

EdgeVerve Systems Limited

Independent Auditor's Report

To The Members Of Edgeverve Systems Limited

Report on the Audit of the 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, 2020, 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 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, 2020, 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 (SAs) specified under section 143(10) of the Act. 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 ethical 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, 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 Responsibilities 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, including other 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, 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 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 standalone 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 control 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 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 Flows 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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

UDIN: 20110128AAAAAV1332

Place: Bengaluru

Date: April 16, 2020

Annexure “A” To The Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of EDGEVERVE SYSTEMS LIMITED (“the Company”) as of March 31, 2020 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 (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 ICAI 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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, 2020, based on the internal financial 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 ICAI.

For Deloitte Haskins & Sells Llp
Chartered Accountants
Firm's Registration number :117366W/W-100018

Gurvinder Singh
Partner
Membership number : 110128
UDIN: 20110128AAAAAV1332

Place: Bengaluru
Date: April 16, 2020

Annexure 'B' To The Independent Auditor's Report

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

- i. In respect of the Company's fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under 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. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the Clause 3 (v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the Order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services 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 Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 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 Services Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ Lakhs
The Income Tax Act, 1961	Income Tax	Appellate Tribunal	AY 2016-17	8

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to debenture holders. The Company does not have any outstanding dues from any financial institution banks.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under Clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under Clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells Llp
Chartered Accountants
Firm's Registration number :117366W/W-100018

Gurvinder Singh
Partner
Membership number : 110128
UDIN: 20110128AAAAAV1332

Place: Bengaluru
Date: April 16, 2020

Balance Sheet

Particulars	Note No.	in ₹ lakh	
		As at March 31,	
		2020	2019
Assets			
Non-current assets			
Property, plant and equipment	2.1	4,357	4,599
Right-of-use assets	2.15	2,036	-
Capital work-in-progress		3	-
Financial assets			
Loans	2.3	6	8
Other financial assets	2.4	2,590	3,800
Deferred tax assets (net)	2.14	1,035	1,191
Other non-current assets	2.7	981	1,351
Income tax assets (net)	2.14	31,636	22,696
Total non-current assets		42,644	33,645
Current assets			
Financial assets			
Investments	2.2	1,101	1,001
Trade receivables	2.5	14,624	13,186
Cash and cash equivalents	2.6	2,072	8,070
Loans	2.3	356	443
Other financial assets	2.4	26,457	25,800
Other current assets	2.7	13,099	14,693
Total current assets		57,709	63,193
Total assets		1,00,353	96,838
Equity and liabilities			
Equity			
Equity share capital	2.9	1,31,184	1,31,184
Other equity		(1,91,925)	(2,30,044)
Total equity		(60,741)	(98,860)
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	1,18,469	1,48,273
Lease liabilities	2.15	1,328	-
Other non-current liabilities	2.12	-	396
Total non-current liabilities		1,19,797	1,48,669
Current liabilities			
Financial liabilities			
Trade payables	2.11		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,627	2,324
Lease liability	2.15	1,028	-
Other financial liabilities	2.10	23,060	28,496
Other current liabilities	2.12	13,343	15,858
Provisions	2.13	239	351
Total current liabilities		41,297	47,029
Total equity and liabilities		1,00,353	96,838

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 No : 117366W/ W-100018

Gurvinder Singh
Partner

Membership number : 110128

Bengaluru
April 16, 2020

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

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Profit and Loss

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

Particulars	Note no.	Year ended March 31,	
		2020	2019
Revenue from operations	2.16	2,49,683	2,53,831
Other income, net	2.17	1,113	380
Total Income		2,50,796	2,54,211
Expenses			
Employee benefit expenses	2.18	71,604	75,212
Cost of technical sub-contractors		59,722	45,264
Travel expenses	2.18	10,792	12,700
Cost of software packages and others	2.18	16,382	19,200
Consultancy and professional charges		9,817	10,248
Depreciation expense	2.1 & 2.15	2,644	2,234
Finance Cost		10,855	14,108
Other expenses	2.18	16,225	14,860
Total expenses		1,98,041	1,93,826
Profit before tax		52,755	60,385
Tax expense:			
Current tax	2.14	14,725	19,398
Deferred tax	2.14	111	441
Profit for the year		37,919	40,546
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability / asset		124	327
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income, net of tax		124	327
Total comprehensive income for the year		38,043	40,873
Earnings per equity share			
Equity shares of par value of ₹ 10 each			
Basic and Diluted (₹)		2.89	3.09
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 No : 117366W/ W-100018

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

Gurvinder Singh
Partner
Membership number : 110128

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 16, 2020

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Change in Equity

in ₹ lakh

Particulars	Equity share capital	Other Equity				Other comprehensive income	Total
		Reserve and surplus			Business Transfer Adjustment Reserve ⁽²⁾		
		Retained earnings	Debenture redemption Reserve ⁽¹⁾	Capital Reserve			
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)	
Balance as of April 1, 2019	1,31,184	66,356	48,750	(3,44,760)	(390)	(98,860)	
Impact on account of adoption of Ind AS 116 (Refer note 2.15)		76				76	
Restated Balances as on April 1, 2019	1,31,184	66,432	48,750	(3,44,760)	(390)	(98,784)	
Changes in equity for the year ended March 31, 2020							
Transfer from debenture redemption reserve	-	37,000	-	-	-	37,000	
Transfer to retained earnings	-	-	(37,000)	-	-	(37,000)	
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	124	124	
Profit for the year	-	37,919	-	-	-	37,919	
Balance as of March 31, 2020	1,31,184	1,41,351	11,750	(3,44,760)	(266)	(60,741)	

