March 31, | |
|---|-----------------|-----------|
| | 2016 | 2015 |
| Commitments | – | – |
| Estimated amount of unexecuted capital contracts (net of advances and deposits) | 12,29,11,242 | 55,10,826 |
| There were no contingent liabilities as at March 31, 2016 and March 31, 2015 | – | – |

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

| Particulars | Year ended | Period from |
|---------------|----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Capital goods | 15,69,76,733 | 1,34,73,500 |
| | 15,69,76,733 | 1,34,73,500 |

2.24 Activity in foreign currency

| Particulars | Year ended | Period from |
|--|-----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Earnings in foreign currency | | |
| Income from software products, platforms and services | 11,13,47,91,750 | 1,46,47,09,803 |
| | 11,13,47,91,750 | 1,46,47,09,803 |
| Expenditure in foreign currency | | |
| Overseas travel expenses (including visa charges) | 20,58,00,693 | 72,44,204 |
| Professional charges | 13,02,76,455 | 39,51,454 |
| Technical sub-contractors – subsidiaries | 61,72,814 | – |
| Overseas salaries and incentives | 3,63,23,319 | – |
| Other expenditure incurred overseas for software development | 1,22,18,71,810 | 14,64,30,238 |
| | 1,60,04,45,091 | 15,76,25,896 |
| | 9,53,43,46,659 | 1,30,70,83,907 |

2.25 Related party transactions

List of related parties:

| Name of holding company | Country | Holding as at March 31, | |
|---|----------------|-------------------------|------|
| | | 2016 | 2015 |
| Infosys Limited | India | 100% | 100% |
| Name of fellow subsidiaries | Country | | |
| Infosys BPO Limited (Infosys BPO) | India | | |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | | |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | | |
| Infosys Technologies (Sweden) AB (Infosys Sweden) | Sweden | | |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | | |
| Infosys Tecnologia do Brasil Ltda. (Infosys Brasil) | Brazil | | |
| Infosys Public Services, Inc. (Infosys Public Services) | U.S. | | |
| Infosys Americas Inc. (Infosys Americas) | U.S. | | |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o.) ⁽¹⁾ | Czech Republic | | |
| Infosys BPO (Poland) Sp. z o.o. ⁽¹⁾ | Poland | | |
| Infosys BPO S. de R. L. de C. V. ⁽¹⁾⁽¹⁷⁾ | Mexico | | |
| Infosys McCamish Systems LLC ⁽¹⁾ | U.S. | | |
| Portland Group Pty. Limited ⁽¹⁾ | Australia | | |
| Portland Procurement Services Pty Ltd ⁽⁵⁾ | Australia | | |
| Infosys BPO Americas LLC ⁽¹⁾⁽¹⁶⁾ | U.S. | | |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽²⁾ | Australia | | |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | | |
| Lodestone Management Consultants Inc. ⁽³⁾ | U.S. | | |
| Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty. Limited) ⁽³⁾ | Australia | | |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) ⁽³⁾ | Switzerland | | |
| Lodestone Augmentis AG ⁽²⁾⁽⁶⁾ | Switzerland | | |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽²⁾⁽³⁾ | Switzerland | | |
| Lodestone Management Consultants (Belgium) S. A. ⁽⁴⁾ | Belgium | | |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽³⁾ | Germany | | |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd.) ⁽³⁾ | Singapore | | |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) ⁽³⁾ | France | | |
| Infosys Consulting s.r.o. (formerly Lodestone Management Consultants s.r.o.) ⁽³⁾ | Czech Republic | | |
| Lodestone Management Consultants GmbH ⁽³⁾ | Austria | | |
| Lodestone Management Consultants Co., Ltd. ⁽³⁾ | China | | |
| Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) ⁽³⁾ | U.K. | | |
| Infosys Consulting B.V. (formerly Lodestone Management Consultants B.V.) ⁽³⁾ | Netherlands | | |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ⁽⁴⁾ | Brazil | | |
| Infosys Consulting Sp. Z o.o. (formerly Lodestone Management Consultants Sp. z o.o.) ⁽³⁾ | Poland | | |
| Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽³⁾ | Portugal | | |
| S.C. Infosys Consulting S.R.L. (formerly SC Lodestone Management Consultants S.R.L.) ⁽³⁾ | Romania | | |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽³⁾ | Argentina | | |
| Infosys Canada Public Services Ltd. ⁽⁸⁾ | Canada | | |
| Infosys Nova Holdings LLC (Infosys Nova) ⁽⁹⁾ | U.S. | | |
| Panaya Inc. (Panaya) ⁽¹⁰⁾ | U.S. | | |
| Panaya Ltd. ⁽¹¹⁾ | Israel | | |
| Panaya GmbH ⁽¹¹⁾ | Germany | | |
| Panaya Pty Ltd. ⁽¹¹⁾ | Australia | | |
| Panaya Japan Co. Ltd. ⁽¹¹⁾ | Japan | | |
| Skava Systems Pvt. Ltd. (Skava Systems) ⁽¹²⁾ | India | | |
| Kallidus Inc. (Kallidus) ⁽¹³⁾ | U.S. | | |
| Noah Consulting LLC (Noah) ⁽¹⁴⁾ | U.S. | | |
| Noah Information Management Consulting Inc. (Noah Canada) ⁽¹⁵⁾ | Canada | | |

