EdgeVerve Systems Limited

Independent Auditor's Report

To the Members of Edgeverve Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Edgeverve Systems Limited ('the Company'), which comprise the balance sheet as at March 31, 2015, the Statement of Profit and Loss for the period from 14 February 2014 ('date of incorporation') to March 31, 2015 ('the period') and the Cash Flow Statement for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015 and its loss and its cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   - (c) the balance sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   - (e) on the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company did not have any pending litigations that would impact its financial position as at March 31, 2015;

ii. the Company did not have any long-term contracts including derivative contracts, which require a provision for material foreseeable losses as at 31 March 2015; and

iii. The Company did not have amounts that were required to be transferred to the Investor Education and Protection Fund.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022S

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 17, 2015

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the period ended March 31, 2015, we report that:

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

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified every year. In accordance with this programme, fixed assets were verified during the period and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph 3(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the period by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

(c) According to the information and explanations given to us, the Company did not have any dues which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

(viii) The Company is not registered for a period not less than five years, thus, paragraph 3(viii) of the order is not applicable.

(ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the period.

(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the period.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Co. LLP
Chartered Accountants
Firm's registration number: 101248W/W-100022S

Akhil Bansal
Partner
Membership number: 090906

Place: Bengaluru
Date: April 17, 2015

Balance Sheet

in ₹

Particulars	Note	As at March 31, 2015
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUNDS		
Share capital	2.1	4,61,84,00,000
Reserves and surplus	2.2	(70,50,27,449)
		3,91,33,72,551
NON-CURRENT LIABILITIES		
Deferred tax liabilities (net)	2.3	–
Other long-term liabilities	2.4	6,48,29,041
		6,48,29,041
CURRENT LIABILITIES		
Trade payables	2.5	17,40,90,152
Other current liabilities	2.6	30,64,48,079
Short-term provisions	2.7	1,79,20,086
Short-term borrowings	2.8	18,04,77,444
		67,89,35,761
		4,65,71,37,353
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Tangible assets	2.9	8,84,53,646
Intangible assets	2.9	3,71,19,79,532
		3,80,04,33,178
Deferred tax assets (net)	2.3	–
Long-term loans and advances	2.10	9,10,17,773
		3,89,14,50,951
CURRENT ASSETS		
Trade receivables	2.11	4,43,35,436
Cash and cash equivalents	2.12	9,79,90,059
Short-term loans and advances	2.13	62,33,60,907
		76,56,86,402
		4,65,71,37,353
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number:101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership No: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary

Statement of Profit and Loss

in ₹

Particulars	Note	Period from February 14, 2014 to March 31, 2015
Income from software services and products	2.15	1,47,73,43,061
Other income	2.16	6,72,846
Total revenue		1,47,80,15,907
Expenses		
Employee benefit expenses	2.17	62,94,34,139
Cost of technical sub-contractors	2.17	47,20,95,211
Travel expenses	2.17	44,5,98,350
Cost of software packages and others	2.17	29,94,33,987
Communication expenses	2.17	17,5,06,436
Professional charges		7,53,53,508
Depreciation and amortization expense	2.9	44,71,50,933
Other expenses	2.17	19,74,70,792
Total expenses		2,18,30,43,356
LOSS BEFORE TAX		(70,50,27,449)
Tax expense		
Current tax		–
Deferred tax		–
LOSS FOR THE PERIOD		(70,50,27,449)
EARNINGS PER EQUITY SHARE		
Equity shares of par value ₹10/- each		
Basic		(3.39)
Diluted		(3.39)
Number of shares used in computing earnings per share	2.27	
Basic		20,78,96,740
Diluted		20,78,96,740
SIGNIFICANT ACCOUNTING POLICIES	1	

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Akhil Bansal
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Sudhir Shridhar Gaonkar
Company Secretary