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

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

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
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for and on behalf of the Board of Directors of EdgeVerve Systems Limited

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Whole-time Director

Bengaluru
April 16, 2020

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Statement of Cash Flows

Accounting Policy

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

in ₹ lakh

Particulars	Note no.	Year ended March 31,	
		2020	2019
Cash flow from operating activities:			
Profit for the year		37,919	40,546
Adjustments to reconcile net profit to net cash generated by operating activities:			
Depreciation	2.1 & 2.15	2,644	2,234
Income tax expense	2.14	14,836	19,839
Impairment loss recognized on financial assets	2.18	362	162
Provision / (Reversal) for post-sales client support and others	2.18	(54)	(684)
Profit / Loss on sale of fixed assets	2.17	(1)	45
Interest expenses		10,855	14,108
Interest income	2.17	(420)	(434)
(Gain) / Loss on investments	2.17	(277)	(413)
Exchange difference on translation of assets and liabilities		123	(25)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(114)	(7,280)
Other financial assets and other assets		1,158	2,411
Trade payables	2.11	1,303	(7,658)
Other financial liabilities, other liabilities and provisions		(8,978)	9,284
Cash generated from operations		59,356	72,135
Income taxes paid		(23,665)	(22,974)
Net cash from operating activities		35,691	49,161
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,928)	(1,507)
Loans to employees	2.3	89	86
Payments to acquire financial assets			
Liquid mutual fund units		(1,32,246)	(1,14,067)
Proceeds on sale of financial assets			
Liquid mutual fund units		1,32,422	1,17,741
Interest and dividend received on investments		93	429
Net cash (used in) / from investing activities		(1,570)	2,682
Cash flow from financing activities:			
Payment of lease liability		(666)	–
Debentures repaid to holding company		(28,600)	(33,500)
Payment of interest on debentures		(10,730)	(14,108)
Net cash used in financing activities		(39,996)	(47,608)
Effect of exchange differences on translation of foreign currency cash and cash equivalents			
		(123)	25
Net increase / (decrease) in cash and cash equivalents		(5,998)	4,260
Cash and cash equivalents at the beginning of the year		8,070	3,810
Cash and cash equivalents at the end of the year		2,072	8,070
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 No : 117366W/ W-100018

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

Gurvinder Singh
Partner
Membership number : 110128

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Bengaluru
April 16, 2020

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Notes to the Financial Statements

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 01, 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 16, 2020.

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 no. 1.4. Accounting estimates could change from period to period.

Actual results could differ from those estimates. Appropriate changes in estimates are made as 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.

Estimation uncertainty relating to COVID-19

The Company has assessed the recoverability of receivables and unbilled revenue based on internal and external information up to the date of approval of these financial statements. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global pandemic may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions.

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 the 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 the 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)

c. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options

to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

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 capitalized include the cost of materials, direct labor, 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.

2.1 Property, plant and equipment

Accounting policy

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

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

⁽¹⁾ Based on technical evaluation, the Management believes that the useful lives as given above best represent the period over which 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.

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2020:

Particulars	in ₹ lakh					Total
	Leasehold Improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	
Gross carrying value as of April 1, 2019	26	18	182	11,075	159	11,460
Additions	–	2	13	1,768	33	1,816
Deletions	–	–	–	(47)	–	(47)
Gross carrying value as of March 31, 2020	26	20	195	12,796	192	13,229
Accumulated depreciation as of April 1, 2019	(3)	(8)	(112)	(6,655)	(83)	(6,861)
Depreciation	(5)	(4)	(35)	(1,973)	(40)	(2,057)
Accumulated depreciation on deletions	–	–	–	46	–	46
Accumulated depreciation as of March 31, 2020	(8)	(12)	(147)	(8,582)	(123)	(8,872)
Carrying value as of March 31, 2020	18	8	48	4,214	69	4,357

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

Particulars	in ₹ lakh					Total
	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	
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

2.2 Investments

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Unquoted current investments		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	1,101	1,001
Total investments	1,101	1,001
Aggregate and market value of unquoted investments	1,101	1,001

The fair value of liquid mutual fund units as on March 31, 2020 and March 31, 2019 is ₹ 1,101 lakh and ₹ 1,001 lakh respectively.

Method of fair valuation:

in ₹ lakh

Class of investment	Method	As at March 31,	
		2020	2019
Mutual fund- Liquid mutual fund units	Quoted price	1,101	1,001

Details of investments in liquid mutual fund units:

The balances held in liquid mutual fund units as at March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	As at March 31,			
	2020		2019	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Liquid Fund- Growth- Direct Plan	1,56,530	500	–	–
ICICI Prudential Liquid- Growth- Direct plan	2,04,349	601	–	–
HDFC Liquid Fund - Direct - Growth	–	–	27,214	1,001
Total investments in liquid mutual fund units	3,60,879	1,101	27,214	1,001

2.3 Loans

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Non-current		
Other loans		
Loans to employees	6	8
Total non-current loans	6	8
Current		
Unsecured, considered doubtful		
Loans to employees	9	7
Less: Allowances for doubtful loans to employees	9	7
	–	–
Other Loans		
Loans to employees	356	443
Total current loans	356	443
Total Loans	362	451

2.4 Other financial assets

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Non- current		
Other customer receivables	2,589	3,799
Security deposits	1	1
Total non-current other financial assets	2,590	3,800
Current		
Restricted deposits ⁽³⁾	4,436	4,212
Unbilled revenues ⁽¹⁾⁽⁴⁾	21,395	21,578
Interest accrued but not due	337	10
Others ⁽²⁾	289	–
Total current other financial assets	26,457	25,800
Total other financial assets	29,047	29,600
Financial assets carried at amortized cost	29,047	29,600
⁽¹⁾ Includes dues from fellow subsidiaries (Refer to Note 2.21)	1,668	–
⁽²⁾ Includes dues from fellow subsidiaries (Refer to Note 2.21)	2	32

* 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.