⁽¹⁾ Wholly-owned subsidiaries of Infosys BPO

⁽²⁾ Under liquidation

⁽³⁾ Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁴⁾ Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁵⁾ Wholly-owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014

⁽⁶⁾ Wholly-owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

⁽⁷⁾ Incorporated effective February 14, 2014

⁽⁸⁾ Wholly-owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014

⁽⁹⁾ Incorporated effective January 23, 2015

⁽¹⁰⁾ On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.

⁽¹¹⁾ Wholly-owned subsidiary of Panaya Inc.

⁽¹²⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems

⁽¹³⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.

⁽¹⁴⁾ On November 16, 2015, Infosys acquired 100% of the membership interests in Noah

⁽¹⁵⁾ Wholly-owned subsidiary of Noah

⁽¹⁶⁾ Incorporated effective November 20, 2015

⁽¹⁷⁾ Liquidated effective March 15, 2016

List of other related party

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

List of key management personnel

Directors

| | |
|------------------|----------------------------------|
| Sanjay Purohit | (appointed on February 14, 2014) |
| Srinivasan Rajam | (appointed on July 8, 2014) |
| Sandeep Dadlani | (appointed on September 8, 2014) |
| Roopa Kudva | (appointed on February 10, 2015) |
| Jonathan Heller | (appointed on June 10, 2015) |
| Arun Krishnan | (appointed on October 9, 2015) |
| Samson David | (resigned on April 20, 2015) |
| Michael Reh | (resigned on March 31, 2016) |

Executive Officers

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

The details of amounts due to or due from as at March 31, 2016 and March 31, 2015 are as follows:

| Particulars | As at March 31, | |
|------------------------------|-----------------|--------------|
| | 2016 | 2015 |
| Other receivables | | |
| Infosys Limited | – | 8,60,28,426 |
| Infosys BPO | – | 12,72,139 |
| | – | 8,73,00,565 |
| Trade payables | | |
| Infosys Limited | 2,99,435 | 14,31,79,110 |
| | 2,99,435 | 14,31,79,110 |
| Loan from parent | | |
| Infosys Limited | – | 18,04,77,444 |
| | – | 18,04,77,444 |
| Long term borrowings | | |
| Infosys Limited (Debentures) | 25,49,00,00,000 | – |
| | 25,49,00,00,000 | – |
| Other payables | | |
| Infosys Limited | 3,34,81,879 | 14,33,23,922 |
| Infosys BPO | 86,45,349 | – |
| Panaya Inc. | 4,66,84,484 | – |
| | 8,88,11,712 | 14,33,23,922 |
| Provision for expenses | | |
| Infosys Limited | 20,30,66,973 | – |
| | 20,30,66,973 | – |

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

The details of the related party transactions entered into by the Company, for the year ended March 31, 2016 and March 31, 2015 are as follows:

Refer to Note 2.34 for acquisition of business from holding company.
in ₹

| Particulars | Year ended | Period from |
|--|-----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Capital transactions | | |
| Financing transactions | | |
| Capital infusion by parent | | |
| Infosys Limited (Equity) | 8,50,00,00,000 | 4,61,84,00,000 |
| | 8,50,00,00,000 | 4,61,84,00,000 |
| Debt issued to parent | | |
| Infosys Limited | 25,49,00,00,000 | 30,00,00,000 |
| | 25,49,00,00,000 | 30,00,00,000 |
| Loans received from parent | | |
| Infosys Limited | 94,50,00,000 | 30,00,00,000 |
| | 94,50,00,000 | 30,00,00,000 |
| Loans repaid to parent | | |
| Infosys Limited | 1,12,54,77,444 | 12,00,00,000 |
| | 1,12,54,77,444 | 12,00,00,000 |
| Fixed asset purchase from parent | | |
| Infosys Limited | 10,72,197 | 24,88,589 |
| | 10,72,197 | 24,88,589 |
| Others | | |
| Cash received under business transfer | 3,34,80,00,000 | – |
| | 3,34,80,00,000 | – |
| Revenue transactions: | | |
| Purchase of shared services including facilities and personnel | | |
| Infosys Limited | 1,43,30,01,562 | 25,51,52,010 |
| Infosys BPO | 83,14,437 | – |
| Panaya | 4,66,84,484 | – |
| | 1,48,80,00,483 | 71,93,80,268 |
| Interest expense | | |
| Infosys Limited | 62,31,99,596 | 25,01,236 |
| | 62,31,99,596 | 25,01,236 |

