



EdgeVerve Systems Limited  
**Annual Report 2018-19**



## The EdgeVerve Board of Directors



D. N. Prahlad  
*Chairman of the Board*

Mohit Joshi  
*Additional Director*

Sanat Rao  
*Whole-time Director*

Atul Soneja  
*Whole-time Director*

Deepak Padaki  
*Director*

Inderpreet Sawhney  
*Director*

Srinivasan Rajam  
*Independent Director*

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## The Board and committees

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### Board of Directors as on March 31, 2019

D. N. Prahlad

*Independent director and Chairman of the Board*

Mohit Joshi

*Additional Director*

Sanat Rao

*Whole-time Director*

Atul Soneja

*Whole-time Director*

Inderpreet Sawhney

*Director*

Deepak Padaki

*Director*

Srinivasan Rajam

*Independent director*

### Inductions during the year

Atul Soneja

(Appointed on July 20, 2018)

Mohit Joshi

(Appointed on January 22, 2019)

### Resignations during the year

Nitesh Banga

(Resigned on June 04, 2018)

### Committees of the Board

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#### Audit Committee

D. N. Prahlad

*Chairperson*

Srinivasan Rajam

*Member*

Deepak Padaki

*Member*

#### Nomination & Remuneration Committee

Srinivasan Rajam

*Chairperson*

D. N. Prahlad

*Member*

Inderpreet Sawhney

*Member*

Deepak Padaki

*Member*

#### Corporate Social Responsibility Committee

Deepak Padaki

*Chairperson*

Srinivasan Rajam

*Member*

Inderpreet Sawhney

*Member*

\* As on March 31, 2019

## Board's report

Dear members,

The Board of Directors hereby submits the report of the business and operations of the Company ('the Company' or 'EdgeVerve'), along with the audited financial statements, for the financial year ended March 31, 2019.

### 1. Results of our operations and state of affairs

*in ₹ lakh, except per share data*

Particulars	2019	2018
Income from software products, platforms and services	253,831	243,915
Software development expenses	140,233	144,685
Gross Profit	113,598	99,230
Operating expenses		
Selling and marketing expenses	19,055	17,350
General and administration expenses	20,430	22,044
Total operating Expenses	39,485	39,394
Operating Profit	74,113	59,836
Other income, net	380	1,153
Profit before interest and tax	74,493	60,989
Finance Cost	14,108	15,580
Profit before tax	60,385	45,409
Tax Expense	19,839	14,215
Net profit after tax	40,546	31,194
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability/asset	327	585
Equity instruments through other comprehensive income Items that will be reclassified subsequently to profit or loss	-	-
Total other comprehensive income, net of taxes	327	585
Total other comprehensive income	40,873	31,779
Earnings per share (at par value of ₹ 10 each)		
Basic	3.09	2.38
Diluted	3.09	2.38

#### Revenue

Our revenue from operations on a standalone basis increased to ₹ 253,831 lakh from ₹ 243,915 lakh in the previous year, at a growth rate of 4.07 %.

#### Profits

Our gross profit amounted to ₹ 113,598 lakh (44.8% of revenue), as against ₹ 99,230 lakh (40.7% of revenue) in the previous year. Sales and marketing costs were 7.5 % of our revenue for the year ended March 31, 2019 as compared to 7.1% for the year ended March 31, 2018. General and administration expenses were 8.0% of our revenues for the year ended March 31, 2019 as compared to 9.0% for the year ended March 31, 2018. The operating profit amounted to ₹ 74,113 lakh (29.2% of revenue), as against ₹ 59,836 lakh (24.5% of revenue), in the previous year. The profit before tax was ₹ 60,385 lakh (23.8% of revenue), as against ₹ 45,409 lakh (18.6% of revenue) in the previous year. Net profit was ₹ 40,546 lakh (16.0% of revenue), as against ₹ 31,194 lakh (12.8% of revenue) in the previous year.

#### Capital expenditure

This year, we incurred capital expenditure of ₹ 2,335 lakh. This comprises ₹ 2,216 lakh for investment in computer equipment ₹ 75 lakh in furniture & fixtures and the balance of ₹ 44 lakh in infrastructure. In the previous year, we incurred capital expenditure of ₹ 1,878 lakh. This comprised ₹ 1,811 lakh for investment in computer equipment, ₹ 36 lakh in furniture & fixtures and the balance of ₹ 31 lakh in infrastructure.

#### Liquidity

Our principal sources of liquidity are cash and cash equivalents and the cash flow that we generate from our operation. We maintain sufficient cash to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business requirements. Liquidity enables us to be agile and ready for meeting unforeseen business needs. We believe that our working capital is sufficient to meet our current requirements. As on March 31, 2019, we had liquid assets (includes cash and cash equivalents and investments) of ₹ 9,071 lakh, as against ₹ 8,073 lakh at the previous year-end. These funds comprise of balances with banks in current and deposits accounts and investment in liquid mutual funds. The details of these investments are disclosed under the 'non-current and current investments' section in the financial statements in this Annual Report.

#### Deposits from public

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

#### Transfer to reserves

As per the provisions of Section 71 of the Companies Act, 2013, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilized by the company except for the redemption of debentures. Further as per Rule 18 (7)(iii) of Chapter IV of The Companies (Share Capital and Debentures) Rules, 2014 the debenture redemption reserve for privately placed debentures issued by unlisted public companies, will be 25% of the value of outstanding debentures. For the year ended March 31, 2019, the Company has maintained ₹487.50 crore in debenture redemption reserve account which constitutes 33.74% of the value of outstanding debentures.

We propose to transfer ₹4,05,46,11,720 amount to General reserve for the fiscal 2019 as compared to ₹ 3,11,93,90,028 for the fiscal 2018.

### Particulars of loans, guarantees or investments

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

### Particulars of contracts or arrangements with related parties

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

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

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

### Share capital and debentures

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

With the issue of the above shares, the authorized share capital of the Company as on March 31, 2019 stood at ₹ 410,000 lakh and paid-up share capital of the Company stood at ₹ 131,184 lakh.

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

During the year the company has redeemed debentures worth ₹ 33,500 lakhs divided into 335 lakh debentures of ₹ 100 each in various tranches. The details of the redemption is provided in MGT-9, Annexure 4 to the Board's report.

## 2. Products

EdgeVerve Systems, a wholly owned subsidiary of Infosys, develops innovative software products and offers them on premise or as cloud-hosted business platforms. Our platforms and 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 retail banking, interactive commerce, distributive trade, customer service and enterprise buying and help them navigate their digital journey with our AI enabled Automation and Business Applications.

At EdgeVerve, we are making constant strides towards transforming enterprises by providing AI enabled Business Applications, leveraging the Infosys Nia™ AI Platform with capabilities across the Automation continuum. Today EdgeVerve products are used by global corporations across financial services, insurance, retail and CPG, life sciences, manufacturing, healthcare and telecom.

The Edge suite of products includes – AssistEdge®, TradeEdge®, CollectEdge, ProcureEdge® and a host of AI enabled Business Applications across finance, demand and supply domains that leverage Infosys Nia as the native AI platform

The Edge products focus on realizing business outcomes for clients by driving revenue growth, cost effectiveness and profitability. AssistEdge® is an award winning, proven and scalable platform that helps enterprises across all aspects of their automation journey including Process Discovery, Intelligent Automation and Orchestration. AssistEdge helps enterprises reduce operational costs and increase reliability of processes. Infosys Nia™ is an Artificial Intelligence platform which collects and aggregates organizational data from people, processes and legacy systems into a self-learning knowledge base, allowing our clients to leverage AI to drive transformations in their core business. Business Applications are AI/Automation based, domain specific applications that leverage Infosys Nia Platform to help enterprises transform into data-led businesses. CollectEdge is a data driven intelligence application powered by advanced machine learning that helps reduce delinquency rates, boost recoveries and improve operational efficiencies. TradeEdge® helps global companies, reach billions of new consumers and increase revenues while reducing non-productive inventory. ProcureEdge® helps global organizations to continuously discover and realize value across their Source-to-Pay (S2P) cycle through automation. Nia Procurement Insights solution delivers business relevant insights around sourcing & procurement, by automating procurement data ingestion and data management activities, classifying spends into right categories using ML (machine learning) techniques, generating predictive spend analytics (what-if and forecasting analysis) and highlighting guided opportunities to aggregate demand, optimize price, rationalize suppliers, and adhere to compliance and more.

Finacle is the industry-leading digital banking solution suite from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. Finacle helps traditional and emerging financial institutions drive truly digital transformation to achieve frictionless customer experiences, larger ecosystem play, insights-driven interactions and ubiquitous automation. Today, banks in over 100 countries rely on Finacle to service more than a billion consumers and 1.3 billion accounts. Finacle is consistently rated as a leader in the market by leading industry analysts and is proven to be the most scalable banking platform globally.

Finacle solutions address the core banking, omnichannel banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management,

analytics, artificial intelligence, and blockchain requirements of financial institutions to drive business excellence. These solutions are available for on-premise deployments or as cloud hosted banking platforms. Finacle has over 500 client deployments across financial institutions of all sizes. The solution's componentized structure and enterprise-class capabilities help banks boost the agility and efficiency of their operations, and significantly improve customer experience across channels. An assessment of the top 1250 banks in the world reveals that institutions powered by the Finacle Core Banking solution, on average, enjoy 7.2% points lower costs-to-income ratio than others.

#### Awards

- Asian Banker Middle East & Africa 2018 - Best Core Banking Project – Infosys Finacle & Al Ahli Bank of Kuwait
- Juniper Awards 2018 - Best Blockchain Deployment in Banking & Payments – Finacle Payments Connect
- Asian Banker West Africa - United Bank for Africa and Infosys Finacle for core banking transformation on the cloud
- Islamic Business & Finance Awards 2018 - Best Islamic Core Banking Transformation – Infosys Finacle & Emirates Islamic

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

### 3. Corporate Governance

Our corporate governance practices are a reflection of our value system encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our stakeholders at all times.

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. Sound corporate governance is critical to enhance and retain stakeholder trust. The Company always seeks to ensure that its performance is driven by integrity and values. The Board exercises its fiduciary responsibilities in the widest sense of the term.

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

Our Corporate governance report for fiscal 2019 forms part of this Annual Report.

#### Number of meetings of the Board

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

#### Policy on directors' nomination, appointment and remuneration

The current policy is to have an appropriate mix of executive and non-executive directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2019, the Board consists of seven members, two members were executive directors, two members were independent directors and three directors were non-executive directors of whom one was a woman director. As such, the composition of the Board is in conformity with the provisions of Section 149 and other applicable provisions of the Companies Act 2013.

The Board periodically evaluates composition and size in order to ensure proper balance of executive and non-executive directors and to ensure Board diversity.

The Board affirms that the remuneration paid to the directors is in conformity with the Nomination and Remuneration Policy of the Company. There has been no change to the Nomination and Remuneration Policy adopted by the Company during the year.

The policy of the Company on directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub section (3) of Section 178 of the Companies Act, 2013, is available on our website, at: <https://www.edgeverve.com/about/corporate-governance>

#### 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 fulfil the conditions specified in the Companies Act, 2013 and the Rules made thereunder and they are independent of the Management.

#### Board evaluation

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

#### Board of Directors and Key managerial personnel

##### Chairman of the Board

D.N. Prahlad, Independent Director is the non-executive Chairman of the Board for the financial year 2018-19. He resigned as director of the Company effective April 15, 2019. The Board appointed Mohit Joshi as Chairman of the Board effective April 16, 2019.

##### Inductions

- Nitesh Banga was appointed as Whole-time director effective April 11, 2018.
- Sanat Rao was appointed as Whole-time director effective April 11, 2018. The appointment was approved by the shareholders at the annual general meeting held on June 23, 2018.

- Atul Soneja was appointed as Whole-time director effective July 20, 2018.
- Mohit Joshi was appointed as additional director effective January 22, 2019.
- Board appointed Rajesh Kini as Chief Financial Officer effective January 17, 2019.