⁽¹⁾ 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,	
	2020	2019
Unsecured		
Considered good ⁽¹⁾	14,624	13,186
Considered doubtful	597	224
	15,221	13,410
Less: Allowances for credit losses	597	224
Total trade receivables	14,624	13,186
⁽¹⁾ Includes dues from fellow subsidiaries (Refer to Note 2.21)	285	416

2.6 Cash and cash equivalents

Particulars	in ₹ lakh	
	As at March 31,	
	2020	2019
Balances with banks		
In current and deposit accounts	2,072	8,070
Total cash and cash equivalents	2,072	8,070
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, 2020 and March 31, 2019 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 time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

2.7 Other assets

Particulars	in ₹ lakh	
	As at March 31,	
	2020	1, 2019
Non-current		
Prepaid expenses	54	25
	54	25
Advance other than capital advances		
Prepaid gratuity (Refer to Note 2.19)	927	1,326
Total non-current other assets	981	1,351
Current		
Advance other than capital advances		
Payment to vendors for supply of goods / services	249	201
Balance with government authorities	5	130
Others		
Unbilled revenues ⁽¹⁾	5,901	7,404
Prepaid expenses	2,712	4,016
Withholding taxes and others*	4,232	2,942
Total current other assets	13,099	14,693
Total other assets	14,080	16,044

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

* 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.

c. Derivative financial instruments

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

(i) Financial assets or financial liabilities, at fair value through profit or loss

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

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

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the consolidated Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

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, 2020 are as follows:

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit or loss				Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition				
					Equity instruments designated upon initial recognition	Mandatory			
Assets:									
Cash and cash equivalents	2.6	2,072	–	–	–	–	2,072	2,072	
Investments- Liquid mutual funds units	2.2	–	–	1,101	–	–	1,101	1,101	
Trade receivables	2.5	14,624	–	–	–	–	14,624	14,624	
Loans	2.3	362	–	–	–	–	362	362	
Other financial assets	2.4	29,047	–	–	–	–	29,047	29,047	
Total		46,105	–	1,101	–	–	47,206	47,206	
Liabilities:									
Trade payables	2.11	3,627	–	–	–	–	3,627	3,627	
Non-convertible debentures ⁽¹⁾	2.10	1,15,900	–	–	–	–	1,15,900	1,15,900	
Other financial liabilities	2.10	25,629	–	–	–	–	25,629	25,629	
Total		1,45,156	–	–	–	–	1,45,156	1,45,156	

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

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

Particulars	Note	Amortized cost	Financial assets / liabilities at fair value through profit or loss				Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
			Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition				
					Equity instruments designated upon initial recognition	Mandatory			
Assets									
Cash and cash equivalents	2.6	8,070	–	–	–	–	8,070	8,070	
Investments- Liquid mutual funds units	2.2	–	–	1,001	–	–	1,001	1,001	
Trade receivables	2.5	13,186	–	–	–	–	13,186	13,186	
Loans	2.3	451	–	–	–	–	451	451	
Other financial assets	2.4	29,600	–	–	–	–	29,600	29,600	
Total		51,307	–	1,001	–	–	52,308	52,308	
Liabilities									
Trade payables	2.11	2,324	–	–	–	–	2,324	2,324	
Non-convertible debentures ⁽¹⁾	2.10	1,44,500	–	–	–	–	1,44,500	1,44,500	
Other financial liabilities	2.10	32,269	–	–	–	–	32,269	32,269	
Total		1,79,093	–	–	–	–	1,79,093	1,79,093	

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

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 following table presents fair value hierarchy of financial assets and financial liabilities as at March 31, 2020.

in ₹ lakh

Particulars	As on March 31, 2020	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investment in liquid mutual fund units (Refer to Note 2.2)	1,101	1,101	–	–
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward contracts (Refer to Note no. 2.10)	510	–	510	–

The following table presents fair value hierarchy of financial assets as at March 31, 2019.

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

The following table analyzes foreign currency risk from financial instruments as of March 31, 2020:

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	Other currencies	Total
Cash and cash equivalents	813	–	–	–	–	813
Trade receivables	10,031	65	32	–	282	10,410
Other financial assets (including loans)	10,151	531	470	(480)	3,943	14,615
Trade payables	(192)	(146)	(10)	–	(39)	(387)
Other financial liabilities	(5,559)	(22)	(10)	(10)	(283)	(5,884)
Net assets / (liabilities)	15,244	428	482	(490)	3,903	19,567

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

in ₹ lakh

Particulars	US dollar	Euro	United Kingdom Pound Sterling	Australian dollar	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)
Net assets / (liabilities)	13,057	3,204	473	(602)	1,354	17,486

Derivative financial instruments

The Company holds the derivative financial instruments such as foreign currency forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is the bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active market or inputs that are directly or indirectly observable in the marketplace.

Particulars	As at March 31, 2020		As at March 31, 2019	
	in million	in ₹ lakh	in million	in ₹ lakh
Forward Contracts				
In US dollar	13	9,837	–	–

The foreign exchange forward and options contracts mature within 12 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the Balance Sheet date:

(in ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Not later than one month	6,053	–
Later than one month and not later than three months	3,784	–
Total	9,837	–

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 ₹ 14,624 lakh and ₹ 13,186 lakh as of March 31, 2020 and March 31, 2019 respectively and unbilled revenue amounting to ₹ 27,296 lakh and ₹ 28,982 lakh as of March 31, 2020 and March 31, 2019, 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 years ended March 31, 2020 and March 31, 2019 was ₹ 357 lakh and ₹ 162 lakh respectively.