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

The details of compensation to key managerial personnel are as follows:

| Particulars | Year ended | Period from |
|---|----------------|-------------------------------------|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Salaries and other employee benefits to whole-time directors and executive officers | 1,30,47,872 | 3,01,03,589 |
| Sitting fees to non-executive / independent directors | 20,52,500 | 6,00,000 |
| Total | 1,51,00,372 | 3,07,03,589 |

2.26 Research and development expenditure

in ₹

| Particulars | Year ended | Period from |
|--|----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Expenditure at Department of Scientific and Industrial Research (DSIR) approved units ⁽¹⁾ | | |
| Capital expenditure | – | – |
| Revenue expenditure | 1,19,29,22,539 | – |
| Other R&D Expenditure | | |
| Capital expenditure | – | – |
| Revenue expenditure | 1,87,58,81,108 | 65,94,60,236 |
| Total R&D Expenditure | | |
| Capital expenditure | – | – |
| Revenue expenditure | 3,06,88,03,647 | 65,94,60,236 |

⁽¹⁾ With effect from August 1, 2015 the business of Finacle including the R&D activities has been transferred from holding company, Infosys Limited. Hence, with effect from that date, the Company has claimed the weighted tax deduction equal to 200% of eligible R&D expenditures u/s 35(2AB) of the Income Tax Act, 1961.

2.27 Segment reporting

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 and integration services to help the customers realize benefits from its software solutions. Effective April 1, 2015, the Company reorganized its segments to support its objective of delivery innovation. This structure will help deliver services that will reflect the way technology is consumed in layers by the client's enterprise. However, the reorganization did not have any impact in the reportable segments as per AS 17 'Segment reporting'. Segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary

segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development centers and onsite expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. The Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly, these expenses are separately disclosed as 'unallocated' and adjusted against the total income of the Company.

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

Industry Segments

Year ended March 31, 2016 and period from February 14, 2014 to March 31, 2015:

in ₹

| Particulars | FSI | MFG | ECS | RCL | LSH | Total |
|---|-----------------|--------------|----------------|---------------|---------------|-----------------|
| Income from software products, platforms and services | 12,61,12,72,087 | 15,79,88,242 | 1,10,79,46,891 | 81,19,92,925 | 64,04,17,686 | 15,32,96,17,831 |
| | 54,79,24,796 | 8,57,63,598 | 33,87,50,799 | 33,09,79,019 | 17,39,24,849 | 1,47,73,43,061 |
| Identifiable operating expenses | 4,02,51,25,754 | 4,13,86,336 | 17,04,94,304 | 12,03,17,671 | 11,05,92,962 | 4,46,79,17,027 |
| | 6,79,90,188 | 1,32,93,666 | 1,31,03,806 | 1,71,90,007 | 9,59,302 | 11,25,36,969 |
| Allocated expenses | 6,18,43,53,615 | 9,88,24,205 | 55,29,97,357 | 47,63,25,346 | 35,78,78,428 | 7,67,03,78,951 |
| | 52,64,51,835 | 7,60,33,292 | 41,78,62,678 | 39,84,94,953 | 20,20,11,459 | 1,62,08,54,217 |
| Segmental operating income | 2,40,17,92,718 | 1,77,77,701 | 38,44,55,230 | 21,53,49,908 | 17,19,46,296 | 3,19,13,21,853 |
| | (4,65,17,227) | (35,63,360) | (9,22,15,685) | (8,47,05,941) | (2,90,45,912) | (25,60,48,125) |
| Unallocable expenses | | | | | | 3,21,97,14,802 |
| | | | | | | 44,96,52,170 |
| Other income, net | | | | | | 5,85,66,175 |
| | | | | | | 6,72,846 |
| Interest expense | | | | | | 62,31,99,596 |
| | | | | | | – |
| Profit before tax | | | | | | (59,30,26,370) |
| | | | | | | (70,50,27,449) |
| Tax expense | | | | | | 30,54,47,000 |
| | | | | | | – |
| Profit after taxes and exceptional item | | | | | | (89,84,73,370) |
| | | | | | | (70,50,27,449) |