#### Resignations

- Nitesh Banga resigned as interim Chief Executive Officer effective April 11, 2018 and as director effective June 4, 2018.
- Prem Pereira resigned as Chief Financial Officer effective January 16, 2019 to take a new role in Infosys BPM Limited

#### Reappointment

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

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

#### Committees of the Board

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

#### Meeting of the independent directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that 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. At such meetings, the independent directors discuss, among other matters, the performance of the Company and risks faced by it, the flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, human resource matters and performance of the executive members of the Board, including the Chairman. Independent directors met on April 11, 2018 without the presence of the Management.

#### Subsidiaries, associate companies, joint ventures etc

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

#### Directors' Responsibility statement

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for

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

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

The directors confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- They 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;
- They 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;
- They had prepared the annual accounts on a going concern basis; and
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### Risk management

The Company follows the risk management framework adopted by holding company Infosys Limited. For more details, please refer Risk Management Report.

#### Particulars of employees

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

- Statement containing the names of top 10 employees in terms of remuneration drawn.
- Details of employees posted in India throughout the fiscal and in receipt of a remuneration of ₹ 1.02 crore or more per annum.
- Details of employees posted in India for part of the year and in receipt of ₹8.5 lakh or more a month

The details of employees posted outside India and in receipt of a remuneration of ₹60 lakh or more per annum or ₹5 lakh or more a month will be made available on request.

## 4. Audit Report and Auditors

### Audit Reports

The Auditors have issued an unqualified opinion on the financial statements of the company for the year ended March 31, 2019. Their report for fiscal 2019 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries (FCS: 1325, CP No. 640), was appointed to conduct the secretarial audit of the Company for the fiscal 2019, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for fiscal 2019 forms part of the Annual Report as Annexure 3 to the Board's report.

### Statutory Auditor

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the provisions of Companies Act, 2013. In line with the requirements of the Companies Act, 2013, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number 117366 W/W 100018) ("Deloitte") was appointed as the statutory auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 3rd AGM of the Company held on June 24, 2017, till the conclusion of the 8th AGM to be held in the year 2022. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

During the year, the statutory auditors have confirmed that they satisfy the independence criteria required under Companies Act, 2013, Code of ethics issued by Institute of Chartered Accountants of India.

### Secretarial Auditor

As required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries, as secretarial auditor of the Company for fiscal 2020.

### 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.

## Corporate Social Responsibility

The Company has constituted the CSR committee as per the requirements of the Companies Act, 2013. The CSR amount is allocated for projects undertaken at group level through Infosys Foundation. The Board hence adopted the group CSR policy which is available for download from <https://www.edgeverve.com/about/corporate-governance>. The annual report on CSR activities is appended as Annexure 5 to the Board's report. The details about the corporate social responsibility committee forms part of corporate governance report.

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

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

### Foreign exchange earned and used for the year ended March 31, 2019;

in ₹ lakh

Particulars	March 31, 2019	March 31, 2018
Foreign exchange earnings	200,865	180,924
Foreign exchange outgo (including capital goods and imported software packages)	44,210	35,238

### Acknowledgments

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

We thank the governments of various countries where we have our operations. We also thank the Government of India, particularly the Ministry of Labour and employment, the Ministry of Communication and Information Technology, the Ministry of Commerce and Industry, the Ministry of Corporate Affairs, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, GST authorities, the Reserve Bank of India, various departments under the state governments and union territories, the Software Technology Parks (STPs) / Special Economic Zones (SEZs) 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

Sd/-

**D.N. Prahlad**

Chairman of the Board

Bengaluru  
April 10, 2019

## Annexure to the Board's Report

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

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

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2019, 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, 2019 are as follows :

Name of the related party relationship	Nature of relationship	Duration of contract	Salient terms	Amount (in ₹ lakh)
Infosys Limited	Holding Company	Valid from July 1, 2014	Purchase of shared services	50,469

*for and on behalf of the Board of Directors*

Bengaluru  
April 10, 2019

Sd/-  
**D.N. Prahlad**  
*Chairman of the Board*

## Annexure 2 – Particulars of employees

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

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

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Remuneration paid (INR)	Gross Remuneration paid (INR)	Previous employment and designation
Sateesh Seetharamiah	Global Product Head – Assist Edge	BE, MS	50	25	01-Jul-14	12,556,681	12,556,681	INFOSYS LIMITED - SENIOR PRINCIPAL - BUSINESS CONSULTING
Mahesh Dutt Kolar	Regional Manager - Finacle Sales	BE, PGD	49	25	01-Aug-15	10,963,644	10,963,644	INFOSYS LIMITED - Regional Manager - Finacle Sales
Rajashekara V. Maiya	Head - Solution Consulting, Finacle	B.Com, M.Com, CA	46	24	01-Aug-15	12,409,439	12,409,439	INFOSYS LIMITED - Principal - Product Strategy
Venkattramana Gosavi	Global Head Sales - Finacle	BE, MBA	54	30	01-Aug-15	13,497,726	13,497,726	INFOSYS LIMITED - Regional Head
Sagar Sarma	Senior Director and Head - Product Development	BE, PGDM	50	18	27-Mar-17	12,234,623	12,234,623	MCAFFEE SOFTWARE SOLUTIONS PVT LTD - DIRECTOR OF ENGINEERING
Gururaj B. Deshpande	Chief Operating Officer – Edge Products	BE	47	25	02-Jan-18	11,902,400	11,902,400	BPL LIMITED - Trainee
Arun Kumar Krishnan	Head - Product Development	BE, MS (Engg)	55	30	01-Aug-15	13,023,903	13,023,903	INFOSYS LIMITED - Product Delivery Head

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

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Date of Leaving	Gross Remuneration paid (INR)	Previous employment and designation
Anuradha Balasubramaniam	Senior Director and Head - Product Service Delivery	B.Tech, M.Tech	44	20	01-Jul-14	27-Apr-18	1,567,576	INFOSYS LIMITED - Lead Principal - Quality Programs
Sushanth Michael Tharappan	Chief People Officer	BSC, MBA	44	22	01-Jul-14	31-Dec-18	14,082,958	INFOSYS LIMITED - GROUP HEAD - TALENT ACQUISITION
Nandan Ramesh Narvekar	Principal Product Manager	BE, M.Tech, MFM	48	24	02-Jun-15	02-Apr-18	1,091,528	ARIBA INDIA P LTD. - SENIOR DIRECTOR
Venkataramanan Tenkarai sankaran	Product Delivery Head	BE	54	32	01-Aug-15	04-Jul-18	5,824,128	INFOSYS LIMITED - Product Delivery Head
Deepak N. Hoshing	Head - Product Architecture	B.Tech	56	33	01-Aug-15	22-Nov-18	11,743,436	INFOSYS LIMITED - Head - Architecture

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

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Date of Leaving	Gross Remuneration paid (INR)	Previous employment and designation
Atul Soneja	Whole - Time Director	BTECH(H)	46	24	20-Jul-18	-	9,625,089	TATA CONSULTANCY SERVICES LIMITED - SENIOR CONSULTANT
Prem Joseph Pereira	Chief Financial Officer	B.Com, ICWA, CA	43	19	23-Sep-14	16-Jan-19	8,759,203	INFOSYS LIMITED - SENIOR PRINCIPAL - BUSINESS FINANCE
Rajesh Kini M.	Chief Financial Officer	B.Com, CA	45	21	17-Jan-19	-	2,093,545	INFOSYS LIMITED - AVP - Finance

Top 10 employees in terms of remuneration drawn during the year

Employee Name	Designation	Educational Qualification	Age	Experience (in years)	Date of Joining	Date of Leaving	Gross Remuneration paid (INR)	Previous employment and designation
Sanat Rao	Whole - Time Director	B.Com, PGDBA	54	28	11-Apr-18	-	48,785,948	IBM - APPLICATION INNOVATION CONSULTING LEADER
Sushanth Michael Tharappan	Chief People Officer	B.Sc, MBA	44	22	01-Jul-14	31-Dec-18	14,082,958	INFOSYS LIMITED - GROUP HEAD - TALENT ACQUISITION
Venkatramana Gosavi	Global Head Sales - Finacle	BE, MBA	54	30	01-Aug-15	-	13,497,726	INFOSYS LIMITED - Regional Head
Arun Kumar Krishnan	Head - Product Development	BE, MS (Engg)	55	30	01-Aug-15	-	13,023,903	INFOSYS LIMITED - Product Delivery Head
Sateesh Seetharamiah	Global Product Head - Assist Edge	BE, MS	50	25	01-Jul-14	-	12,556,681	INFOSYS LIMITED - SENIOR PRINCIPAL - BUSINESS CONSULTING
Rajashekara V. Maiya	Head - Solution Consulting, Finacle	B.Com, M.Com, CA	46	24	01-Aug-15	-	12,409,439	INFOSYS LIMITED - Principal - Product Strategy
Sagar Sarma	Senior Director and Head - Product Development	BE, PGDM	50	18	27-Mar-17	-	12,234,623	MCAFFEE SOFTWARE SOLUTIONS PVT LTD - DIRECTOR OF ENGINEERING
Gururaj B. Deshpande	Chief Operating Officer - Edge Products	BE	47	25	02-Jan-18	-	11,902,400	BPL LIMITED - Trainee
Deepak N. Hoshing	Head - Product Architecture	B.Tech	56	33	01-Aug-15	22-Nov-18	11,743,436	INFOSYS LIMITED - Head - Architecture
Mahesh Dutt Kolar	Regional Manager - Finacle Sales	BE, PGD	49	25	01-Aug-15	01-Apr-19	10,963,644	INFOSYS LIMITED - Regional Manager - Finacle Sales

## Annexure 3 – Secretarial audit report for the financial year ended March 31, 2019

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 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, 2019 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any, and
- iii. Other laws applicable specifically to the company namely:
  - a. Information Technology Act, 2000 and the rules made thereunder
  - b. Special Economic Zones Act, 2005 and the rules made thereunder
  - c. Software Technology Parks of India rules and regulations, 2004
  - d. The Patents Act, 1970
  - e. The Trade Marks Act, 1999.

I have also examined compliance with the applicable clauses of the 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, Regulations and Standards mentioned above.

I further report that, out of 25,49,00,000 Unsecured non-convertible debentures of Rs 100 each aggregating Rs 2,549 crore issued to Infosys Limited, its holding Company, towards payment of part consideration for transfer of business pursuant to Business Purchase Agreement dated September 30, 2015 entered into between the Company and Infosys Limited, the Company has redeemed 3,35,00,000 debentures aggregating Rs. 335 crore and 14,45,00,000 debentures aggregating Rs. 1,445 crore are outstanding as on March 31, 2019 and the Company has represented that the said debentures do not fall within the purview of Section 73 & 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules 2014 and hence it was not required to comply with the requirements of the said rules except to the extent of sub rule (3) of Rule 16A of the rules.