Movement in credit loss allowance:(in ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Balance at the beginning	319	154
Provisions recognized	357	162
Write-offs	(34)	–
Translation differences	55	3
Balance at the end	697	319

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, 2020, the Company had a working capital of ₹ 16,412 lakh including cash and cash equivalents of ₹ 2,072 lakh and current investments of ₹ 1,101 lakh. As of March 31, 2019, the Company had a working capital of ₹ 16,164 lakh including liquid assets such as cash and cash equivalents of ₹ 8,070 lakh and current investments of ₹ 1,001 lakh.

As of March 31, 2020 and March 31, 2019, the outstanding compensated absences were ₹ 3,027 lakh and ₹ 2,794 lakh, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020:
(in ₹ lakh)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	3,627	–	–	–	3,627
Other liabilities excluding non-convertible debentures	20,033	1,876	693	–	22,602
	23,660	1,876	693	–	26,229

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:
(in ₹ lakh)

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

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

2.9 Equity

Share capital

in ₹ lakh, except as otherwise stated

Particulars	As at March 31,	
	2020	2019
Authorized		
Equity shares, ₹10 par value	4,10,000	4,10,000
4,10,00,00,000 (4,10,00,00,000) equity shares		
Issued, subscribed and paid-up		
Equity shares, ₹10 par value	1,31,184	1,31,184
1,31,18,40,000 (1,31,18,40,000) equity shares		
	1,31,184	1,31,184

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

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

The details of shareholder holding more than 5% shares as at March 31, 2020 and March 31, 2019 are set out below:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of shares	% held	Number of shares	% held
Infosys Limited, holding company	1,31,18,40,000	100%	1,31,18,40,000	100%

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2020 and March 31, 2019 is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	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,	
	2020	2019
Non-current		
Non-convertible debentures ^{*(1)}	1,15,900	1,44,500
Other payables	2,569	3,773
Total non-current other financial liabilities	1,18,469	1,48,273
Current		
Accrued compensation to employees	3,617	4,413
Capital creditors	764	875
Foreign currency forward contracts	510	–
Compensated absences	3,027	2,794
Accrued expenses ⁽²⁾	14,420	15,786
Other payables ⁽³⁾	722	4,628
Total current other financial liabilities	23,060	28,496
Total other financial liabilities	1,41,529	1,76,769
Financial liability carried at amortized cost	1,41,529	1,76,769

*The interest rate for the debentures as of March 31, 2020 is 10 years Government Bond rate plus 1% premium to be reset annually. Currently the interest rate is 8.349%. The interest payment term would be as may be decided mutually between the parties. The term of redemption of the debentures would be any date as may be decided mutually between the parties but will not exceed 10 years.

⁽¹⁾ Includes dues to holding company (Refer to Note 2.21)	1,15,900	1,44,500
⁽²⁾ Includes dues to holding company (Refer to Note 2.21)	4,450	4,048
⁽³⁾ Includes dues to fellow subsidiaries (Refer to Note 2.21)	6	51

2.11 Trade payables

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Trade payables ⁽¹⁾	3,627	2,324
Total trade payables	3,627	2,324
⁽¹⁾ Includes dues to holding company / fellow subsidiaries (Refer to Note 2.21)	1,805	440

As at March 31, 2020 and March 31, 2019, 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, 2020, an amount of ₹ 130 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, 2020.

2.12 Other liabilities

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Non-current		
Deferred rent	–	396
Total non-current other liabilities	–	396
Current		
Unearned revenue	8,815	9,920
Withholding taxes and other taxes	4,528	5,938
Total current other liabilities	13,343	15,858
Total other liabilities	13,343	16,254

2.13 Provisions

Accounting policy

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

a. Post-sales client support and others

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

b. Onerous contracts

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

Provision for post-sales client support and others

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Current		
Others		
Post-sales client support and others	239	351
Total provisions	239	351

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

Particulars	in ₹ lakh	
	As at March 31,	
	2020	2019
Balance at the beginning	351	936
Provisions recognized / (reversal)	(112)	(684)
Provision utilized	–	98
Translation differences	–	1
Balance at the end	239	351

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,	
	2020	2019
Current taxes	14,725	19,398
Deferred taxes	111	441
Income tax expense	14,836	19,839

Entire deferred income tax for the year ended March 31, 2020 and March 31, 2019, relates to origination and reversal of temporary differences.

During the year ended March 31, 2020 the Company has opted for new lower tax regime of 22% Corporate Tax (plus applicable surcharge and cess) as per the Taxation Laws (Amendment) Act, 2019.

Income tax expense for the years ended March 31, 2020 and March 31, 2019 includes Provision / (reversal) (Net of provisions) amounting to ₹ 463 lakh and ₹ (217) lakh respectively pertaining to prior periods.

These net of provisions majorly pertain to prior periods on account of earlier years overseas tax cost net of tax relief claimed in India.

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 below:

(in ₹ lakh)

Particulars	As at March 31,	
	2020	2019
Profit before income taxes	52,755	60,385
Enacted tax rates in India	25.17%	34.94%
Computed expected tax expense	13,277	21,101
Overseas taxes, net of foreign tax credit	638	733
Prior year taxes	463	(217)
Effect of non-deductible expenses	134	55
Additional deduction on research and development expense	–	(2,090)
Others*	324	257
Income tax expense	14,836	19,839

* Includes deferred tax impact of ₹ 321 lakh due to adoption of new lower tax rate regime.