Geographic Segments

Year ended **March 31, 2016** and period from *February 14, 2014 to March 31, 2015*:

in ₹

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|----------------|----------------|----------------|-------------------|-----------------|
| Income from software products, platforms and services | 2,51,32,41,521 | 1,40,61,54,165 | 4,05,63,74,930 | 7,35,38,47,215 | 15,32,96,17,831 |
| | 79,97,16,558 | 21,93,55,288 | 1,26,33,258 | 44,56,37,957 | 1,47,73,43,061 |
| Identifiable operating expenses | 63,13,24,824 | 36,38,51,458 | 1,62,02,76,929 | 1,85,24,63,816 | 4,46,79,17,027 |
| | 7,80,25,788 | 66,66,014 | 16,61,479 | 2,61,83,688 | 11,25,36,969 |
| Allocated expenses | 1,34,73,69,767 | 75,07,76,640 | 1,94,54,21,385 | 3,62,68,11,159 | 7,67,03,78,951 |
| | 81,09,15,861 | 24,01,89,260 | 1,46,78,163 | 55,50,70,933 | 1,62,08,54,217 |
| Segmental operating income | 53,45,46,930 | 29,15,26,067 | 49,06,76,616 | 1,87,45,72,240 | 3,19,13,21,853 |
| | (8,92,25,091) | (2,74,99,986) | (37,06,384) | (13,56,16,664) | (25,60,48,125) |
| Unallocable expenses | | | | | 3,21,97,14,802 |
| | | | | | 44,96,52,170 |
| Other income, net | | | | | 5,85,66,175 |
| | | | | | 6,72,846 |
| Interest expense | | | | | 62,31,99,596 |
| | | | | | – |
| Profit before tax | | | | | (59,30,26,370) |
| | | | | | (70,50,27,449) |
| Tax expense | | | | | 30,54,47,000 |
| | | | | | – |
| Profit after taxes and exceptional item | | | | | (89,84,73,370) |
| | | | | | (70,50,27,449) |

2.28 Gratuity plan

The following table set out the status of the Gratuity Plan as required under AS 15.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets:

in ₹

| Particulars | As at March 31, | |
|--|-----------------|-------------|
| | 2016 | 2015 |
| Obligations at year beginning | 9,07,05,461 | – |
| Service cost | 3,72,83,982 | 63,48,201 |
| Interest cost | 2,28,59,538 | 33,01,736 |
| Transfer of obligation | 33,49,88,996 | 5,27,45,341 |
| Actuarial (gain) / loss | 13,76,54,616 | 2,83,10,183 |
| Benefits paid | (1,43,44,311) | – |
| Obligations at year / period end | 60,91,48,282 | 9,07,05,461 |
| Change in plan assets | | |
| Plan assets at year beginning, at fair value | 2,58,76,419 | – |
| Expected return on plan assets | 3,40,99,526 | 8,60,938 |
| Actuarial gain / (loss) | (56,51,862) | (84,519) |
| Contributions | 14,75,00,000 | 2,51,00,000 |
| Transfer in | 42,89,70,151 | – |
| Benefits paid | (1,43,44,311) | – |
| Plan assets at year / period end, at fair value | 61,64,49,923 | 2,58,76,419 |
| Reconciliation of present value of the obligation and the fair value of the plan assets: | | |
| Fair value of plan assets at the end of the year / period | 61,64,49,923 | 2,58,76,419 |
| Present value of the defined benefit obligations at the end of the year / period | 60,91,48,282 | 9,07,05,461 |
| Reimbursement asset | – | 6,58,92,944 |
| Asset recognized in the balance sheet | 73,01,641 | 10,63,902 |
| Assumptions | | |
| Interest rate | 7.80% | 7.80% |
| Estimated rate of return on plan assets | 9.50% | 9.50% |
| Weighted expected rate of salary increase | 10.00% | 10.00% |

Net gratuity cost for the year ended March 31, 2016 and March 31, 2015 comprises of the following components:

in ₹

| Particulars | Year ended | Period from |
|--------------------------------|----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Gratuity cost for the period | | |
| Service cost | 3,72,83,982 | 63,48,201 |
| Interest cost | 2,28,59,538 | 33,01,736 |
| Expected return on plan assets | (3,40,99,526) | (8,60,938) |
| Actuarial loss | 14,33,06,478 | 2,83,94,701 |
| Net gratuity cost | 16,93,50,472 | 3,71,83,700 |
| Actual return on plan assets | 2,84,47,664 | 7,76,419 |

As at March 31, 2016 and March 31, 2015, the plan assets have been primarily invested in insurer managed funds. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. The Company expects to contribute ₹7,00,00,000 to the Gratuity Trust during fiscal 2017.