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

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

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

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

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

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

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

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

Bengaluru  
April 10, 2019



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

## Annexure 4 – Extract of Annual Return

### Form No. MGT-9

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014] As on the financial year ended on March 31, 2019

#### 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: <a href="mailto:secretarial@edgeverve.com">secretarial@edgeverve.com</a> website: <a href="http://www.edgeverve.com">www.edgeverve.com</a>
Listed company (Yes / No)	No
Name, address and contact details of Registrar and transfer agent	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad – 500 032  Contact person: Ramachandra V.V. Manager Tel: 91 040 67161604 email: <a href="mailto:ramachandra.v@karvy.com">ramachandra.v@karvy.com</a>

#### 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

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

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

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

### (i) Category-wise shareholding

Category code	Category of shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year
		Demat (III)	Physical (IV)	Total (V)	Demat (VII)	Physical (VIII)	Total (IX)	
(I)	(II)	(III)	(IV)	(V)	(VII)	(VIII)	(IX)	(X)
(A) Promoters								
(1) Indian								
(a) Individual / HUF		-	-	-	-	-	-	-
(b) Central Government		-	-	-	-	-	-	-
(c) State Government(s)		-	-	-	-	-	-	-
(d) Bodies Corporate		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(e) Banks / Financial Institutions		-	-	-	-	-	-	-
(f) Any other		-	-	-	-	-	-	-
Sub total A(1)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(2) Foreign		-	-	-	-	-	-	-
(a) Individuals (NRIs / Foreign Individuals)		-	-	-	-	-	-	-
(b) Other Individuals		-	-	-	-	-	-	-
(c) Bodies Corporate		-	-	-	-	-	-	-
(d) Banks / Financial Institutions		-	-	-	-	-	-	-
(e) Any other		-	-	-	-	-	-	-
Sub total A(2)		-	-	-	-	-	-	-
Total Shareholding of Promoters A=A(1)+A(2)		1,311,839,994	-	1,311,839,994	1,311,839,994	-	1,311,839,994	100
(B) Public shareholding								
(1) Institutions								
(a) Mutual Funds / UTI		-	-	-	-	-	-	-
(b) Banks / Financial Institutions		-	-	-	-	-	-	-
(c) Central Government		-	-	-	-	-	-	-
(d) State Government(s)		-	-	-	-	-	-	-
(e) Venture Capital Funds		-	-	-	-	-	-	-
(f) Insurance Companies		-	-	-	-	-	-	-
(g) Foreign Institutional Investors		-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds		-	-	-	-	-	-	-
(i) Any other		-	-	-	-	-	-	-
Sub total B(1)		-	-	-	-	-	-	-
(2) Non-institutions								
(a) Bodies Corporate		-	-	-	-	-	-	-
(i) Individuals holding nominal share capital up to ₹1 lakh		-	6	6	-	(1) 6	6	0
(ii) Individuals holding nominal share capital in excess of ₹1 lakh		-	-	-	-	-	-	-
(c) Others (specify)		-	-	-	-	-	-	-
Sub total B(2)		-	6	6	-	6	6	0
Total public shareholding total B=B(1)+B(2)		-	6	6	-	6	6	0
Total (A+B)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000
(C) Shares held by custodians for ADRs		-	-	-	-	-	-	-
Grand total (A+B+C)		1,311,839,994	6	1,311,840,000	100	1,311,839,994	6	1,311,840,000

(ii) Shareholding of promoters

Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year		% change in share holding during theyear
	No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company	
Infosys Limited	1,311,839,994	100	1,311,839,994	100	--

(iii) Change in promoters' shareholding

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Infosys Limited				
At the beginning of the year	1,311,839,994	100	1,311,839,994	100
At the end of the year	1,311,839,994	100	1,311,839,994	100

(iv) Shareholding pattern of top ten shareholders

(other than directors, promoters and holders of ADRs).

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Others	(1) 6	0.00	(1) 6	0.00

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

(v) Shareholding of Directors and Key Managerial Personnel

Name of the shareholder	Shareholding at the beginning of the year		Cumulative shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Sudhir Gaonkar	(1) 1	0.00	(1) 1	0.00

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

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

in ₹ lakh

Particulars of remuneration	Name of Whole-time Director Sanat Rao <sup>(4)</sup>	Name of Whole-time Director Atul Soneja <sup>(3)</sup>	Total Amount
Gross salary <sup>(1)</sup>			
Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	459.49	93.11	552.6
Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
Stock option <sup>(1)</sup>	74.36	11.73	86.09
Sweat equity	-	-	-
Commission as % of profit	-	-	-
Others <sup>(2)</sup>	-	4.03	4.03
Total	533.85	108.87	642.72
<b>Ceiling as per the Act</b>	-	-	6,067.8

(1). In accordance with the definition of perquisites under the Income Tax Act 1961, the remuneration includes the value of stock Incentives only on those shares that have been exercised during the period. Accordingly, the value of stock granted during the period is not included.

(2). Includes retinals.

(3). Appointed as Whole Time Director effective July 20, 2018; hence, his remuneration for fiscal 2019 is from July 20, 2018 to March 31, 2019.

(4). Appointed as Whole Time Director effective April 11, 2018.

Note: Nitesh Banga was appointed as Whole time Director effective April 11, 2018 and resigned effective June 4, 2018, and no remuneration was paid to him.

Remuneration to other Directors :

in ₹ lakh

Particulars of remuneration	Name of Directors		Total Amount
	Srinivasan Rajam	D. N. Prahlad	
Independent Directors			
Fee for attending board/committee meetings	7.50	10.00	17.50
Commission	-	-	-
Others, please specify	-	-	-
Total (1)	7.50	10.00	17.50
Other Non-Executive Directors	-	-	-
Fee for attending board/committee meetings	-	-	-
Commission	10.00	10.00	20.00
Others, please specify reimbursement of salary	-	-	-
Total (2)	10.00	10.00	37.50
Total (B)=(1+2)	17.50	20.00	37.50
Total Managerial Remuneration	17.50	20.00	37.50
Overall Ceiling as per the Act			<b>606.68</b>

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

in ₹ lakh

Particulars of remuneration	Chief Financial Officer		Company Secretary	Total Amount
	Prem Pereira <sup>(1)</sup>	Rajesh Kini <sup>(2)</sup>		
Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	75.78	18.16	14.44	108.38
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act,1961				
Stock Option	5.08	0.72	2.71	8.51
Sweat Equity	-	-	-	-
Commission as % of profit				
Others (Bonus)	3.50	0.93	0.71	5.14
<b>Total</b>	<b>84.36</b>	<b>19.81</b>	<b>17.86</b>	<b>122.03</b>

(1). Resigned as Chief Financial Officer effective January 16 2019; hence, his remuneration for fiscal 2019 is from April 1, 2018 to January 16, 2019.

(2). Appointed as Chief Financial Officer effective January 17 2019; hence, his remuneration for fiscal 2019 is from January 17, 2019 to 31 March, 2019.

## Annexure 5 – Annual report on CSR activities

(Pursuant to Section 135 of the Companies Act, 2013)

Over the years, we have been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover business, but also the communities around us. Our Corporate Social Responsibility (CSR), thus, is not limited to philanthropy, but also includes a number of initiatives that lead to social development, conservation of natural resources using technology and other innovative means, and the reduction of our carbon footprint. Infosys Foundation (“the Foundation”), our CSR trust, was established in 1996 with a vision to boost our CSR initiatives. The Foundation publishes a report of its yearly activities which along with other details of the Foundation’s activities, is available on <https://www.infosys.com/infosys-foundation>.

### CSR committee

The CSR committee of the Board is responsible for overseeing the execution of the Company’s CSR Policy. The members of the CSR committee are:

- Deepak Padaki, Chairperson
- Srinivasan Rajam
- Inderpreet Sawhney

For details on our CSR policy, visit

<https://www.edgeverve.com/about/corporate-governance>

The financial details for CSR contribution under the Companies Act, 2013 is as follows:

in ₹ Crore

Particulars	Amount
Average net profit of the Company for last three financial years	255
Prescribed CSR expenditure (2% of the average net profit as computed above)	
Total amount to be spent for the financial year	5.10
Amount spent	5.20
Amount unspent	-

The projects and head under which the outlay amount was spent in fiscal are as follows:

in ₹ Crore

Theme-based CSR project / activity / beneficiary	Location of the project / program	Amount outlay (budget)	Amount spent on the projects or programs in fiscal 2019	Cumulative expenditure up to the reporting period
<b>Expenditure on projects / programs by EdgeVerve</b>				
<b>Rural development projects</b>				
Visakha Jilla Nava Nirmana Samithi	“Visakhapatnam, Andhra Pradesh”	1.24	1.24	1.24
Shivganga Samagra Gramvikas Parishad	“Jhabua, Madhya Pradesh”	1.00	1.00	1.00
Integrated Development Society	“Dasamantapur, Odisha”	0.26	0.26	0.26
<b>Protection of national heritage, restoration of historical sites, promotion of art &amp; culture</b>				
Raja Dinkar Kelkar Museum	Pune	1.00	1.00	1.00
<b>Promoting education, enhancing vocational skills</b>				
Bhandarkar Oriental Research Institute	Pune	0.50	0.50	0.50
TI Learning Network	Bengaluru	0.60	0.65	0.65
SGBS Unnati Foundation	Bengaluru	-	0.05	0.05
<b>Promoting healthcare including preventive health care</b>				
BMC Development Trust	Bengaluru	0.50	0.50	0.50
		<b>5.10</b>	<b>5.20</b>	<b>5.20</b>

Bengaluru  
April 10, 2019

Sd/-  
**Deepak Padaki**  
Chairperson, CSR  
Committee

Sd/-  
**Sanat Rao**  
Director

# Risk Management Report

The risk management report outlines various dimensions of our enterprise risk management function. This may contain statements that are forward-looking in nature. As every business is home to uncertainties, so is ours. These could materially vary the actual results from those reflected in the forward-looking statements. Our business, financial conditions and/ or prospects could also be affected by risks and uncertainties not currently known to us or we believe are not material. Readers are advised to refer to the detailed discussion of risk factors and related disclosures in our group regulatory filings, and exercise their judgment in assessing risks associated with the Company.

## Overview

The Infosys Enterprise Risk Management (ERM) enables the achievement of strategic objectives by identifying, analyzing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. While achievement of strategic objectives is the key driver, our values, culture, obligation and commitment to employees, customers, investors, regulatory bodies, partners and the community around us are the foundation on which our ERM framework is developed. Systematic and proactive identification of risks and mitigation thereof enable effective or quick decision-making and boosts the performance of the organization. The ERM unit functions as a decision-enabler which not only seeks to minimize the impact of risks but also enables the effective resource allocation based on the risk impact ranking and risk appetite. Strategic decisions are taken after careful consideration

of risks based on secondary risks and residual risks.

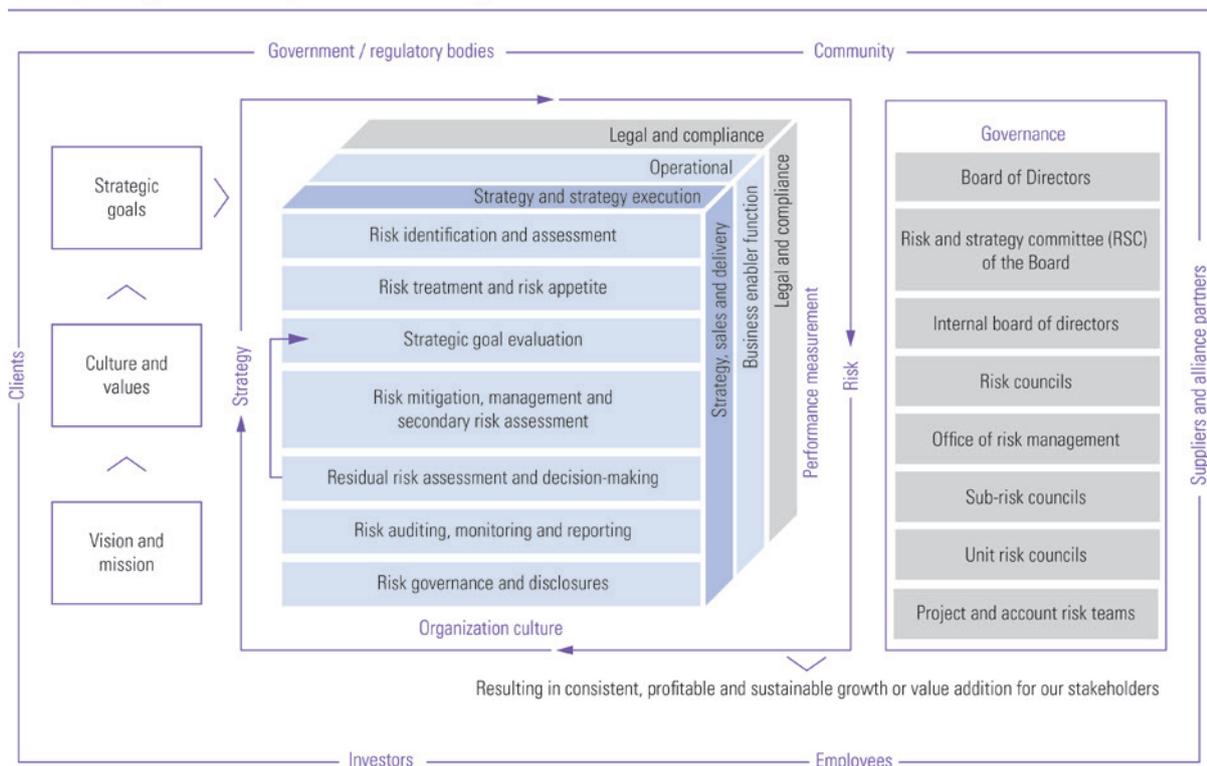
Our ERM framework encompasses all the risks that the organization is facing under different categories, such as strategic, operational, and legal and compliance risks. Any of these categories can have internal or external dimensions. Hence, appropriate risk indicators are used to identify these risks proactively. We take cognizance of risks faced by our key stakeholders and their cumulative impact while framing our risk responses

Infosys Edgeverve has adopted the new integrated risk management framework that is being implemented across the Group companies. The new framework is based on international standards and tailored to suit business needs of Infosys Group including EdgeVerve.