The applicable Indian statutory tax rates for fiscal year 2020 is 25.168% and fiscal year 2019 is 34.944%

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2020 and March 31, 2019

Particulars	in ₹ lakh	
	As at March 31,	
	2020	2019
Income tax assets	91,619	69,829
Current income tax liabilities	59,983	47,133
Net current income tax assets at the end	31,636	22,696

The gross movement in the current income tax asset for the years ended March 31, 2020 and March 31, 2019 are as follows:
in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Net current income tax assets at the beginning	22,696	19,120
Income tax paid	23,707	23,228
Tax on other comprehensive income	(42)	(254)
Current income tax expense (Refer to Note 2.14)	(14,725)	(19,398)
Net current income tax assets at the end	31,636	22,696

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

Particulars	As at March 31,	
	2020	2019
Deferred income tax assets		
Trade receivables	179	115
Compensated absences	763	977
Others	184	246
Total deferred income tax assets	1,126	1,338
Deferred income tax liabilities		
Property, plant and equipment	91	147
Total deferred income tax liabilities	91	147
Deferred income tax assets after set off	1,035	1,191
Deferred income tax liabilities after set off	–	–

The gross movement in the deferred income tax account for the years ended March 31, 2020 and March 31, 2019 is as follows:
in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Net deferred income tax asset at the beginning	1,191	1,631
Credits relating to temporary differences (Refer to Note 2.14)	(156)	(441)
Temporary differences on other comprehensive income	–	1
Net deferred income tax asset at the end	1,035	1,191

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 Leases

Accounting policy

The Company as a lessee

The Company's lease asset classes consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU assets") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost using the effective interest rate method at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, incremental borrowing rates in the countries of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right-of-use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the

accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of ROU asset of ₹ 867 lakh and a lease liability of ₹ 1,141 lakh. The cumulative effect of applying the standard of ₹ 76 lakh was adjusted in retained earnings, net of taxes. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Following are the changes in the carrying value of ROU assets for the year ended March 31, 2020:

Particulars	in ₹ lakh
	Year ended March 31, 2020
Balance at the beginning	867
Additions	1,756
Deletions	–
Depreciation	(587)
Translation difference	–
Balance as of March 31, 2020	2,036

The following is the break-up of current and non-current lease liability as of March 31, 2020:

Particulars	in ₹ lakh
	Year ended March 31, 2020
Non-current lease liability	1,328
Current lease liability	1,028
Total	2,356

The following is the movement in lease liability during the year ended March 31, 2020:

Particulars	in ₹ lakh
	Year ended March 31, 2020
Balance at the beginning	1,141
Additions	1,756
Deletions	–
Interest accrued during the period	125
Lease payments	(666)
Translation difference	–
Balance as of March 31, 2020	2,356

Rental expense recorded for short-term leases was ₹ 3,474 lakh for the year ended March 31, 2020.

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

Particulars	in ₹ lakh
	Year ended March 31, 2020
Not later than 1 year	1,160
Later than 1 year and not later than 5 years	1,498
Later than 5 years	–
Balance as of March 31, 2020	2,658

2.16 Revenue from operations

Accounting policy

The Company derives revenues primarily from business IT services comprising 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 to 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.

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”). 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-timeframe revenue is recognized ratably over the term of the underlying timeframe arrangement.

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

Revenue from licenses where the customer obtains a “right to use” the licenses is recognized at the time the license is made available to the customer. Revenue from licenses whether the customer obtains a “right to access” is recognized over the access period. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles under Ind AS 115 to account for revenues from these performance obligations. When implementation services are provided in conjunction with the licensing arrangement and the same have been identified as two separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the performance obligation is estimated using the expected cost plus margin approach. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably over the period in which the services are rendered.

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

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an

existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catchup 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 years ended March 31, 2020 and March 31, 2019 are as follows :

Particulars	in ₹ lakh	
	Year ended March 31,	
	2020	2019
Revenue from operations	2,49,683	2,53,831
Total revenue from operations	2,49,683	2,53,831

Trade receivables and contract balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the years ended March 31, 2020 and March 31, 2019, the Company recognized revenue of ₹ 9,407 lakh and ₹ 7,774 lakh arising from opening unearned revenue as of April 1, 2019 and April 1, 2018, respectively.

During the years ended March 31, 2020 and March 31, 2019, the Company recognized revenue of ₹ 6,395 lakh and ₹ 11,690 lakh of unbilled revenue pertaining to fixed price development contracts as of April 1, 2019 and April 1, 2018, respectively has been classified to trade receivable upon billing to customers on completion of milestones.

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as of March 31, 2020, other than those meeting the exclusion criteria mentioned above, is ₹ 21,845 lakh. Out of this, the Company expects to recognize revenue of around 92.2% 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 ₹ 5,901 lakh as at March 31, 2020 has been considered as a non-financial asset.