2.29 Provident Fund

The Company contributed ₹12,07,74,969 during the year ended March 31, 2016 (₹1,77,89,201 for the year ended March 31, 2015).

2.30 Superannuation

The Company contributed ₹4,90,96,520 during the year ended March 31, 2016 (₹88,10,583 for the year ended March 31, 2015).

2.33 Function-wise classification of statement of profit and loss

in ₹

| Particulars | Year ended | Period from |
|---|-----------------|--|
| | March 31, 2016 | February 14, 2014 to March 31, 2015 |
| Income from software products, platforms and services | 15,32,96,17,831 | 1,47,73,43,061 |
| Software development expenses | 9,02,99,75,093 | 1,38,99,80,309 |
| GROSS PROFIT | 6,29,96,42,738 | 8,73,62,752 |
| Selling and marketing expenses | 1,52,62,89,223 | 3,67,20,548 |
| General and administration expenses | 1,58,20,31,662 | 30,91,91,565 |
| | 3,10,83,20,885 | 34,59,12,113 |
| OPERATING PROFIT / (LOSS) BEFORE DEPRECIATION | 3,19,13,21,853 | (25,85,49,361) |
| Finance cost | 62,31,99,596 | – |
| Depreciation and amortization | 3,21,97,14,802 | 44,71,50,933 |
| OPERATING LOSS | (65,15,92,545) | (70,57,00,294) |
| Other income | 5,85,66,175 | 6,72,845 |
| LOSS BEFORE TAX | (59,30,26,370) | (70,50,27,449) |
| Tax expense | | |
| Current tax | 34,63,47,000 | – |
| Deferred tax | (4,09,00,000) | – |
| LOSS FOR THE YEAR | (89,84,73,370) | (70,50,27,449) |

2.34 Transfer of business from Infosys Limited

On April 11, 2014, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting. Infosys has undertaken an enterprise valuation by an independent valuer and accordingly, the business has been transferred for a consideration of \$70 million (₹420.84 crore) with effect from July 1, 2014. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled through issue of fully paid-up shares in EdgeVerve.

Net assets taken over:

in ₹

| Particulars | Amount |
|--|----------------|
| Fixed assets | 7,71,32,882 |
| Intangible asset – capital contracts | 3,00,60,000 |
| Intangible asset – technology | 1,28,65,68,000 |
| Reimbursement asset (on account of employee benefit obligation taken over) | 5,92,34,578 |
| Employee benefit obligation – gratuity | (4,85,03,592) |
| Goodwill | 2,80,39,08,132 |
| Total consideration in shares | 4,20,84,00,000 |

On April 17, 2015, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting. Subsequently in the Annual General meeting on June 4, 2015, the shareholders have authorized the Board to enter into a Business Transfer Agreement and related documents with Infosys with effect from August 1, 2015 or such other date as may be decided by the Board.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly, the Finacle and Edge Services businesses have been transferred to the Company for a consideration of ₹32,22,00,00,000 and ₹1,77,00,00,000, respectively, with effect from August 1, 2015. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled in the form of equity shares of ₹8,50,00,00,000 and debentures of ₹25,49,00,00,000.

Net assets taken over:

in ₹

| Particulars | Amount |
|---|-----------------|
| Fixed assets | 19,45,45,429 |
| Employee loans and advances | 2,24,59,274 |
| Gratuity asset | 4,40,66,817 |
| Intercompany receivable – working capital | 3,37,34,50,000 |
| Intangible asset – technology | 8,08,05,00,000 |
| Intangible asset – trade name | 1,25,95,00,000 |
| Intangible asset – customer contracts | 85,33,00,000 |
| Goodwill | 20,16,21,78,480 |
| Total consideration | 33,99,00,00,000 |

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

for EdgeVerve Systems Limited

Supreet Sachdev
Partner

Sandeep Dadlani
Chairman

Arun Krishnan
Director

Sanjay Purohit
Director

Membership number: 205385

Srinivasan Rajam
Director

Roopa Kudva
Director

Jonathan Heller
Director

Place: Bangalore
Place: April 12, 2016

Prem Pereira
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Corporate governance report

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

In line with the Company's commitment to good corporate governance practices, the Company has constituted the Audit Committee, and the Nomination and Remuneration Committee consisting of a majority of independent directors. The Company has constituted the Corporate Social Responsibility Committee with two executive directors and an independent director.