Cash Flow Statement

in ₹

Particulars	Note	Period from February 14, 2014 to March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax		(70,50,27,449)
Adjustments to reconcile loss before tax to cash generated by operating activities		
Depreciation and amortization expense		44,71,50,933
Interest income		(10,66,740)
Dividend Income		(18,776)
Interest expense		25,01,236
Changes in assets and liabilities		
Trade receivables		(4,43,35,436)
Loans and advances and other assets		(65,48,86,792)
Liabilities and provisions		49,19,59,664
		(46,37,23,360)
Income taxes paid		–
NET CASH USED IN OPERATING ACTIVITIES		(46,37,23,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure		(2,70,90,999)
Investment in mutual fund Units		1,50,00,000
Disposal of mutual fund Units		(1,50,00,000)
Dividend received		18,776
Interest and dividend received		8,09,434
NET CASH USED IN INVESTING ACTIVITIES		(2,62,62,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from parent		30,00,00,000
Loan repayment to parent		(12,00,00,000)
Interest expense		(20,23,792)
Proceeds from issuance of share capital		41,00,00,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		58,79,76,208
Effect of exchange differences on translation of foreign currency cash and cash equivalents		–
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,79,90,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		9,79,90,059
SIGNIFICANT ACCOUNTING POLICIES	1	

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

As per our report of even date attached

for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number:101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
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Bengaluru
April 17, 2015

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Significant accounting policies

Company overview

EdgeVerve Systems Limited is a wholly-owned subsidiary of Infosys Limited. The Company defines, develops and operates innovative cloud-hosted business platforms and software products and offer them as 'pay-as-you-use' services.

1 Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified).

1.2 Use of estimates

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

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

1.3 Revenue recognition

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenues. Revenue from fixed-price and fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized based upon the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability revenue recognition is postponed until such uncertainty is resolved. Cost and earnings in excess of billings are classified as unbilled revenue while billings in excess of cost and earnings is classified as unearned revenue. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current estimates.

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

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

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

Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sale price and carrying value of the investment. Lease rentals are recognized ratably on a straight line basis over the lease term. Interest is recognized using the time-proportion method, based on rates implicit in the transaction. Dividend income is recognized when the Company's right to receive dividend is established.

1.4 Provisions and contingent liabilities

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

1.5 Post-sales client support and warranties

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

1.6 Tangible assets and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.7 Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment. Research costs are expensed as incurred. Software development costs are expenses 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. Intangible assets are measured over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use.

1.8 Depreciation and amortization

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use.

1.9 Impairment

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

1.10 Retirement benefits to employees

Gratuity

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

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

Superannuation

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

Provident fund

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

Compensated absences

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

1.11 Foreign currency transactions

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

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

1.12 Income taxes

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situations where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to Statement of Profit and Loss are credited to the share premium account.

1.13 Earnings per share

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

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

1.14 Investments

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

1.15 Cash and cash equivalents

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

1.16 Cash flow statement

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

1.17 Leases

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

2 Notes to accounts for the period ended March 31, 2015

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

2.1 Share capital

in ₹, except as otherwise stated

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

(1) The Company has allotted 42,18,40,000 fully-paid-up equity shares of face value ₹10/- each during the year pursuant to a Business Transfer Agreement entered into with the holding company "Infosys Limited" for consideration other than cash.

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

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

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

Name of the shareholder	As at March 31, 2015	
	No. of shares	% held
Infosys Limited (Equity shares of ₹10/- fully paid up held by holding company)	46,18,39,994	100.00%

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

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Number of shares at the beginning of the period	–	–
Add: Shares issued	46,18,40,000	4,61,84,00,000
Number of shares at the end of the period	46,18,40,000	4,61,84,00,000

Shares held by holding Company

Equity shares of ₹ 10/- fully paid up held by:

in ₹

Particulars	As at March 31, 2015	
	No. of shares	Amount
Infosys Limited	46,18,39,994	4,61,83,99,940

2.2 Reserves and surplus

in ₹

Particulars	As at March 31, 2015
Opening balance	–
Add: Net loss transferred from Statement of Profit and Loss	(70,50,27,449)
Total Reserves and Surplus	(70,50,27,449)

2.3 Deferred taxes

in ₹

Particulars	As at March 31, 2015
Deferred tax assets	
Other assets	99,00,000
	99,00,000
Deferred tax liabilities	
Fixed assets	99,00,000
	99,00,000
Deferred tax assets after set off	–
Deferred tax liabilities after set off	–

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

In accordance with the explanation to AS-22 "Accounting for taxes on Income" deferred tax assets in situations of carry forward losses have been recognized to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax asset will be realized.