## Risk Governance Structure

At the corporate level, the Board of Directors (the 'Board') are responsible for managing risks. Risks are identified by risk management functions or roles at different levels in the organization are presented at the appropriate councils in the governance structure. Critical risks or cross functional risks at each level are escalated to the next level in the governance structure. Critical risks under different categories of risks at the group level are reviewed by Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Risk Officer and General Counsel in various councils. Critical risks from these councils are presented to the internal Board of Directors and then to the risk and strategy committee of the Board on a quarterly basis.

### Infosys Integrated Enterprise Risk Management Framework



## The key highlights of the ERM framework adopted by Infosys Edgeverve are as follows:

- Two product based sub risk councils (Edge Risk council and Finacle Risk council) comprising of the CEO, CFO, Head of Quality and Head of Risk Management, along with group CRO, review the product road map risks, business strategy risks, people risks, market risks, delivery risks, IP related risks etc., on a quarterly basis.
- All critical Edge and Finacle strategic and strategic execution risks are presented to group strategic and strategic execution risk council (SSERC) on a quarterly basis.
- On a quarterly basis, all the operational, and legal and compliance risks are routed to group operational risk council, and legal and compliance risk council.
- All critical risks pertaining to Edgeverve are discussed in the Edgeverve board meeting.

The day-to-day implementation of the risk management process are undertaken by respective functional teams and their implementation are overseen at the organization level by a Risk Management Core Group

comprising members from each of the BEF and operations. On a monthly basis, this team reviews all the incidents, exceptions, and suggests necessary changes to the appropriate policies, processes, technology and standards for implementation and communication to stakeholders.

Please refer to Risk management report in Infosys Annual Report 2018-19 for details of Infosys integrated risks management framework.

## Risk management Highlights of the year

- During the year, our focus was on extending the adoption of the new integrated ERM framework and strengthening the risk management program. We carried out following risk management activities during last fiscal:
- Regularly assessed strategic threats to our business, especially relating to product roadmap, business strategy, market risks, etc.
- Reviewed key operational risks applicable to Edgeverve and the impact to our business.
- Reviewed legal and compliance risks applicable to Edgeverve and the impact to our business

## 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 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 is guided by our core values – Client Value, Leadership by Example, Integrity and Transparency, Fairness and Excellence (C-LIFE).

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 independent directors. In addition, the Company has also constituted the Corporate Social Responsibility Committee. We have adopted the good corporate governance guidelines in line with governance policies of the holding company to the extent applicable and to help fulfil 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, 2019, the Board consists of seven members, two

members were executive directors, two members were independent directors and three directors were non-executive directors of whom one was woman director. The Board periodically evaluates the need for change in its composition and size.

Name of director, designation, age and DIN	Category and Date of Appointment	Area of expertise	Highest qualification held	Directorship in Indian listed companies	Directorship held in all companies around the world
D. N. Prahlad Independent Director, Age: 63 years, DIN: 00504146	Non-Executive and Independent. On Board since January 6, 2017	Developing technology products and software, Computer Science and Automation	B.E. (Electrical technology and Electronics) from Indian Institute of Science, Bangalore	Infosys Limited	<ul style="list-style-type: none"> <li>Surya Software Systems Pvt. Ltd.,</li> <li>SOLCEN Technologies Private Limited</li> <li>Surya Properties LLC</li> <li>Infosys BPM Limited</li> <li>Infosys Limited</li> </ul>
Srinivasan Rajam Independent Director, Age: 54 years, DIN: 01050837	Non-executive and Independent. On Board, effective July 8, 2014	Digital Signal Processing (DSP) Systems, Online Media Processing, Technology Ventures and Start Up	Master of Engineering in Computer Science from Indian Institute of Science (IISc)	-	Ittiam Systems Pvt. Ltd.
Mohit Joshi, Additional Director, Age: 44 Years, DIN: 08339247	Non-Executive. On Board since January 22, 2019	Financial services and technology	Master of Business Administration from the Faculty of Management Studies, Delhi University and a bachelor's degree in history from St. Stephen's College, Delhi	-	<ul style="list-style-type: none"> <li>Infosys Americas Inc.,</li> <li>Infosys Technologies (Sweden) AB</li> </ul>

Sanat Rao, Whole-time Director, Age: 53 years, DIN: 07657698	Whole-time director. On Board since November 16, 2016 and Whole-time director effective April 11, 2018.	Banking and Technology	MBA ( IIM – Bangalore)	-	-
Atul Soneja Whole-time Director, Age: 46 years, DIN: 08184021	Executive and Non Independent. On Board since July 20, 2018	Client Relationship Management, Program & Delivery management and managing Global Development Centres	IIT	-	-
Deepak Padaki Director, Age: 48 years, DIN: 7873499	Non-Executive and Non Independent. On Board since July 10, 2017	Overall Strategy and Risk Management	Bachelor of Engineering degree in Computer Science	-	-
Inderpreet Sawhney Director, Age: 54 years, DIN: 7925783	Non-Executive and Non Independent. On Board since September 1, 2017	Product Architecture and Product Development	LL.B from Delhi University and LL.M from Queen's, University, Kingston, Canada	-	Infosys Americas Inc

## Board committees

The Board has constituted three committees: audit committee, corporate social responsibility committee and nomination and remuneration committee. During the year the Committees other than corporate social responsibility committee consisted majority of independent directors. Following in the composition of the Board and its Committees;

## Board and Committee composition as on March 31, 2019

Name of the Director	Board	Audit Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee
D. N. Prahlad <sup>(1)</sup>	Chairman	Chairperson	-	Member
Mohit Joshi <sup>(2)</sup>	Member			
Sanat Rao	Member	-	-	-
Atul Soneja	Member	-	-	-
Deepak Padaki	Member	Member	Chairperson	Member
Inderpreet Sawhney	Member	-	Member	Member
Srinivasan Rajam	Member	Member	Member	Chairperson

(1). Resigned as director effective April 15, 2019

(2). Appointed effective January 22, 2019

## Directors

### Appointment/ re-appointments during the year

Name of the director	Date of appointment
Nitesh Banga	Appointed as Whole-time director effective April 11, 2018
Sanat Rao	Appointed as Whole-time director effective April 11, 2018. The appointment was approved by the shareholders at the annual general meeting held on June 23, 2018
Atul Soneja	Appointed as Whole-time director effective July 20, 2018
Mohit Joshi	Appointed as non-executive additional director effective January 22, 2019

### Resignations during the year

Name of the director	Date of resignation
Nitesh Banga	Resigned as interim Chief Executive Officer effective April 11, 2018 and as director effective June 4, 2018.

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

By virtue of provisions of the Companies Act, 2013, Deepak Padaki is retiring by rotation and being eligible offers himself for re-appointment. A resolution in this regard is being placed before the Annual General Meeting. The above director satisfies the requirement of Directors' Appointment / Reappointment criteria.

## Board membership criteria

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

## Selection and nomination of the directors

The Board is responsible for the selection of the directors (executive, non-executive, and independent / non-independent directors). The Board delegates the screening and selection process involved in selecting the directors to the Nomination and Remuneration committee which consists of a majority of independent directors. The Nomination and Remuneration Committee in turn makes recommendations / nomination for election of directors by the shareholders or nominations for vacancies to be filled by the Board. The detailed policy adopted by the Board is available at our website at <https://www.edgeverve.com/wp-content/uploads/2017/03/nomination-remuneration-policy.pdf>

## Board Evaluation

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

During the year the Board based on the recommendation of the Nomination and Remuneration Committee defined new criteria for performance evaluation and a questionnaire was circulated to all the directors. The average of responses from each director was placed before the Board and Board took note of the suggestions made by the directors.

## 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. The age relaxation may be provided with the approval of the shareholders by way of special resolution.

## Board meetings

During the year, four Board meetings were held in accordance with Section 173 of Companies Act, 2013. The Board met on, April 11, 2018, July 11, 2018, October 12, 2018 and January 9, 2019. The gap between the Board meetings did not exceed 120 days.

## Scheduling and selection of agenda items for the Board meetings:

The dates of Board meetings for the subsequent fiscal are decided in advance and published to the directors so as to enable them to block their calendar. The non-executive Chairman of the Board and the Company Secretary draft the agenda for each meeting, along with explanatory notes, in consultation with CFO, and distribute these in advance to the directors. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings are held when necessary. Directors are expected to attend all Board meetings in a year. However, with the Board being represented by directors from various parts of the world, it may not be possible for each one of them to be physically present at all the meetings. Hence, we provide video / teleconferencing facilities to enable their participation. Committees of the Board usually meet before the formal Board meeting, or whenever the need arises for transacting business. The Board members are expected to rigorously prepare for, attend and participate in all Board and applicable committee meetings. Each member is expected to ensure that their commitments do not materially interfere with their responsibilities at EdgeVerve. The quarterly board and committee meetings of the company will be held in line with its holding company, Infosys Limited for consolidation purpose.

## Attendance of directors during fiscal 2019

SL No.	Name of the Director	AGM held on June 23, 2018	No. of Board meetings				Meetings held during director's tenure	Attended	% of Attendance
			1	2	3	4			
1	D.N. Prahlad <sup>(1)</sup>	P	P	P	P	P	4	4	100
2	Nitesh Banga <sup>(2)</sup>	NA	P	NA	NA	NA	1	1	100
3	Sanat Rao	LoA	P	P	P	VC	4	4	100
5	Atul Soneja <sup>(3)</sup>	NA	NA	NA	P	P	2	2	100
5	Srinivasan Rajam	LoA	P	LoA	P	P	4	3	75
6	Mohit Joshi <sup>(4)</sup>	NA	NA	NA	NA	NA	NA	NA	NA
7	Deepak Padaki	P	P	P	P	P	4	4	100
8	Inderpreet Sawhney	LoA	P	P	P	P	4	4	100

P: Present | LoA: Leave of absence | NA: Not Applicable | VC: Attended through video Conference, counted for quorum

(1). Resigned as director effective April 15, 2019

(3). Appointed effective July 20, 2018

(2). Resigned as director effective June 4, 2018

(4). Appointed effective January 22, 2019

### Meeting of independent directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder, the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the Management. All the independent directors of the Company shall strive to be present at such meetings to review the performance of non-independent directors and the Board as a whole; review the performance of the chairperson of the Company, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties. The meeting of independent directors of the Company was held on April 11, 2018 without the presence of non-independent directors and members of the Management.

### Remuneration to the directors:

- During fiscal 2019 the remuneration was paid to the whole-time directors. Non-executive directors are not entitled to any remuneration, fees or commission. The details of remuneration paid forms part of Extract of Annual Return in MGT-9 enclosed as Annexure 4 to the Board's report.
- The Board has approved payment of ₹1 lakh per meeting not exceeding ₹ 2.5 lakh per quarter as sitting fees to each independent directors which will be paid as per their attendance. Further, the Board has also approved annual payment of commission on percentage of profit up to ₹10 lakh per annum which will be paid proportionately for the number of days of directorship in the company.

The remuneration paid to the directors is within the limits prescribed under the Companies Act, 2013.