We have adopted the good corporate governance guidelines in line with holding company to the extent applicable and to help fulfill our corporate responsibility towards stakeholders. These guidelines

ensure that the Board will have the necessary authority and processes to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

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

A. Board Composition

Size and Composition of the Board

The current policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2016, the Board consists of seven members, one of whom is whole-time director, four members are non-executive directors and two members are independent directors. The Board periodically evaluates the need for change in its composition and size.

The Composition of the Board of Directors as of March 31, 2016 (close of business hours).

| Name of director, designation, age and experience (No. of years) | Category and no. of years on EdgeVerve Board | Area of expertise | Highest qualification held | Directorship in Indian listed companies | All companies around the world |
|--|---|--|---|---|---|
| Sandeep Dadlani <i>Chairman of the Board</i> Age : 41 years Experience : 19 years DIN : 06969420 | Non-Executive and Non-Independent. On Board, effective September 8, 2014 | Management, Consulting, Operations, Sales, Business Development, Retail / CPG / Logistics / Banking | MBA-Finance, BE (Electronics) | – | Infosys Americas, Inc. as Chairperson |
| Michael Reh <i>Director</i> Age : 47 years Experience : 26 years DIN : 07120184 | Non-Executive and Non-Independent. On Board from April 1, 2015 to March 31, 2016 | Products and Innovation, Advanced analytics portfolio | | – | – |
| Sanjay Purohit <i>Director</i> Age : 50 years Experience : 26 years DIN : 06771678 | Non-Executive and Non-Independent. On Board, effective July 8, 2014 | Incubating new businesses, product innovation, developing new business models, defining business strategy and leadership development with leading businesses globally. | B.E. (Mechanical Engineering) | – | Infosys Consulting Holding AG |
| Srinivasan Rajam <i>Director</i> Age : 55 years Experience : 29 years DIN : 01050837 | Non-executive and Independent. On Board, effective July 8, 2014 | Digital Signal Processing (DSP) Systems, Online Media Processing, Technology Ventures and Start Up | Master of Engineering in Computer Science from Indian Institute of Science (IISc) | – | Ittiam Systems Private Limited, Managing Director |
| Arun Kumar Krishnan <i>Whole-time Director</i> Age : 52 years Experience : 26 years DIN : 05345536 | Executive Director. On Board effective October 9, 2015 | Product Engineering and Product Development | Master's degree in Computer Science from the University of Buffalo | – | – |

| Name of director, designation, age and experience (No. of years) | Category and no. of years on EdgeVerve Board | Area of expertise | Highest qualification held | Directorship in Indian listed companies | All companies around the world |
|--|---|---|--|---|---|
| Roopa Kudva Director Age: 52 years Experience: 23 years DIN: 00001766 | Non-executive and Independent, On Board effective February 10, 2015 | General management, Business and Financial Analysis | PGDM from IIM, Ahmedabad | Infosys Limited | Infosys Limited, Infosys BPO Limited TATA AIA Life Insurance Company Limited Omidyar Network India Advisors Private Limited |
| Jonathan Heller <i>Director</i> Age: 54 years Experience: 26 years DIN: 07197070 | Non-Executive and Non-Independent. On Board, effective June 10, 2015 | Product Architecture and Product Development | Bachelor of Science degree in Mathematics and Computer Science | – | – |

Directors

Appointments during the year

| Name of the director | Date of appointment |
|----------------------|---|
| Michael Reh | Appointed as additional director on April 1, 2015, approved by the shareholders at the Annual General Meeting held on July 31, 2015 |
| Jonathan Heller | Appointed as additional director effective June 10, 2015, approved by the shareholders at the Annual General Meeting held on July 31, 2015 |
| Arun Kumar Krishnan | Appointed as additional director and whole-time director effective October 9, 2015, approved by the shareholders at an Extraordinary General Meeting held on December 11, 2015. |

Resignations / Cessations

| Name of the director | Date of appointment |
|----------------------|---|
| Rajiv Bansal | Resigned as director effective April 17, 2015 |
| Samson David | Resigned as Chief Operating Officer and Whole-time director effective April 20, 2015 |
| Sanjay Purohit | Resigned as Chief Executive Officer and Managing Director effective April 20, 2015, however continued as non-executive director |
| Michael Reh | Resigned as director effective March 31, 2016, close of business hours. |

Changes proposed at the Annual General Meeting (AGM)

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

By virtue of provisions of the Companies Act, 2013, Sanjay Purohit is retiring by rotation and being eligible offers himself for re-appointment. A resolution in this regard is being placed before the Annual General Meeting.