2.17 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 for the years ended March 31, 2020 and March 31, 2019 are as follows:

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Interest received on financial assets- carried at amortized cost		
Deposits with banks and others	420	434
Profit on sale of fixed assets	1	-
Exchange gain / (loss) on translation of assets and liabilities	858	(473)
Gain / (loss) on investment carried at fair value through profit or loss	277	413
Exchange gains / (losses) on foreign currency forward and options contracts	(503)	-
Miscellaneous income	60	6
Total other income	1,113	380

2.18 Expenses

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Employee benefit expenses		
Salaries including bonus	67,688	70,790
Contribution to provident and other funds	3,133	3,107
Staff welfare	783	1,315
	71,604	75,212
Travel expenses		
Overseas travel expenses	9,697	11,813
Travelling and conveyance	1,095	887
	10,792	12,700
Cost of software packages and others		
For own use	4,506	4,016
Third-party items bought for service delivery to clients	11,876	15,184
	16,382	19,200
Other expenses		
Repairs and maintenance	2,217	2,314
Brand and marketing	4,292	3,307
Communication expenses	685	860
Operating lease payments	3,474	4,506
Rates and taxes	88	84
Commission charge	2,808	2,521
Fuel and power	642	681
Consumables	208	125
Provision / (Reversal) for post-sales client support and others	(54)	(684)
Commission to non-whole time directors	1	40
Impairment loss recognized on financial assets	362	162
Contributions towards corporate social responsibility	960	520
Auditor's remuneration		
Statutory audit fees	30	31
Others	512	393
	16,225	14,860

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at

each Balance Sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the EdgeVerve Systems Limited Employees Gratuity Fund Trust (“the Trust”). Trustees administer contributions made to the Trust and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by Indian Law.

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

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 following tables set out the funded status of the gratuity plans and the amounts recognized in the Company’s financial statements as of March 31, 2020 and March 31, 2019:

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Change in benefit obligations		
Benefit obligations at the beginning	6,744	6,720
Service cost	608	738
Interest expense	461	481
Transfer of obligation	53	(63)
Remeasurements - Actuarial (gains) / losses	(111)	(554)
Benefits paid	(547)	(578)
Benefit obligations at the end	7,209	6,744
Change in plan assets		
Fair value of plan assets at the beginning	8,070	8,148
Interest income	554	587
Transfer of assets	4	(113)
Remeasurements- Return on plan assets excluding amounts included in interest income	55	26
Contributions	-	-
Benefits paid	(547)	(578)
Fair value of plan assets at the end	8,136	8,070
Funded status	927	1,326
Prepaid gratuity benefit	927	1,326

Amount for the years ended March 31, 2020 and March 31, 2019 recognized in the Statement of Profit and Loss under employee benefit expenses:

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Service cost	608	738
Net interest on the net defined benefit liability / asset	(93)	(106)
Net gratuity cost	516	632

Amount for the years ended March 31, 2020 and March 31, 2019 recognized in statement of other comprehensive income: (in ₹ lakh)

Particulars	Year ended March 31,	
	2020	2019
Remeasurements of the net defined benefit liability / (asset)		
Actuarial (gains) / losses	(111)	(554)
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability / (asset)	(55)	(26)
	(165)	(580)

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
(Gain) / loss from change in financial assumptions	389	160
(Gain) / loss from change in experience	(500)	(313)
(Gain) / loss from change in demographic assumptions	-	(402)
	(111)	(555)

The weighted-average assumptions used to determine benefit obligations as at March 31, 2020 and March 31, 2019 are set out below:

Particulars	As at March 31,	
	2020	2019
Discount rate	6.2%	7.1%
Weighted average rate of increase in compensation levels	10.0%	10.0%

The weighted-average assumptions used to determine net periodic benefit cost for the years ended March 31, 2020 and March 31, 2019 are set out below:

Particulars	As at March 31,	
	2020	2019
Discount rate	7.1%	7.1%
Weighted average rate of increase in compensation levels	10.0%	10.0%
Weighted average duration of defined benefit obligation	5.9 years	5.9 years

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

in ₹ lakh

Impact from percentage point increase / decrease in	As at March 31, 2020
Discount rate	458
Weighted average rate of increase in compensation level	398

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, 2020 and March 31, 2019, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the years ended March 31, 2020 and March 31, 2019 were ₹ 608 lakh and ₹ 624 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	907
1-2 year	976
2-3 year	949
3-4 year	972
4-5 year	1,072
5-10 years	5,315

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 ₹ 1,846 lakh during the year ended March 31, 2020 (₹ 1,823 lakh for the year ended March 31, 2019).

c. Superannuation

The Company contributed ₹ 662 lakh during the year ended March 31, 2020 (₹ 628 lakh for the year ended March 31, 2019).

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

in ₹ lakh

Particulars	As at March 31,	
	2020	2019
Contingent liabilities		
Claims against the Company, not acknowledged as debts ⁽¹⁾	4,653	8
Commitments		
Estimated amount of unexecuted capital contracts (Net of advances and deposits)	626	321

⁽¹⁾ As at March 31, 2020, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹ 4,653 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 ₹ 7,462 lakh.