2.4 Other long-term liabilities

in ₹

Particulars	As at March 31, 2015
Long-term employee bonus	–
Gratuity obligation	6,48,29,041
Rental deposits received from subsidiary *(Refer to Note 2.23)*	–
	6,48,29,041

2.5 Trade payables

in ₹

Particulars	As at March 31, 2015
Trade payables	17,40,90,152
	17,40,90,152
Includes dues to holding company *(Refer to Note 2.21)*	14,31,79,110

2.6 Other current liabilities

in ₹

Particulars	As at March 31, 2015
Accrued salaries and benefits	
Salaries and benefits	2,36,428
Bonus and incentives	7,01,94,777
Other liabilities	
Provision for expenses	4,78,13,638
Withholding and other taxes payable	4,43,70,882
Other payables (1)	14,38,32,354
	30,64,48,079
(1) *Includes dues to holding company (Refer to Note 2.21)*	14,33,23,922

2.7 Short-term provisions

in ₹

Particulars	As at March 31, 2015
Provision for employee benefits	
Unavailed leave	1,79,20,086
	1,79,20,086

2.8 Short- term borrowings

in ₹

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

The loan from Infosys Limited, holding company was taken during financial year 2014-15 and carries a interest rate at the rate of 8.67% p.a. This loan is repayable on demand.

2.9 Fixed assets

in ₹ except as otherwise stated

Particulars	Original cost				Depreciation and amortization				Net book value
	As at February 14, 2014	Additions / adjustments during the period	Deductions / retirement during the period	As at March 31, 2015	As at February 14, 2014	For the period	Deductions / adjustments during the period	As at March 31, 2015	As at March 31, 2015
Tangible assets									
Computer equipment	–	12,70,47,979	–	12,70,47,979	–	3,85,94,333	–	3,85,94,333	8,84,53,646
	–	12,70,47,979	–	12,70,47,979	–	3,85,94,333	–	3,85,94,333	8,84,53,646
Intangible assets									
Goodwill	–	2,803,908,132	–	2,80,39,08,132	–	30,06,93,084	–	30,06,93,084	2,50,32,15,048
Capital Contracts		30,060,000	–	30,060,000	–	1,12,82,795	–	1,12,82,795	1,87,77,205
Technology	–	1,28,65,68,000	–	1,28,65,68,000	–	9,65,80,721	–	9,65,80,721	1,18,99,87,279
	–	4,12,05,36,132	–	4,12,05,36,132	–	40,85,56,600	–	40,85,56,600	3,71,19,79,532
Total	–	4,24,75,84,111	–	4,24,75,84,111	–	44,71,50,933	–	44,71,50,933	3,80,04,33,178

Refer to Note 2.30 for the list of assets acquired.

The estimated useful life is as under:

Computer Equipment	3-5 years
Goodwill	7 years
Capital Contracts	2 years
Technology	10 years

2.10 Long-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Other deposit	1,25,000
Other loans and advances	
TDS Receivable	9,08,92,773
	9,10,17,773

2.11 Trade receivables

in ₹

Particulars	As at March 31, 2015
Debts outstanding for a period exceeding six months	
Unsecured	
Considered doubtful	–
Less: Provision for doubtful debts	–
	–
Other debts	
Unsecured	
Considered good [(1)]	4,43,35,436
Considered doubtful	–
	4,43,35,436
Less: Provision for doubtful debts	–
	4,43,35,436
	4,43,35,436
[(1)] Includes dues from fellow subsidiaries *(Refer to Note 2.21)*	4,43,35,436

2.12 Cash and cash equivalents

in ₹

Particulars	As at March 31, 2015
Balances with bank	–
In current and deposit accounts	9,79,90,059
	9,79,90,059
Deposit accounts with more than 12 months maturity	20,00,000
Balance with banks held as margin money deposit against guarantees	41,50,000

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

The deposits maintained by the Company with bank comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

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

in ₹

Particulars	As at March 31, 2015
In current account	
ICICI Bank, India	6,69,83,973
ICICI Bank-EEFC (U.S. Dollar account)	2,56,25,953
State Bank of India	12,30,133
	9,38,40,059

in ₹

Particulars	As at March 31, 2015
In deposit account	
ICICI Bank	41,50,000
	41,50,000
Total cash and cash equivalents	9,79,90,059