The above director satisfies the requirement of Directors' Appointment / Reappointment criteria

Board membership criteria

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members including the Chief Executive Officer, executive directors, non-executive, both independent and non-independent directors. Board members are expected to possess the expertise, skills and experience required to manage and guide the Company. Expertise in strategy, technology, finance, quality and human resources is essential. Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. The Nomination and Remuneration Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria").

Selection and nomination of the directors

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

Board Evaluation

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

Retirement Policy

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

Board meetings

During the year, four Board meetings were held in accordance with Section 173 of Companies Act, 2013. The Board met on, April 17, 2015, July 14, 2015, October 9, 2015 and January 12, 2016.

The gap between the Board meetings did not exceed 120 days.

Number of Board meetings and the attendance of directors during fiscal 2016

| Name of the director | No. of Board meetings held, and attended, during tenure | | | | % of attendance |
|------------------------------------|---|---|---|---|-----------------|
| | 1 | 2 | 3 | 4 | |
| Sandeep Dadlani | | | | | 100 |
| Michael Reh | | | | | 100 |
| Sanjay Purohit ⁽¹⁾ | | | | | 100 |
| Samson David ⁽²⁾ | | | | | 100 |
| Srinivasan Rajam | | | | | 100 |
| Roopa Kudva | | | | | 75 |
| Rajiv Bansal ⁽³⁾ | | | | | 0 |
| Jonathan Heller ⁽⁴⁾ | | | | | 100 |
| Arun Kumar Krishnan ⁽⁵⁾ | | | | | 100 |

Attended in person or through video conference Absent

- Resigned as Chief Executive Officer and Managing Director effective April 20, 2015, however continued as non-executive director
- Resigned as Chief Operating Officer and Whole-time director effective April 20, 2015
- Resigned as director effective April 17, 2015
- Appointed as director effective June 10, 2015
- Appointed as Whole-time director effective October 9, 2015

Meeting of independent directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings to review the performance of non-independent directors and the Board as a whole; review the performance of the chairperson of the Company, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the board that is necessary for it to effectively and reasonably perform its duties. The meeting of independent directors of the Company was held on January 12, 2016 without the presence of non-independent directors and members of the Management.

Remuneration paid or payable to the directors:

During fiscal 2015 the remuneration was paid only to executive directors. The details of remuneration paid forms part of Extract of Annual Return in MGT-9 enclosed with the Board's report. Sitting fees of ₹1 lakh per meeting of the Board and ₹50,000 for meeting of the Nomination and Remuneration Committee was paid to independent directors. Non-executive directors were not paid any remuneration / commission / fees for the fiscal 2016.

Board committees

Rule 6 of the Companies (Meetings and Powers of Board) Rules, 2014 provides that the Board of Directors of the Company shall constitute the Audit and Nomination and Remuneration committee if the Company's paid-up share capital is ₹10 crore or more or turnover is ₹100 crore or more or aggregate outstanding debt is ₹50 crore or more. Further as per Section 135 of the Companies Act, Corporate Social Responsibility Committee shall be constituted if company has net worth of ₹500 Crore or turnover of ₹1,000 crore or net profit of ₹5 crore or more during any financial year. Accordingly the provisions of the Act were applicable to the company due to increase in the paid-up share

capital and net worth of the company. The Board has constituted the Corporate Social Responsibility Committee, Audit Committee and the Nomination and Remuneration Committee. The composition of the Committees is as follows:

| Name of the committee | Composition of the committee | Designation |
|---|--|-------------|
| Audit Committee | Roopa Kudva <i>Independent Director</i> | Chairman |
| | Srinivasan Rajam <i>Independent Director</i> | Member |
| | Sandeep Dadlani <i>Non-executive director</i> | Member |
| Nomination and Remuneration Committee | Srinivasan Rajam <i>Independent Director</i> | Chairman |
| | Roopa Kudva <i>Independent Director</i> | Member |
| | Sandeep Dadlani <i>Non-executive director</i> | Member |
| Corporate Social Responsibility Committee | Michael Reh <i>Non-executive Director</i> | Chairman |
| | Srinivasan Rajam <i>Independent Director</i> | Member |
| | Sandeep Dadlani <i>Non-executive director</i> | Member |

Committee meetings

Audit Committee

During the year the Audit Committee met four times, namely April 17, 2015, July 14, 2015, October 9, 2015 and January 12, 2016.