### Board committees

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

#### Audit Committee

The audit committee comprised three directors with majority of independent directors. During the year the Audit Committee met four times, on April 11, 2018, July 11, 2018, October 12, 2018 and January 9, 2019.

#### Scope and terms of reference

- To review the quarterly and annual financial statements before submission to the Board,
- oversee the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements;
- To review the adequacy and effectiveness of the internal audit function and control systems;
- To focus on the objective of unqualified financial statements;
- To ensure compliance with the provisions of the Companies Act, 2013 wherever applicable
- To recommend appointment, remuneration and terms of appointment of the auditors of the company
- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To approve or modify subsequently the transactions of the company with related parties;
- To order for scrutiny of inter-corporate loans and investments;
- To get undertakings or assets of the company valued, wherever it is necessary;
- To order for investigations on any of the above matters

## Audit committee attendance during fiscal 2019

Name of the Director	Designation	No. of Meetings				Meetings held during director's tenure	Attended	% of Attendance
		1	2	3	4			
D. N. Prahlad	Chairperson	P	P	P	P	4	4	100
Srinivasan Rajam	Member	P	LoA	P	P	4	3	75
Deepak Padaki	Member	P	P	P	P	4	4	100

P: Present | LoA: Leave of absence | N/A: Not Applicable

## Nomination and Remuneration Committee

The committee is comprised of four members with half of the members as independent directors. During the year the Nomination and Remuneration Committee met four times, on April 11, 2018, July 11, 2018, October 12, 2018 and January 9, 2019.

### Scope and important terms of reference

- To lay down the criteria for appointment, removal and evaluation of the every director's performance;

- To identify persons who are qualified to become directors and who may be appointed in senior Management
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

## Nomination and Remuneration committee attendance during the fiscal 2019

Name of the Director	Designation	No. of Meetings				Meetings held during director's tenure	Attended	% of Attendance
		1	2	3	4			
Srinivasan Rajam	Chairperson	P	LoA	P	P	4	3	75
D.N. Prahlad	Member	P	P	P	P	4	4	100
Deepak Padaki	Member	P	P	P	P	4	4	100
Inderpreet Sawhney	Member	P	P	P	P	4	4	100

P: Present | LoA: Leave of absence | N/A: Not Applicable

## Corporate Social Responsibility Committee

As per the requirements of the Companies Act 2013 the Board has constituted corporate social responsibility committee. The Committee comprised three members with an independent director, a whole-time/ executive director and a non-executive director. During the year two meetings were held viz., on April 11, 2018 and October 12, 2018.

### Scope and important terms of reference

- To recommend the corporate social responsibility policy for adoption by the Board
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor CSR activities and comply from time to time

## Corporate Social Responsibility committee attendance during fiscal 2019

Name of the Director	Designation	No. of Meetings		Meetings held during director's tenure	Attended	% of Attendance
		1	2			
Deepak Padaki	Chairperson	P	P	2	2	100
Srinivasan Rajam	Member	P	P	2	2	100
Inderpreet Sawhney	Member	P	P	2	2	100

P: Present | LoA: Leave of absence | N/A: Not Applicable

## Secretarial Audit

The Board of Directors of the Company appointed Parameshwar G. Hegde of Hegde & Hegde, Practicing Company Secretaries to conduct secretarial audit of procedures, records and documents of the Company with regard to governance related compliances. The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act 2013. The report of the Secretarial Auditor forms part of Board's report as Annexure 3.

The Board of directors has appointed Parameshwar G. Hegde as Secretarial auditor of the company for the fiscal 2020.

## Whistleblower Policy

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

## General body meetings

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

Type of General Meeting	Date and Time	Venue	Special Resolutions Passed
Annual General Meeting	June 23, 2018 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100	-
Annual General Meeting	June 24, 2017 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100	-
Extraordinary General Meeting	September 6, 2017 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100	Appointment of Pervinder Johar as Chief Executive Officer and Managing Director
Annual General Meeting	August 31, 2016 at 10.30 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Appointment of Arun Krishnan as whole-time director
Extraordinary General Meeting	November 30, 2016 at 10.00 a.m.	EdgeVerve Systems Limited, Plot No. 44, Electronics City, Hosur Main Road, Bangalore – 560100	Revision in Remuneration of Arun Kumar Krishnan, Whole time director.

# Independent Auditor's Report

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To the Members of EdgeVerve Systems Limited

## Report on the Audit of Financial Statements

### Opinion

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

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

### Basis for Opinion

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

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

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

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

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

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

### Management's Responsibility for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism

throughout the audit. We also:

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

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

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

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

#### Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial-reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Gurvinder Singh  
Partner  
Membership number: 110128

Bengaluru  
April 10, 2019

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

We have audited the internal financial controls over financial reporting of EdgeVerve Systems Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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

#### Auditor's Responsibility

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

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Gurvinder Singh  
Partner  
Membership number:110128

Bengaluru  
April 10, 2019

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

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3 (i) (c) of the Order is not applicable.
- ii. The Company is in the business of sale of software licenses and providing related software services. The Company does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- iv. During the year, the Company has not granted any loan to which the provisions of Section 185 of the Act would be applicable. In respect of other loans, investments, guarantees and securities, the provisions of Section 186 of the Act has been complied with.
- v. The Company has not accepted any public deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Act, for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, duty of Customs, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
  - c) Details of dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount (in ₹ lakhs)
The Income Tax Act 1961	Income Tax	Appellate Tribunal	A.Y. 2016 -17	8
		Appellate Authority up to Commissioner's Level	A.Y. 2019 - 20	-*

\*indicates less than 1 lakh

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. The Company does not have any outstanding dues from any financial institution and banks.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3(ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Gurvinder Singh  
Partner  
Membership number: 110128

Bengaluru  
April 10, 2019

## Balance Sheet

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

The accompanying notes form an integral part of the financial statements.  
As per our report of even date attached.

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

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

Gurvinder Singh  
Partner  
Membership number: 110128

D. N. Prahlad  
Chairman

Sanat Rao  
Whole-time Director

Atul Soneja  
Whole-time Director

Bengaluru  
April 10, 2019

Srinivasan Rajam  
Director

Rajesh Kini  
Chief Financial Officer

Sudhir Gaonkar  
Company Secretary

## Statement of Profit and Loss

Particulars	Note no.	In ₹ lakh, except equity share and per equity share data	
		Years ended March 31,	
		2019	2018
Revenue from operations	2.15	2,53,831	2,43,915
Other income, net	2.16	380	1,153
Total Income		2,54,211	2,45,068
Expenses			
Employee benefit expenses	2.17	75,212	82,161
Cost of technical sub-contractors		45,264	39,278
Travel expenses	2.17	12,700	11,816
Cost of software packages and others	2.17	19,200	22,458
Consultancy and professional charges		10,248	10,508
Depreciation expense	2.1	2,234	2,562
Finance cost		14,108	15,580
Other expenses	2.17	14,860	15,296
Total expenses		1,93,826	1,99,659
Profit before tax		60,385	45,409
Tax expense:			
Current tax	2.14	19,398	14,479
Deferred tax	2.14	441	(264)
Profit for the year		40,546	31,194
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/asset		327	585
Items that will be reclassified subsequently to profit or loss		–	–
Total other comprehensive income, net of tax		327	585
Total comprehensive income for the year		40,873	31,779
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and diluted (₹)		3.09	2.38
Weighted average equity shares used in computing earnings per equity share			
Basic and diluted		1,31,18,40,000	1,31,18,40,000

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

As per our report of even date attached.

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

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

Gurvinder Singh  
Partner  
Membership number: 110128

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Whole-time Director

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Whole-time  
Director

Bengaluru  
April 10, 2019

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Director

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Chief Financial Officer

Sudhir  
Gaonkar  
Company  
Secretary

## Statement of Changes in Equity

Particulars	In ₹ lakh					Total
	Equity share capital	Other equity			Other comprehensive income	
		Reserve and surplus	Debt redemption reserve <sup>(1)</sup>	Capital reserve		
	Retained earnings		Business transfer adjustment reserve <sup>(2)</sup>			
Balance as of April 1, 2017	1,31,184	18,818	24,548	(3,44,760)	(1,302)	(1,71,512)
Changes in equity for the year ended March 31, 2018						
Transfer to debenture redemption reserve	–	(24,202)	–	–	–	(24,202)
Transfer from retained earnings	–	–	24,202	–	–	24,202
Remeasurement of the net defined benefit liability/ asset, net of tax effect	–	–	–	–	585	585
Profit for the year	–	31,194	–	–	–	31,194
Balance as of March 31, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)
Balance as of April 1, 2018	1,31,184	25,810	48,750	(3,44,760)	(717)	(1,39,733)
Changes in equity for the year ended March 31, 2019						
Transfer to debenture redemption reserve	–	–	–	–	–	–
Transfer from retained earnings	–	–	–	–	–	–
Remeasurement of the net defined benefit liability/ asset, net of tax effect	–	–	–	–	327	327
Profit for the year	–	40,546	–	–	–	40,546
Balance as of March 31, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)

<sup>(1)</sup> The Company has created Debenture Redemption Reserve required under Section 71 of Companies Act, 2013, from the profit.

<sup>(2)</sup> Transfer of goodwill and intangible assets between entities under common control taken to Business Transfer Adjustment Reserve.

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

As per our report of even date attached.

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

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Sudhir  
Gaonkar  
Company  
Secretary

## Statement of Cash Flows

### Accounting policy

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

In ₹ lakh

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

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

As per our report of even date attached.

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

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

Gurvinder Singh  
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April 10, 2019

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Chief Financial Officer

Sudhir  
Gaonkar  
Company  
Secretary

### 1. Company overview and significant accounting policies

#### 1.1 Company overview

'EdgeVerve Systems Limited ('the Company') is a limited company incorporated in India. It is a wholly-owned subsidiary of Infosys Limited. The address of its registered office is Plot No. 44, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. The Company defines, develops and operates innovative cloud-hosted business platforms and software products as part of the Edge Suite of products or Finacle product which can be deployed either on premises or on cloud environments depending on its products. The Company provides implementation, integration and support services to help its customers realize benefits from software solutions. With effect from August 1, 2015, 'Finacle' and 'Edge services' business of Infosys Limited was transferred to the Company. The purchase consideration for the transfer was discharged by way of issue and allotment of equity shares and non-convertible unsecured debentures. The financial statements are approved by the Company's Board of Directors on April 10, 2019.

#### 1.2 Basis of preparation of financial statements

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

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. As the year end figures are taken from the source and rounded to the nearest digit, the figures already reported for the previous quarters might not always add up to the year figures reported in this statements.

#### 1.3 Use of estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates

are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### 1.4 Critical accounting estimates

##### a. Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

##### b. Property, plant and equipment

Property, plant and equipment represents a significant portion of asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology (Refer to Note 2.1).

#### 1.5 Intangible assets

Research costs are expensed as incurred. Software development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The cost which can be capitalised include the cost of materials, direct labour, overhead cost that are directly attributable to preparing the asset for intended use.

#### 1.6 Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares

that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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

### 1.7 Borrowing costs

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

### 1.8 Recent accounting pronouncements

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

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

- Full retrospective: Retrospectively to each prior period presented applying Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective: Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:  
Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application. or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods. On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earn-

ings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 and March 31, 2018 will not be retrospectively adjusted.

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

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

The standard permits two possible methods of transition:

- i) Full retrospective approach: Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

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

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

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

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

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

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

The amendments require an entity:

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

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

## 2.1 Property, plant and equipment

### Accounting policy

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

The estimated useful lives of assets are as follows:

Plant and machinery <sup>(1)</sup>	5 years
Computer equipment <sup>(1)</sup>	3-5 years
Furniture and fixtures <sup>(1)</sup>	5 years
Office equipment	5 years
Leasehold improvements	Over lease term

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is

classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.