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,	
		2020	2019
Infosys Limited	India	100%	100%
Name of fellow subsidiaries		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) ⁽²⁵⁾		Brazil	
Infosys Nova Holdings LLC. (Infosys Nova)		US	
Infosys Austria GmbH (formerly Lodestone Management Consultants GmbH) ⁽¹⁾		Austria	
Skava Systems Pvt. Ltd. (Skava Systems)		India	
Kallidus Inc. (Kallidus)		US	
Infosys Chile SpA		Chile	
Infosys Arabia Limited ⁽²⁾		Saudi Arabia	
Infosys Consulting Ltda. ⁽¹⁾		Brazil	
Infosys CIS LLC ^{(1) (18) (26)}		Russia	
Infosys Luxembourg S.a.r.l ^{(1) (13)}		Luxembourg	
Infosys Americas Inc., (Infosys Americas)		US	
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽³⁾		Australia	
Infosys Public Services, Inc. USA (Infosys Public Services)		US	
Infosys Canada Public Services Inc ⁽¹⁹⁾		Canada	
Infosys BPM Limited		India	
Infosys (Czech Republic) Limited s.r.o. ⁽⁴⁾		Czech Republic	
Infosys Poland Sp z.o.o ⁽⁴⁾		Poland	
Infosys McCamish Systems LLC ⁽⁴⁾		US	
Portland Group Pty Ltd ⁽⁴⁾		Australia	
Infosys BPO Americas LLC. ⁽⁴⁾		US	
Infosys Consulting Holding AG (Infosys Lodestone)		Switzerland	
Lodestone Management Consultants Inc. ^{(5) (11)}		US	
Infosys Management Consulting Pty Limited ⁽⁵⁾		Australia	
Infosys Consulting AG ⁽⁵⁾		Switzerland	
Infosys Consulting GmbH ⁽⁵⁾		Germany	
Infosys Consulting S.R.L. ⁽¹⁾		Romania	
Infosys Consulting SAS ⁽⁵⁾		France	
Infosys Consulting s.r.o. ⁽⁵⁾		Czech Republic	
Infosys Consulting (Shanghai) Co., Ltd. (formerly Lodestone Management Consultants Co., Ltd) ⁽⁵⁾		China	
Infy Consulting Company Ltd ⁽⁵⁾		UK	
Infy Consulting B.V. ⁽⁵⁾		The Netherlands	
Infosys Consulting Sp. z.o.o ⁽³²⁾		Poland	
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽⁵⁾		Portugal	
Infosys Consulting S.R.L. ⁽⁵⁾		Argentina	
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) ⁽⁶⁾		Belgium	
Panaya Inc. (Panaya)		US	
Panaya Ltd. ⁽⁷⁾		Israel	
Panaya GmbH ⁽⁷⁾		Germany	
Panaya Japan Co. Ltd ⁽⁷⁾⁽³¹⁾		Japan	
Brilliant Basics Holdings Limited (Brilliant Basics)		UK	
Brilliant Basics Limited ⁽⁸⁾		UK	
Brilliant Basics (MENA) DMCC ^{(8) (26)}		UAE	
Infosys Consulting Pte Limited (Infosys Singapore) ⁽¹⁾		Singapore	
Infosys Middle East FZ LLC ⁽⁹⁾		UAE	
Fluido Oy ^{(9) (14)}		Finland	
Fluido Sweden AB (Extero) ⁽¹⁵⁾		Sweden	
Fluido Norway A/S ⁽¹⁵⁾		Norway	
Fluido Denmark A/S ⁽¹⁵⁾		Denmark	

Name of fellow subsidiaries	Country
Fluido Slovakia s.r.o. ⁽¹⁵⁾	Slovakia
Fluido Newco AB ⁽¹⁵⁾	Sweden
Infosys Compaz Pte. Ltd (formerly Trusted Source Pte. Ltd) ⁽¹⁶⁾	Singapore
Infosys South Africa (Pty) Ltd ^{(9) (17)}	South Africa
WongDoody Holding Company Inc. (WongDoody) ⁽¹⁰⁾	US
WDW Communications, Inc ⁽¹²⁾	US
WongDoody, Inc ⁽¹²⁾	US
HIPUS Co., Ltd (formerly Hitachi Procurement Service Co. Ltd.) ⁽²⁰⁾	Japan
Stater N.V. ⁽²¹⁾	The Netherlands
Stater Nederland B.V. ⁽²²⁾	The Netherlands
Stater Duitsland B.V. ⁽²²⁾	The Netherlands
Stater XXL B.V. ⁽²²⁾	The Netherlands
HypoCasso B.V. ⁽²²⁾	The Netherlands
Stater Participations B.V. ⁽²²⁾	The Netherlands
Stater Deutschland Verwaltungs-GmbH ⁽²³⁾	Germany
Stater Deutschland GmbH & Co. KG ⁽²³⁾	Germany
Stater Belgium N.V./S.A. ⁽²⁴⁾	Belgium
Outbox systems Inc. dba Simplus (US) ⁽²⁷⁾	US
Simplus North America Inc. ⁽²⁸⁾	Canada
Simplus ANZ Pty Ltd. ⁽²⁸⁾	Australia
Simplus Australia Pty Ltd ⁽³⁰⁾	Australia
Square Peg Digital Pty Ltd ⁽³⁰⁾	Australia
Simplus Philippines, Inc. ⁽²⁸⁾	Philippines
Simplus Europe, Ltd. ⁽²⁸⁾	UK
Simplus UK, Ltd. ⁽²⁹⁾	UK
Simplus Ireland, Ltd. ⁽²⁹⁾	Ireland

(1) Wholly-owned subsidiary of Infosys Limited

(2) Majority-owned and controlled subsidiary of Infosys Limited

(3) Liquidated effective November 17, 2019

(4) Wholly-owned subsidiary of Infosys BPM Limited

(5) Wholly-owned subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(6) Majority-owned and controlled subsidiary of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

(7) Wholly-owned subsidiary of Panaya Inc

(8) Wholly-owned subsidiary of Brilliant Basics Holding Limited.

(9) Wholly-owned subsidiary of Infosys Consulting Pte Ltd

(10) On May 22, 2018, Infosys acquired 100% of the voting interest in WongDoody

(11) Liquidated effective May 4, 2018

(12) Wholly-owned subsidiary of WongDoody

(13) Incorporated effective August 6, 2018

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

(15) Wholly-owned subsidiary of Fluido Oy

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

(17) Incorporated effective December 19, 2018

(18) Incorporated effective November 29, 2018

(19) Incorporated effective November 27, 2018, wholly owned subsidiary of Infosys Public Services Inc

(20) On April 1, 2019, Infosys Consulting Pte. Ltd, acquired 81% of the voting interests in HIPUS Co., Ltd, Japan

(21) On May 23, 2019, Infosys Consulting Pte. Ltd, acquired 75% of the voting interests in Stater N.V.