2.13 Short-term loans and advances

in ₹

Particulars	As at March 31, 2015
Unsecured, considered good	
Others	
Advances	
Prepaid expenses	7,13,420
For supply of goods and rendering of services	5,14,19,175
Withholding and other taxes receivable	3,19,27,831
Others [(1)]	8,72,46,336
	17,13,06,762
Restricted deposits *(Refer to Note 2.28)*	1,98,75,468
Unbilled revenues [(2)]	43,13,49,127
Interest accrued but not due	2,57,311
Loans and advances to employees	
Salary advances	5,72,239
	62,33,60,907
[(1)] *Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)*	8,73,00,565
[(2)] *Includes dues from holding company / fellow subsidiaries (Refer to Note 2.21)*	43,13,49,127

2.14 Leases

The lease rentals charged during the period is as follows:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Lease rentals recognized during the period	4,18,71,067

2.15 Income from software services and products

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
	1,47,73,43,061

2.16 Other income

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Interest on deposits with bank	10,66,740
Dividend received on investment in mutual fund units	18,776
Miscellaneous income	24,34,025
Gains / (losses) on foreign currency, net	(28,46,695)
	6,72,846

2.17 Expenses

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Employee benefit expenses	
Salaries and bonus including overseas staff expenses	55,74,28,786
Contribution to provident and other funds	6,55,05,292
Staff welfare	65,00,061
	62,94,34,139
Cost of technical sub-contractors	
Technical sub-contractors–holding company	46,42,28,258
Technical sub-contractors–others	78,66,953
	47,20,95,211
Travel expenses	
Overseas travel expenses	3,67,61,517
Travelling and conveyance	78,36,833
	4,45,98,350
Cost of software packages and others	
For own use	29,14,47,468
Third party items bought for service delivery to clients	79,86,519
	29,94,33,987
Communication expenses	
Telephone charges	28,93,693
Communication expenses	1,46,12,743
	1,75,06,436
Other expenses	
Office maintenance	2,29,52,567
Rent	4,18,71,067
Printing and Stationery	1,25,737
Rates and taxes, excluding taxes on income	2,87,44,805
Membership Fees	9,03,740
Computer maintenance	6,44,10,043
Consumables	6,53,906
Commission to non-whole time directors	6,00,000
Statutory audit fees	5,00,000
Bank charges and commission	2,10,487
Others	3,64,98,440
	19,74,70,792

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

There were no contingent liabilities as at March 31, 2015.

Commitments

in ₹

Estimated amount of unexecuted capital contracts	
(Net of advances and deposits)	55,10,826

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

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Capital goods	1,34,73,500
	1,34,73,500

2.20 Activity in foreign currency

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Earnings in foreign currency	
Income from software services and products	1,46,47,09,803
Expenditure in foreign currency	
Overseas travel expenses (including visa charges)	72,44,204
Professional charges	39,51,454
Other expenditure incurred overseas for software development	14,64,30,238
	15,76,25,896
	(15,76,25,896)

2.21 Related party transactions

List of related parties:

Name of holding company	Country	Holding as at March 31, 2015
Infosys Limited	India	100%

Name of fellow subsidiaries	Country
Infosys BPO	India
Infosys China	China
Infosys Mexico	Mexico
Infosys Sweden	Sweden
Infosys Shanghai	China
Infosys Brasil	Brazil
Infosys Public Services, Inc.	U.S.
Infosys Americas	U.S.
Infosys BPO s.r.o	Czech Republic
Infosys BPO (Poland) Sp. z o.o.	Poland
Infosys McCamish Systems LLC (formerly known as McCamish Systems LLC)	U.S.
Portland Group Pty Ltd	Australia
Infosys BPO S de R.L. de C. V.	Mexico
Infosys Australia	Australia
Lodestone Holding AG	Switzerland
Lodestone Management Consultants Inc.	U.S.
Lodestone Management Consultants Pty. Limited	Australia
Lodestone Management Consultants AG	Switzerland
Lodestone Augmentis AG	Switzerland
Hafner Bauer and Ödman GmbH	Switzerland
Lodestone Management Consultants (Belgium) S.A.	Belgium
Lodestone Management Consultants GmbH	Germany
Lodestone Management Consultants Pte Limited	Singapore
Lodestone Management Consultants SAS	France
Lodestone Management Consultants s.r.o.	Czech Republic
Lodestone Management Consultants GmbH	Austria
Lodestone Management Consultants China Co., Ltd.	China
Lodestone Management Consultants Ltd.	U.K.
Lodestone Management Consultants BV	Netherlands
Lodestone Management Consultants Ltda.	Brazil
Lodestone Management Consultants sp. z o.o.	Poland
Lodestone Management Consultants Portugal, Unipessoal, LDA	Portugal
SC Lodestone Management Consultants S.R.L.	Romania
Infosys Canada Public Services Ltd.[(1)]	Canada
Infosys Nova Holdings LLC [(2)]	U.S.