### Impairment

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

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

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

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

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

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

## 2.2 Investments

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

### Fair value

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

### Method of fair valuation

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

## 2.3 Loans

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Non-current		
Other Loans		
Loans to employees	8	16
Total non-current loans	8	16
Current		
Unsecured, considered doubtful		
Loans to employees	7	7
Less: Allowances for doubtful loans to employees	7	7

Particulars	As at March 31,	
	2019	2018
Other loans		
Loans to employees	443	521
Total current loans	443	521
Total loans	451	537

## 2.4 Other financial assets

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Non-current		
Other customer receivables	3,799	5,689
Security deposits	1	1
Total non-current other financial assets	3,800	5,690
Current		
Restricted deposits <sup>(1)</sup>	4,212	3,906
Unbilled revenues <sup>(2) (3)</sup>	21,578	23,390
Interest accrued but not due	10	5
Others <sup>(4)</sup>	–	360
Total current other financial assets	25,800	27,661
Total other financial assets	29,600	33,351
Financial assets carried at amortized cost	29,600	33,351

<sup>(2)</sup> Includes dues from fellow subsidiaries (Refer to Note 2.21)

<sup>(4)</sup> Includes dues from fellow subsidiaries (Refer to Note 2.21)

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

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

## 2.5 Trade receivables

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

## 2.6 Cash and cash equivalents

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

Cash and cash equivalents as of March 31, 2019 and March 31, 2018 include restricted cash and bank balances of ₹ 19 lakh, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

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

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

## 2.7 Other assets

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

<sup>(1)</sup> Classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

<sup>(2)</sup> Withholding taxes and others primarily consist of input tax credits

## 2.8 Financial instruments

### Accounting Policy

#### 2.8.1 Initial recognition

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

#### 2.8.2 Subsequent measurement

##### a. Non-derivative financial instruments

###### (i) Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

#### (iv) Financial liabilities

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

#### b. Share capital

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

#### 2.8.3 Derecognition of financial instruments

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

#### 2.8.4 Fair value of financial instruments

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

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

#### 2.8.5 Impairment

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

#### Financial instruments by category

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

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

<sup>(1)</sup> The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

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

Particulars	Note no.	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory		
<b>Assets</b>						
Cash and cash equivalents	2.6	3,810	–	–	3,810	3,810
Investments – Liquid mutual funds units	2.2	–	–	4,263	4,263	4,263
Trade receivables	2.5	11,660	–	–	11,660	11,660
Loans	2.3	537	–	–	537	537
Other financial assets	2.4	33,351	–	–	33,351	33,351
<b>Total</b>		<b>49,358</b>	<b>–</b>	<b>4,263</b>	<b>53,621</b>	<b>53,621</b>
<b>Liabilities</b>						
Trade payables	2.11	9,163	–	–	9,163	9,163
Non-convertible debentures <sup>(1)</sup>	2.10	1,78,000	–	–	1,78,000	1,78,000
Other financial liabilities	2.10	27,500	–	–	27,500	27,500
<b>Total</b>		<b>2,14,663</b>	<b>–</b>	<b>–</b>	<b>2,14,663</b>	<b>2,14,663</b>

<sup>(1)</sup> The carrying value of debentures approximates fair value as the instruments are at prevailing market rates

#### Fair-value hierarchy

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

Particulars	As on March 31, Fair value measurement at end of the 2019 reporting period/ year using		
	Level 1	Level 2	Level 3
	<b>Assets</b>		
Investment in liquid mutual fund units (Refer to Note 2.2)	1,001	1,001	–

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

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

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

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

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

Particulars	In ₹ lakh					Total
	US Dollars	Euros	UK Pound Sterling	Australian Dollars	Other currencies	
Cash and cash equivalents	574	–	–	–	–	574
Trade receivables	7,069	197	–	–	508	7,774
Other financial assets (including loans)	4,611	237	74	(364)	362	4,920
Trade payables	(101)	(61)	(9)	–	(9)	(180)
Other financial liabilities	(3,530)	(16)	(11)	(391)	(381)	(4,329)
Net assets/ (liabilities)	8,623	357	54	(755)	480	8,759

#### Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹13,186 lakh and ₹11,660 lakh as of March 31, 2019 and March 31, 2018 respectively and unbilled revenue amounting to ₹28,982 lakh and ₹23,390 lakh as of March 31, 2019 and March 31, 2018, respectively. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses a provision matrix to compute the expected credit losses on the customer balances based on internal and external factors.

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 and March 31, 2018 was ₹162 lakh and ₹16 lakh, respectively.

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

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

#### Liquidity risk

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

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

As of March 31, 2019 and March 31, 2018, the outstanding compensated absences were ₹2,794 lakh and ₹3,009 lakh, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as of March 31, 2019 are as follows:

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

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

Particulars	In ₹ lakh				Total
	Less than 1 year	1-2 years	2-4 years	4-7 years	
Trade payables	9,163	–	–	–	9,163
Other liabilities excluding non convertible debentures <sup>(1)</sup>	19,248	1,886	3,773	–	24,907
	28,411	1,886	3,773	–	34,070

<sup>(1)</sup> The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years from the date of issue.

## 2.9 Equity

### Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31,	
	2019	2018
Authorized		
Equity shares, ₹10/- par value		
4,100,000,000 (4,100,000,000) equity shares	4,10,000	4,10,000
Issued, subscribed and paid-up		
Equity shares, ₹10/- par value	1,31,184	1,31,184
1,311,840,000 (1,311,840,000) equity shares	1,31,184	1,31,184

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

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

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital are as follows:

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning and end of the year	1,31,18,40,000	13,11,84,00,000	1,31,18,40,000	13,11,84,00,000

## 2.10 Other financial liabilities

in ₹ lakh

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

Particulars	As at March 31,	
	2019	2018
*The interest rate for the debentures as of March 31, 2019 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.390%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.		
<sup>(1)</sup> Includes dues to holding company (Refer to Note 2.21)	1,44,500	1,78,000
<sup>(2)</sup> Includes dues to holding company/fellow subsidiaries (Refer to Note 2.21)	4,048	3,184
<sup>(3)</sup> Includes dues to fellow subsidiaries (Refer to Note 2.21)	51	412

## 2.11 Trade payables

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Trade payables <sup>(1)</sup>	2,324	9,163
<b>Total trade payables</b>	<b>2,324</b>	<b>9,163</b>
<sup>(1)</sup> Includes dues to holding company/fellow subsidiaries (Refer to Note 2.21)	440	405

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

## 2.12 Other liabilities

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

## 2.13 Provisions

### Accounting policy

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

#### a. Post-sales client-support and others

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

#### b. Onerous contracts

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net

cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Provision for post-sales client-support and others

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Current		
<b>Others</b>		
Post-sales client support and others	351	936
<b>Total provisions</b>	<b>351</b>	<b>936</b>

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

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

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

## 2.14 Income taxes

### Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized on net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Income tax for current and prior year is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

Current tax expense for the year ended March 31, 2019 and March 31, 2018 includes reversal amounting to ₹217 lakh and ₹124 lakh, respectively pertaining to prior periods. A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized as follows:

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

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

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

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

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

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

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

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Deferred income tax assets		
Trade receivables	115	317
Compensated absences	977	1,052
Others	246	490
Total deferred income tax assets	1,338	1,859
Deferred income tax liabilities		
Property, plant and equipment	147	228
Total deferred income tax liabilities	147	228
Deferred income tax assets after set off	1,191	1,631
Deferred income tax liabilities after set off	–	–

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

Particulars	in ₹ lakh	
	As at March 31,	
	2019	2018
Net deferred income tax asset at the beginning	1,631	1,369
Credits relating to temporary differences (Refer to Note 2.14)	(441)	264
Temporary differences on other comprehensive income	1	(2)
Net deferred income tax asset at the end	1,191	1,631

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

## 2.15 Revenue from operations

### Accounting policy

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

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

in effect for revenue prior to April 1, 2018. The effect on adoption of Ind AS 115 was insignificant.

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

Arrangements with customers for software related services are either on a fixed-price, fixed-timeframe or on a time-and-material basis.

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

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

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

dalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

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

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

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

#### Trade receivables and contract balances

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

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

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

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

The movement in unbilled revenue on fixed price development contracts:

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

The movement in unearned revenue balances:

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

### Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ 23,390 lakh. Out of this, the Company expects to

recognize revenue of around 88% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

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

### 2.16 Other income, net

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

### Foreign currency - Accounting policy

#### Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to lakh).

#### Transactions and translations

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

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

During the three months ended June 30, 2018, the Company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related

asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

Other income is as follows :

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

## 2.17 Expenses

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

Particulars	Years ended March 31,	
	2019	2018
Commission to non-whole time directors	40	20
Impairment loss recognized on financial assets	162	20
Contributions towards corporate social responsibility	520	155
Auditor's remuneration		
Statutory audit fees	31	25
Others	393	310
	14,860	15,296

## 2.18 Leases

### Accounting policy

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

The lease rentals charged during the period are as follows:

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

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

Future minimum Lease payable*	in ₹ lakh	
	As at March 31,	
	2019	2018
Within one year of the Balance Sheet date	606	705
Due in a period between one year and five years	2,740	3,213
Due after five years	968	2,161

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

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

## 2.19 Employee benefits

### Accounting policy

#### 2.19.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through remeasurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income, net of taxes. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in Other Comprehensive Income. The effect of any plan amendments are recognized in net profits in the Statement of Profit and Loss.

### 2.19.2 Superannuation

Certain employees of EdgeVerve are participants in a defined contribution plan. The Company has no further obligations to the Plan beyond its monthly contributions which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.

### 2.19.3 Provident fund

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

### 2.19.4 Compensated absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expenses on non-accumulating compensated absences is recognized in the period in which the absences occur.

#### a. Gratuity

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

Particulars	As at March 31,	
	2019	2018
Change in benefit obligations		
Benefit obligations at the beginning	6,720	7,058
Service cost	738	915
Interest expense	481	456
Transfer of obligation	(63)	(311)
Remeasurements – Actuarial (gains)/ losses	(554)	(758)
Benefits paid	(578)	(640)

Particulars	As at March 31,	
	2019	2018
Benefit obligations at the end	6,744	6,720
Change in plan assets		
Fair value of plan assets at the beginning	8,148	8,496
Interest income	587	553
Transfer of assets	(113)	(344)
Remeasurements – return on plan assets excluding amounts included in interest income	26	83
Contributions	–	–
Benefits paid	(578)	(640)
Fair value of plan assets at the end	8,070	8,148
Funded status	1,326	1,428
Prepaid gratuity benefit	1,326	1,428

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

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

Amount recognized in statement of other comprehensive income:

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

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

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

Particulars	As at March 31,	
	2019	2018
Discount rate	7.1%	7.5%
Weighted average rate of increase in compensation levels	10.0%	10.0%

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

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

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

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

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

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

The Company contributes all ascertained liabilities towards gratuity to the EdgeVerve Systems Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2019 and March 31, 2018, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2019 and March 31, 2018 were ₹624 lakh and ₹636 lakh, respectively.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry

standards. The discount rate is based on the government securities yield.

Maturity profile of defined benefit obligation:

	in ₹ lakh
Within 1 year	883
1-2 year	910
2-3 year	988
3-4 year	970
4-5 year	974
5-10 years	4,880

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

#### b. Provident Fund

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

#### c. Superannuation

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

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

Particulars	As at March 31,	
	2019	2018
Contingent liabilities :		
Claims against the Company, not acknowledged as debts <sup>(1)</sup>	8	8
Commitments :		
Estimated amount of un-executed capital contracts (net of advances and deposits)	321	733

<sup>(1)</sup> As at March 31, 2019, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹8 lakh. Majority of the matters are pending before various Appellate Authorities and the Management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations. Amount paid to statutory authorities against the above tax claims is Nil.

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

## 2.21 Related party transactions

### List of related parties

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

### List of fellow subsidiaries

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

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

<sup>(1)</sup> Wholly-owned subsidiary of Infosys Limited

<sup>(2)</sup> Incorporated effective November 20, 2017

<sup>(3)</sup> Majority-owned and controlled subsidiary of Infosys Limited

<sup>(4)</sup> Under liquidation

<sup>(5)</sup> Wholly-owned subsidiary of Infosys BPM

<sup>(6)</sup> Wholly-owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

<sup>(7)</sup> Majority-owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

<sup>(8)</sup> Wholly-owned subsidiary of Panaya Inc.