The Audit Committee meeting attendance is given below;

| Name of the director | No. of Committee meetings held, and attended, during tenure | | | | % of attendance |
|----------------------|---|---|---|---|-----------------|
| | 1 | 2 | 3 | 4 | |
| Sandeep Dadlani | | | | | 100 |
| Srinivasan Rajam | | | | | 100 |
| Roopa Kudva | | | | | 75 |

Attended in person or through video conference Absent

Nomination and Remuneration Committee

During the year the Nomination and Remuneration Committee met thrice, namely April 17, 2015, October 9, 2015 and January 12, 2016.

The Nomination and Remuneration Committee meeting attendance is given below;

| Name of the director | No. of Committee meetings held, and attended, during tenure | | | % of attendance |
|----------------------|---|---|---|-----------------|
| | 1 | 2 | 3 | |
| Sandeep Dadlani | | | | 100 |
| Srinivasan Rajam | | | | 100 |
| Roopa Kudva | | | | 66.67 |

Attended in person or through video conference Absent

Corporate Social Responsibility Committee

The Committee did not meet during the year as there were no profits to deploy towards social responsibility.

Scope and important terms of reference

Audit Committee

- To review the quarterly and annual financial statements before submission to the Board, oversee the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements;

- To review the adequacy and effectiveness of the internal audit function and control systems;
- To focus on the objective of unqualified financial statements;
- To ensure compliance with the provisions of the Companies Act, 2013 wherever applicable.

Nomination and Remuneration Committee

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

Secretarial Audit

The Board of Directors of the Company appointed M/s. Hegde & Hegde, Company Secretaries to conduct secretarial audit of records and documents of the Company. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of

the Companies Act 2013. The report of the Secretarial Auditor forms part of Board's report as Annexure 3.

Whistleblower Policy

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

General body meetings

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

| Type of General Meeting | Date and Time | Venue | Special Resolutions Passed |
|-------------------------------|----------------------------------|---|---|
| Extraordinary General Meeting | September 11, 2014 at 10.30 a.m. | EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100 | Amendment to Memorandum of Association and Further issue of shares |
| Annual General Meeting | July 31, 2015 at 3.00 p.m. | EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100 | Transfer of business of Finacle from Infosys Limited, transfer of business of EdgeServices from Infosys Limited, alteration of capital clause of Memorandum of Association and Further issue of shares |
| Extraordinary General Meeting | December 11, 2015 at 11.00 a.m. | EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100 | Appointment of Arun Kumar Krishnan as whole-time director, to authorize the Board to borrow, issue of equity shares to Infosys Limited towards discharge of purchase consideration, issue of debentures to Infosys Limited towards discharge of purchase consideration and acquisition of Infosys McCamish Systems LLC. |

Global presence – EdgeVerve Systems Limited

India

Bangalore

Electronics City, Hosur Road,
Bangalore 560 100
Tel: 91 80 3952 2222
Fax: 91 80 2852 1300

Equinox,

Sy. No. 10, Electronics City, Hosur Road,
Bangalore 560 100
Tel: 91 80 3952 2222
Fax: 91 80 2852 1300

Gold Hill Supreme Software Park,

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

Chandigarh

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

Chennai

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

Building No.9, 'C' Wing (Infosys Campus),
TP 1/1, Central Avenue,
Techno Park SEZ, Mahindra World City,
Chengelpet, Kancheepuram District,
Chennai 603 004
Tel: 91 44 4741 1111
Fax: 91 44 4741 5151

Hyderabad

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

Building No. 10 and 11 (Ground Floor),
SDB 4, Pocharam Village,
Ghatkesar Mandal, Ranga Reddy District,
Hyderabad 500 088
Tel: 91 40 4060 0000
Fax: 91 40 6634 1356

Gurgaon

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

Mumbai

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

Pune

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

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

Germany

Walldorf

c/o Infosys Ltd.
Partnerport, Alttrottstrasse 31,
Walldorf - 69190
Tel: 49 69 269566 100
Fax: 49 6227 73 4359

United States

Plano

c/o Infosys Ltd.
6100, Tennyson Parkway,
Suite 200, Plano,
TX 75024
Tel: 1 469 229 9400
Fax: 1 469 229 9598

Safe Harbor

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