Name of fellow subsidiaries	Country
Panaya Inc. [(3)]	U.S.
Panaya Ltd. [(4)]	Israel
Panaya Gmbh [(4)]	Germany
Panaya Pty Ltd.[(4)]	Australia
Panaya Japan Co. Ltd.[(4)]	Japan
Lodestone Management Consultants S.R.L.	Argentina

[(1)] *Incorporated effective December 19, 2014*
[(2)] *Incorporated effective January 23, 2015*
[(3)] *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
[(4)] *Wholly-owned subsidiary of Panaya Inc.*

Name of Associates	Country
DWA Nova LLC [(1)]	U.S.

[(1)] *Associates of Infosys Nova Holdings LLC.*

List of other related party

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

List of key management personnel

Whole-time directors

Sanjay Purohit, *Chief Executive Officer and Managing Director*

(with effect from July 08, 2014)

Samson David, *Chief Operating Officer* (with effect from July 08, 2014)

Executive Officers

Prem Pereira, Chief Financial Officer

Sudhir Shridhar Gaonkar, *Company Secretary* (appointed with effect from January 12, 2015)

Parvatheesam K., *Company Secretary* (resigned with effect from January 10, 2015)

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

in ₹

Particulars	As at March 31, 2015
Trade Receivables	
Infosys Limited	–
Infosys BPO	4,43,35,436
	4,43,35,436
Unbilled	
Infosys Limited	37,07,78,561
Infosys BPO	2,74,42,356
Infosys Public Services Inc.	3,31,28,210
	43,13,49,127
Other receivables	
Infosys Limited	8,60,28,426
Infosys BPO	12,72,139
	8,73,00,565
Trade payables	
Infosys Limited	14,31,79,110
	14,31,79,110

Particulars	As at March 31, 2015
Loan from Parent	
Infosys Limited	18,04,77,444
	18,04,77,444
Other payables	
Infosys Limited	14,33,23,922
	14,33,23,922

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

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Capital transactions:	
Financing transactions	
Capital Infusion by Parent	
Infosys Limited	4,61,84,00,000
	4,61,84,00,000
Loans Received from Parent	
Infosys Limited	30,00,00,000
	30,00,00,000
Loans Repaid to Parent	
Infosys Limited	12,00,00,000
	12,00,00,000
Fixed Asset Purchase from Parent	
Infosys Limited	24,88,589
	24,88,589
Revenue transactions:	
Purchase of services	
Infosys Limited	46,42,28,258
Purchase of shared services including facilities and personnel	25,51,52,010
	71,93,80,268
Interest Expense	
Infosys Limited	25,01,236
	25,01,236
Sale of services	
Infosys Limited	1,34,77,49,373
Infosys Public Services, Inc.	3,77,59,511
Infosys BPO (including subsidiaries)	9,18,34,177
	1,47,73,43,061
Sale of shared services including facilities and personnel	
Infosys BPO (including subsidiaries)	–

The table below describes the compensation to key managerial personnel:

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Salaries and other employee benefits to whole-time directors and executive officers	3,01,03,589
Commission and other benefits to non-executive / independent directors	6,00,000
Total	3,07,03,589

2.22 Research and development expenditure

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
R&D Expenditure	
Capital Expenditure	–
Revenue Expenditure	65,94,60,236

2.23 Segment reporting

The Company's operations predominantly relate to providing end-to-end business solutions thereby enabling clients to enhance business performance, delivered to customers globally operating in various industry segments. The Chief Executive Officer evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes and geographic segmentation of customers. Accordingly, segment information has been presented both along industry classes and geographic segmentation of customers, industry being the primary segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