<sup>(9)</sup> Liquidated effective November 9, 2017

<sup>(10)</sup> Wholly-owned subsidiary of Noah. Liquidated effective December 20, 2017

<sup>(11)</sup> On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holding Limited

<sup>(12)</sup> Wholly-owned subsidiary of Brilliant Basics Holding Limited.

<sup>(13)</sup> Wholly-owned subsidiary of Infosys Consulting Pte Ltd

<sup>(14)</sup> On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

<sup>(15)</sup> Liquidated effective May 17, 2018

<sup>(16)</sup> Wholly-owned subsidiary of WongDoody

<sup>(17)</sup> Incorporated effective August 6, 2018

<sup>(18)</sup> On October 11, 2018, Infosys Consulting Pte. Ltd, acquired 100% of the voting interests in Fluido Oy and its subsidiaries

<sup>(19)</sup> Wholly-owned subsidiary of Fluido Oy

<sup>(20)</sup> On November 16, 2018, Infosys Consulting Pte. Ltd, acquired 60% of the voting interest in Infosys Compaz Pte. Ltd

<sup>(21)</sup> Incorporated effective December 19, 2018

<sup>(22)</sup> Incorporated effective November 29, 2018

<sup>(23)</sup> Incorporated effective November 27, 2018, wholly-owned subsidiary Infosys Public Services Inc

<sup>(24)</sup> Liquidated effective May 9, 2017, wholly-owned subsidiary Infosys Public Services Inc

## Associates

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

### List of other related parties

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

### List of key management personnel

#### Directors

- Srinivasan Rajam (appointed on July 8, 2014)
- Jonathan Heller (resigned on July 10, 2017)
- Ritika Suri (resigned on August 15, 2017)
- D. N. Prahlad (appointed on January 6, 2017)
- Arun Krishnan (resigned on April 30, 2017)
- Sandeep Dadlani (resigned on June 23, 2017)
- Deepak Padaki (appointed on July 10, 2017)
- Inderpreet Sawhney (appointed on September 1, 2017)
- Pervinder Johar (resigned on October 13, 2017)
- Nitesh Banga (appointed on December 1, 2017)
- Sanat Rao (appointed as whole time director from April 11, 2018)
- Nitesh Banga (resigned on June 4, 2018)
- Atul Soneja (appointed as whole time director from July 20, 2018)
- Mohit Joshi (appointed as director from January 22, 2019)

#### Executive officers

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

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

Particulars	As at March 31,	
	2019	2018
Trade receivables		

Particulars	As at March 31,	
	2019	2018
Infosys Public Services	43	49
Infosys BPM Limited	11	3
Infosys Poland	–	135
Infosys China	362	443
	416	630
Other financial assets		
Infosys China	–	1
Infosys BPM Limited	10	–
Infosys Poland	22	–
Infosys Mexico	–	1
	32	2
Non convertible debentures		
Infosys Limited	1,44,500	1,78,000
	1,44,500	1,78,000
Trade payables		
Infosys Limited	319	318
Infosys Consulting	86	61
Infosys BPM Limited	35	26
	440	405

Particulars	As at March 31,	
	2019	2018
Other current financial liabilities		
Infosys China	9	–
Infosys Public Services	9	–
Infosys Mexico	33	32
Panaya Ltd.	–	380
	51	412
Unbilled Revenue		
Infosys Public Services	–	315
Infosys Consulting (Singapore)	–	74
Infosys China	–	33
Infosys BPM Limited	–	126
Infosys Poland	–	45
	–	593
Accrued expenses		
Infosys Public Services	27	–
Infosys BPM Limited	63	–
Infosys Limited	3,958	3,184
	4,048	3,184

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

Particulars	in ₹ lakh	
	Years ended March 31,	
	2019	2018
Capital transactions:		
Financing transactions		
Debtentures		
Infosys Limited	(33,500)	(34,900)
Revenue transactions:		
Sale of services		
Infosys Public Services	131	494
Infosys Poland	–	231
Infosys China	39	278
Infosys Consulting (Singapore)	–	74
Infosys BPM Limited	426	698
	596	1,775
Purchase of shared services including facilities and personnel		
Infosys Limited	50,469	44,742
Infosys Mexico	159	176
Brilliant Basics	122	–
Infosys Consulting (Singapore)	5	–
Infosys Poland	3	–
Infosys Consulting	312	271
Infosys BPM Limited	369	306
Panaya Ltd.	56	1,470
	51,495	46,965
Finance cost		
Infosys Limited	14,108	15,580

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

#### Transaction with key managerial personnel

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

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

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

## 2.22 Corporate Social Responsibility

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

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

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

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

## 2.23 Research and development expenditure

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

<sup>(1)</sup> During the year ended March 31, 2019 and March 31, 2018, the Company has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2020. The weighted tax deduction is equal to 150% of such expenditure incurred.

## 2.24 Segment-reporting

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

## 2.25 Function-wise Classification of Statement of Profit and Loss

in ₹ lakh

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

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

D. N. Prahlad  
Chairman

Sanat Rao  
Whole-time Director

Atul Soneja  
Whole-time Director

Srinivasan Rajam  
Director

Rajesh Kini  
Chief Financial Officer

Sudhir Gaonkar  
Company Secretary

## Locations – EdgeVerve Systems Limited

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### India

#### Bengaluru

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

#### *Equinox,*

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

#### *Gold Hill Supreme Software Park,*

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

#### Chandigarh

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

#### Chennai

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

#### *Building No.9, 'C' Wing*

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

#### Hyderabad

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

#### *Building No. 10 and 11*

(Ground Floor), SDB 4,  
Pocharam Village,  
Ghatkesar Mandal, Ranga  
Reddy  
District, Hyderabad 500  
088  
Tel: 91 40 4060 0000  
Fax : 91 40 6634 1356

#### Gurugram

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

#### Mumbai

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

#### Pune

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

#### *Ground, 1st, 2nd and 3rd Floor,*

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

May 28, 2019

Dear member,

You are cordially invited to attend the fifth Annual General Meeting of the members of EdgeVerve Systems Limited ('the Company') on Saturday, June 22, 2019 at 10.00 a.m. IST at the Registered Office of the Company at Plot No 44, Electronics City, Hosur Road, Bengaluru - 560100.

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

Very truly yours,

Sd/-

**Mohit Joshi**

*Chairman of the Board*

Enclosures:

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

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

Registered Office:  
CIN : U72200KA2014PLC073660  
Plot No. 44, Electronics City  
Hosur Road  
Bengaluru 560 100, India  
[secretarial@edgeverve.com](mailto:secretarial@edgeverve.com)  
[www.edgeverve.com](http://www.edgeverve.com)

## Notice to the 5th Annual General Meeting

NOTICE is hereby given that the fifth Annual General Meeting (AGM) of the Members of EdgeVerve Systems Limited ('the Company') will be held on Saturday, June 22, 2019 at 10.00 A.M. IST at the Registered Office of the Company at Plot No. 44, Electronics City, Hosur Road, Bengaluru 560100, to transact the following business:

### Ordinary Business

#### Item no. 1 – Adoption of financial statements

To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors ('the Board') and auditors thereon.

#### Item no. 2 – Appointment of director

To appoint a director in place of Deepak Padaki (DIN: 07873499), who retires by rotation and being eligible, seeks re-appointment.

Resolved that pursuant to the provisions of Section 152 of the Companies Act 2013, the approval of the members of the company be and is hereby accorded to the re- appointment of Deepak Padaki (DIN: 07873499) as a director, who he is liable to retire by rotation.

### Special Business

#### Item no. 3 – Appointment of Mohit Joshi as a director

To consider and if thought fit to pass the following resolution as an ordinary resolution;

Resolved that, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Mohit Joshi (bearing DIN: 8339247) who was appointed as an additional director of the Company by the Board of Directors with effect from January 22, 2019, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mohit Joshi as a candidate for the office of a director of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation.

#### Item no. 4 – Appointment of Atul Soneja as Whole-time director

To consider and if thought fit to pass the following resolution as an ordinary resolution;

Resolved that, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Atul Soneja (bearing DIN: 08184021) who was appointed as an additional director of the Company by the Board of Directors with effect from July 20, 2018, and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying an intention to propose Atul Soneja as a candidate for the office of a

director of the Company, be and is hereby appointed as Director of the Company.

Resolved further that, pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or reenactments thereof, for the time being in force) approval of the members of the Company be and is hereby accorded to the appointment of Atul Soneja (DIN: 08184021) as a Whole-time Director of the Company for a period of five years with effect from July 20, 2018 on terms and conditions as specified in the Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 annexed to this Notice and on the below remuneration;

- **Fixed pay:** Annual fixed salary of INR 6,996,984 to be paid periodically in accordance with the Company's normal payroll practices and subject to withholdings.
- **Variable pay:** Annual variable pay at a target level of INR 4,452,636 (or such other sum that may be decided by the board subject to maximum of 150%) each fiscal year, reduced by applicable withholdings and subject to the terms and conditions contained in the applicable Bonus Plan.
- **Stock compensation:** FY'19 Stock grants at a target level of INR 3,212,210 under the Infosys Limited 2015 Stock Incentive Compensation plan. The actual grant will be made solely on Company and individual performance targets being fulfilled and would vest equally over a period of four years.
- **Employee Benefits:** During the term of office, he will be entitled to participate in the employee benefits plan as per the terms of employment.
- **Minimum Remuneration:** Notwithstanding anything herein above stated, wherein in any financial year closing on or after March 31, 2019, during the tenure of Atul Soneja as Whole-time director of the Company, the Company incurs the loss or its profits are inadequate, the Company shall pay to Atul Soneja the remuneration by way of base salary, variable pay and other allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or reenactments thereof, for the time being in force) or such other limits as the Government may prescribe from time to time as minimum remuneration.

Resolved further that, the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013.

## Item no. 5 – Approval for changing the terms of the appointment of Sanat Rao, Whole-time director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

RESOLVED THAT, pursuant to the recommendation of the Nomination and Remuneration Committee and the Board, and pursuant to the provisions of Section 178, 196, 197 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof), read with Schedule V to the Act (including any statutory modification(s) or re-enactment(s) thereof) consent of the members be and is hereby accorded to revise the annual compensation of Sanat Rao, (DIN : 07657698), Whole-time Director, with effect from October 1, 2018, on existing terms and conditions as follows;

- **Base pay:** Annual base salary of GBP 300,951 to be paid periodically in accordance with the Company's normal payroll practices and subject to withholdings.
- **Variable pay:** Annual variable pay at a target level of GBP 153,830 (or such other sum that may be decided by the board subject to a maximum of 150%) each fiscal year, less applicable withholdings and subject to the terms and conditions contained in the applicable Bonus Plan.
- **Stock compensation:** Stock grants worth GBP 151,594 at Target under the Infosys Limited 2015

Stock Incentive Compensation plan, subject to approval by the Infosys Limited Board (or its Committee). The decision whether or not to grant the award will be based on the fulfillment of individual and Company performance targets. The stock grants would vest equally over a period of four years.

- **Employee Benefits:** During the term of office, he will be entitled to participate in the employee benefits plan as per the terms of employment.
- **Minimum Remuneration:** Notwithstanding anything herein above stated, wherein in any financial year closing on or after March 31, 2019, during the tenure of Sanat Rao as Whole-time director of the Company, the Company incurs the loss or its profits are inadequate, the Company shall pay to Sanat Rao the remuneration by way of base salary, variable pay and other allowances not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 (including any statutory modifications or reenactments thereof, for the time being in force) or such other limits as the Government may prescribe from time to time as minimum remuneration.

Resolved further that, the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013.

by order of the Board of Directors  
for EdgeVerve Systems Limited

Sd/-

Sudhir Gaonkar  
Company Secretary

Bengaluru  
May 28, 2019

## Notes

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1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting (on or before June 20, 2019, 10:00 a.m. IST). A proxy form for the AGM is enclosed.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified true copy of the Board resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.
5. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
8. The Register of members and the Register of debenture holders maintained under Section 88 of the Companies Act, 2013 will be available for inspection by the members at the AGM.

## Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013

### Item no. 3

Based on the recommendation of the Nomination and Remuneration Committee, the Board appointed Mohit Joshi (DIN: 8339247) as an Additional Director of the Company effective January 22, 2019 pursuant to Section 161 of the Companies Act, 2013, read with Article 41 of the Articles of Association of the Company. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mohit Joshi will hold office up to the date of the ensuing AGM. The Company has obtained necessary disclosures under the Companies Act, 2013.

The resolution seeks the approval of members for appointment of Mohit Joshi as non-executive Director of the Company, liable to retire by rotation. No director, key managerial personnel or their relatives, except Mohit Joshi, to whom the resolution relates, are interested or concerned in the resolution. The Board recommends the resolution set forth in Item no. 3 for the approval of the members.

### Item no. 4

The Board of directors of the Company on the recommendation of the Nomination and Remuneration Committee at its meeting held on July 11, 2018, appointed Atul Soneja as Whole-time director of the Company for the period of five years with effect from July 20, 2018 i.e., from the effective date of obtaining director identification number, on the remuneration as set forth in the resolution.

Other terms and conditions of his appointment are as stated in the Agreement of appointment to be entered into with Atul Soneja, a draft of which is available for inspection by the members at the Registered Office of the Company during business hours till the date of the meeting. The terms and conditions of his employment with Infosys Limited shall continue to apply.

The resolution seeks approval of the members in terms of Sections 196 and 197 read with schedule V, Section 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointment of Atul Soneja as Whole-time Director effective July 20, 2018.

A brief profile of Atul Soneja is enclosed.

No director, key managerial personnel or their relatives, except Atul Soneja to whom the resolution relates, is interested in or concerned with the resolution.

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

#### Item no. 5

The nomination and remuneration committee based on the performance evaluation, recommended revision in remuneration of Sanat Rao, Whole-time director effective October 1, 2018. The Board, at its meeting held on April 10, 2019, subject to the approval of the shareholders approved revision in remuneration. Other terms and conditions of appointment remains unchanged.

Brief particulars of revision in remuneration is mentioned below;

Particulars of remuneration	Existing Remuneration	Proposed remuneration effective October 1, 2018
Base pay	Annual base salary of GBP 286,620	Annual base salary of GBP 300,951
Variable pay	Annual variable pay at a target level of GBP 146,505	Annual variable pay at a target level of GBP 153,830
Stock compensation	Stock grants worth GBP 144,375 at Target, under the Infosys Limited 2015 Stock Incentive Compensation plan	Stock grants worth GBP 151,594 at Target, under the Infosys Limited 2015 Stock Incentive Compensation plan.
Employee benefits	During the term of office, he will be entitled to participate in the employee benefits plan as per the terms of employment.	No change

The remuneration to Sanat Rao and other directors together is well within the limits prescribed under the Companies Act, 2013. No other director except Sanat Rao is interested in the resolution.

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

## Additional information on directors seeking election at the annual general meeting

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### **Mohit Joshi**

Mohit Joshi is the Chairman of the Board at EdgeVerve and President of Infosys. He is Head of Banking, Financial Services & Insurance ( BFSI), Healthcare and Life Sciences at Infosys and is also responsible for firm-wide sales operations and reporting processes, including large deal pursuits and top account growth. Mohit has over 18 years of professional experience working across the US, India, Mexico, and Europe. His area of expertise lies in the intersection of financial services and technology. Mohit was also selected as a Young Global Leader (YGL) by the World Economic Forum, Davos earlier this year.

He joined Infosys in 2000 and has since worked in different capacities. In his previous role, he was responsible for leading the Financial Services practice in Europe. In 2007, Mohit was appointed as CEO of Infosys Mexico and was instrumental in setting up the first subsidiary in Latin America.

Mohit has previously worked in India with ABN AMRO and ANZ Grindlays in their Corporate and Investment banks.

Mohit holds a Master of Business Administration from the Faculty of Management Studies, Delhi University and a bachelor's degree in history from St. Stephen's College, Delhi.

He is a director in Infosys Americas Inc. and Infosys Technologies (Sweden) AB.



### **Atul Soneja**

Atul Soneja is a Whole-time Director at EdgeVerve. Atul is the Global Head of Edge Products and Infosys Nia™. He is responsible for the overall business portfolio of EdgeVerve. He is helping customers across the Intelligent Automation continuum from deterministic to predictive to cognitive transformation, by leveraging the AI and Automation platforms and products at EdgeVerve. Atul manages the overall P&L for EdgeVerve. Prior to this role, Atul was the Senior Vice President for Financial Services at Infosys Ltd for over two decades and has diverse experience spanning Client Relationship Management, Program & Delivery management and managing Global Development Centres. He is an alumni of IIT (Indian Institute of Technology), one of the most prestigious educational institutes in India. He is an avid reader, loves traveling and a keen follower of soccer and cricket.



### **Sanat Rao**

Sanat Rao is the Director at EdgeVerve. Sanat has over 26 years of experience in international banking and technology led business transformations. His experience spans strategic partnerships with clients through their digital journey across multiple markets globally. In his present role, Sanat is responsible for growing the Finacle business and driving industry leadership with innovations in the banking space.

Having started his career at ANZ Bank, a global financial institution headquartered in Australia, Sanat has had stints with marquee global financial technology organizations. In his previous role as Vice President and Senior Partner at IBM, he was responsible for a portfolio of offerings including cloud consulting services, CIO Advisory, core banking, digital foundation and payments in the BFSI space. He was also deeply engaged with FinTech companies in identifying and nurturing new partnerships that could prove disruptive in the market.

Prior to that, for nearly 14 years till 2013, Sanat played a variety of global roles as part of the Infosys Finacle organization, helping build and scale the brand, with the last position as the Global Head of Client Services and Alliances. In this role, he was responsible driving global sales, client engagement, and strategic alliances for Finacle globally. Sanat's expertise of the banking and financial technology industry is exemplary, having previously been responsible for Infosys' global banking product strategy for the entire Finacle suite. Sanat is based in London but spends much of his time travelling globally to engage with clients.

# Proxy form

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



EdgeVerve Systems Limited

CIN : U72200KA2014PLC073660

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

[secretarial@edgeverve.com](mailto:secretarial@edgeverve.com) | [www.edgeverve.com](http://www.edgeverve.com)

5<sup>th</sup> Annual General Meeting – June 22, 2019, 10:00 AM IST

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

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

Name : ..... Email : .....

Address : .....

.....Signature : .....

or failing him / her

Name : ..... Email : .....

Address : .....

.....Signature : .....

or failing him / her

Name : ..... Email : .....

Address : .....

.....Signature : .....

or failing him / her

..... Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **fifth** Annual general meeting of the Company, to be held on the **22<sup>nd</sup> day of June 2019 at 10.00 a.m.** at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

(contd...)

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)	
		For	Against
Ordinary business			
1	Ordinary Resolution for Adoption of financial statements for the financial year ended March 31, 2019		
2	Ordinary Resolution for Appointment of a director in place of Deepak Padaki, who retires by rotation and being eligible, seeks re-appointment		
Special business			
3	Ordinary resolution for appointment of Mohit Joshi as director		
4	Ordinary resolution for appointment of Atul Soneja as Whole-time director		
5	Ordinary resolution for revision in remuneration of Sanat Rao, Whole-time director		

.....  
Signature of the proxy holder(s)

Affix revenue stamp of not less than ₹ 1

Notes:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- It is optional to indicate your preference. If you leave the 'for', 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.

.....Please tear here.....

## Attendance slip



EdgeVerve Systems Limited

CIN : U72200KA2014PLC073660

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

[secretarial@edgeverve.com](mailto:secretarial@edgeverve.com) | [www.edgeverve.com](http://www.edgeverve.com)

5<sup>th</sup> Annual General Meeting – June 22, 2019, 10:00 AM IST

Registered Folio no. / DP ID no. / Client ID no. :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy / authorized representative for the member of the Company.

I hereby record my presence at the **fifth** Annual General Meeting of the Company at Plot No. 44, Electronics City, Hosur Road, Bengaluru 560 100, India on Saturday, **June 22, 2019** at 10.00 a.m. IST.

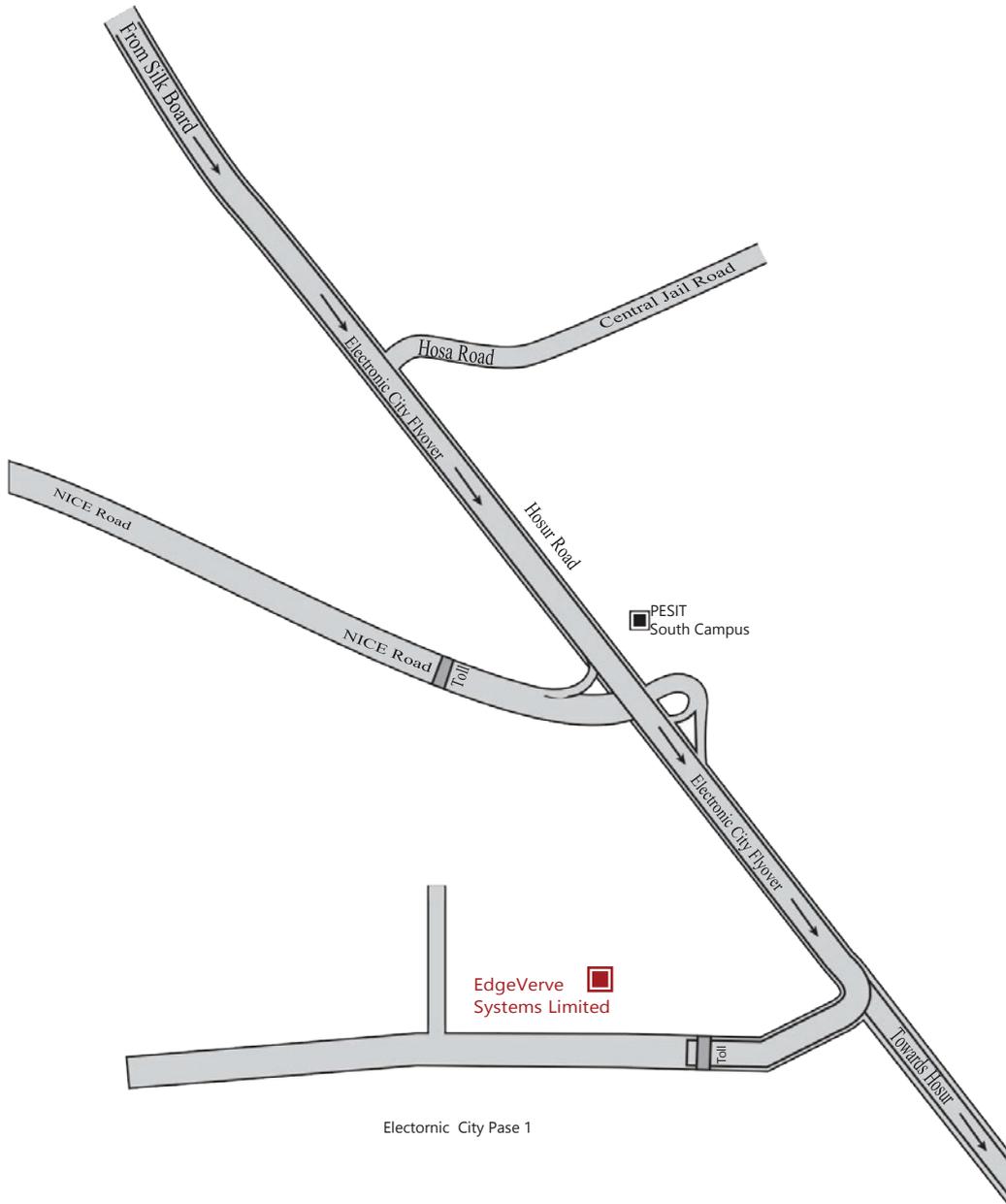
.....  
Name of the member / proxy  
(in BLOCK letters)

.....  
Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

# Route map of the venue of the AGM

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### 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.