(22) Majority-owned and controlled subsidiary of Stater N.V.

(23) Majority-owned and controlled subsidiary of Stater Duitsland B.V.

(24) Majority-owned and controlled subsidiary of Stater Participations B.V.

(25) Effective October 1, 2019, merged into Infosys Consulting Ltda, a wholly-owned subsidiary of Infosys Limited

(26) Under Liquidation

(27) On March 13, 2020, Infosys Nova Holdings LLC, acquired 100% of the voting interests in Outbox Systems Inc.

(28) Wholly-owned subsidiary of Outbox Systems Inc.

(29) Wholly-owned subsidiary of Simplus Europe, Ltd.

(30) Wholly-owned subsidiary of Simplus ANZ Pty Ltd.

(31) Liquidated effective October 31, 2019

(32) On February 20, 2020, Infosys Poland Sp z.o.o, acquired 100% of the voting interests in Infosys Consulting Sp. z.o.o from Infosys Consulting Holding AG (formerly Lodestone Holding AG).

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 (resigned on July 7, 2019)
- D.N. Prahlad (resigned on April 15, 2019)
- Deepak Raghunath Padaki
- Inderpreet Sawhney
- Sanat Rao (appointed as whole-time director from April 11, 2018)
- Nitesh Banga (resigned on June 4, 2018)
- Mohit Joshi (appointed as director from January 22, 2019)
- Atul Soneja (appointed as whole-time director from July 20, 2018)

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 as at March 31, 2020 and March 31, 2019 are as follows:

Particulars	As at March 31,	
	2020	2019
	in ₹ lakh	
Trade receivables		
Infosys Public Services	–	43
Infosys BPM Limited	3	11
Infosys China	282	362
	285	416
Other financial assets		
Infosys BPM Limited	2	10
Infosys Poland	–	22
	2	32
Non-convertible debentures		
Infosys Limited	1,15,900	1,44,500
	1,15,900	1,44,500
Trade payables		
Infosys Limited	1,605	319
Infosys Consulting	98	86
Infosys Mexico	34	–
Infosys BPM Limited	68	35
	1,805	440
Other current financial liabilities		
Infosys China	–	9
Infosys Public Services	–	9
Infosys Mexico	–	33

Particulars	As at March 31,	
	2020	2019
Brilliant Basics Limited	4	–
Infosys BPM Limited	2	–
	6	51
Unbilled revenue		
Infosys Public Services	7	–
Infosys Mexico	1,562	–
Infosys BPM Limited	99	–
	1,668	–
Accrued expenses		
Infosys Public Services	–	27
Infosys BPM Limited	–	63
Infosys Limited	4,450	3,958
	4,450	4,048

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

in ₹ lakh

Particulars	Year ended March 31,	
	2020	2019
Capital transactions:		
Financing transactions		
Debentures		
Infosys Limited	(28,600)	(33,500)
Revenue transactions:		
Sale of services		
Infosys Public Services	213	131
Infosys China	1	39
Infosys Mexico	1,562	–
Infosys BPM Limited	320	426
	2,096	596
Purchase of shared services including facilities and personnel		
Infosys Limited	62,979	50,469
Infosys Mexico	173	159
Brilliant Basics	15	122
Infosys Consulting (Singapore)	–	5
Infosys Poland	–	3
Infosys Consulting	308	312
Infosys BPM Limited	488	369
Panaya Ltd.	33	56
	63,996	51,495
Finance cost		
Infosys Limited	10,730	14,108

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

Particulars	Year ended March 31,	
	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers	862	765
Commission and other benefits to non-executive / independent directors	1	40
Total	863	805

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 ₹ 945 lakh.

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

Sl. No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction / acquisition of any asset	–	–	–
(ii)	On purposes other than (i) above	960	–	960

2.23 Research and development expenditure

Particulars	Year ended March 31,	
	2020	2019
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers (eligible for weighted deduction) ⁽¹⁾		
Capital expenditure	–	–
Revenue expenditure	12,048	11,960
Other R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	19,362	16,994
Total R&D expenditure		
Capital expenditure	–	–
Revenue expenditure	31,410	28,953

⁽¹⁾ During the fiscal year ended on March 31, 2020 the Company has opted for new lower tax regime of 22% corporate tax (plus applicable surcharge and cess) as per the taxation laws (Amendment) Act, 2019. Thus, weighted deduction on eligible research and development expenditure are not claimed during the fiscal year 2019-20.

Earlier during the fiscal year 2018-19, the Company had 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 up to 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

Particulars	Year ended March 31,	
	2020	2019
Revenue from operations	2,49,683	2,53,831
Cost of sales	1,47,341	1,40,233
Gross profit	1,02,342	1,13,598
Operating expenses		
Selling and marketing expenses	19,609	19,055
General and administration expenses	20,236	20,430
Total operating expenses	39,845	39,485

Particulars	Year ended March 31,	
	2020	2019
Operating profit	62,497	74,113
Other income, net	1,113	380
Profit before interest and tax	63,610	74,493
Finance cost	10,855	14,108
Profit before tax	52,755	60,385
Tax expense		
Current tax	14,725	19,398
Deferred tax	111	441
Profit for the year	37,919	40,546
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit liability / asset	124	327
Items that will be reclassified subsequently to profit or loss	–	–
Total other comprehensive income, net of tax	124	327
Total comprehensive income for the year	38,043	40,873

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

Mohit Joshi
Chairman

Sanat Rao
Whole-time Director

Atul Soneja
Whole-time Director

Rajesh Kini
Chief Financial Officer

Sudhir Gaonkar
Company Secretary

Bengaluru
April 16, 2020