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

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

Industry segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	FSI	MFG	ECS	RCL	LSH	Total
Income from software services and products	54,79,24,796	8,57,63,598	33,87,50,799	33,09,79,019	17,39,24,849	1,47,73,43,061
Identifiable operating expenses	6,79,90,188	1,32,93,666	1,31,03,806	1,71,90,007	9,59,302	11,25,36,969
Allocated expenses	52,64,51,835	7,60,33,292	41,78,62,678	39,84,94,953	20,20,11,459	1,62,08,54,217
Segmental operating income	(4,65,17,227)	(35,63,360)	(9,22,15,685)	(8,47,05,941)	(2,90,45,912)	(25,60,48,125)
Unallocable expenses						4,496,52,170
Other income						6,72,846
Profit before tax						(70,50,27,449)
Tax expense						–
Profit after taxes and exceptional item						(70,50,27,449)

Geographic Segments

Period from February 14, 2014 to March 31, 2015

in ₹

Particulars	North America	Europe	India	Rest of the World	Total
Income from software services and products	79,97,16,558	21,93,55,288	1,26,33,258	44,56,37,957	14,7,73,43,061
Identifiable operating expenses	7,80,25,788	66,66,014	16,61,479	2,61,83,687	11,25,36,968
Allocated expenses	81,09,15,861	24,01,89,260	1,46,78,163	555,070,934	16,20,8,54,218
Segmental operating income	(8,92,25,091)	(2,74,99,986)	(37,06,384)	(135,616,664)	(25,60,48,125)
Unallocable expenses					44,96,52,168
Other income, net					6,72,844
Profit before tax					(70,50,27,449)
Tax expense					–
Profit after taxes and exceptional item					(70,50,27,449)

2.24 Gratuity plan

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

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

in ₹

Particulars	
Obligations at year beginning	
Service cost	63,48,201
Interest cost	33,01,736
Transfer of obligation [(1)]	5,27,45,341
Actuarial loss	2,83,10,183
Benefits paid	–
Obligations at year / period end	9,07,05,461
Change in plan assets	
Plan assets at year beginning, at fair value	–
Expected return on plan assets	8,60,938
Actuarial gain	(84,519)
Contributions	2,51,00,000
Benefits paid	–
Plan assets at year / period end, at fair value	2,58,76,419
Reconciliation of present value of the obligation and the fair value of the plan assets:	
Fair value of plan assets at the end of the year / period	2,58,76,419
Present value of the defined benefit obligations at the end of the year / period	9,07,05,461
Reimbursement Asset	6,58,92,944
Asset recognized in the balance sheet	10,63,902
Assumptions	
Interest rate	7.80%
Estimated rate of return on plan assets	9.50%
Weighted expected rate of salary increase	10%

[(1)] During the period ended an obligation of ₹.6,46,20,805 was transferred from Infosys Limited towards the settlement of gratuity liability of the employees transferred to the Company.

Net gratuity cost for the quarter ended March 31, 2015 and period from February 14, 2014 to March 31, 2015 comprises of the following components:

in ₹

Particulars	Period from February 14, 2014 to March 31 2015
Gratuity cost for the period	
Service cost	63,48,201
Interest cost	33,01,736
Expected return on plan assets	(8,60,938)
Actuarial loss	2,83,94,701
Net gratuity cost	3,71,83,700
Actual return on plan assets	7,76,419

Gratuity cost, as disclosed above, is included under Employee benefit expenses and is segregated between software development expenses, selling and marketing expenses and general and administration expenses on the basis of number of employees.

As at March 31, 2015, the plan assets have been primarily invested in government securities. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

2.25 Provident fund

The Company contributed ₹ 1,77,89,201 for period ended March 31, 2015 towards provident fund.

2.26 Superannuation

The Company contributed ₹ 88,10,583 for period ended March 31, 2015 towards superannuation fund.

2.27 Reconciliation of basic and diluted shares used in computing earnings per share

Particulars	Period from February 14, 2014 to March 31, 2015
Number of shares considered as basic weighted average shares outstanding	20,78,96,740
Add: Effect of dilutive issues of shares	–
Number of shares considered as weighted average shares and potential shares outstanding	20,78,96,740

2.28 Restricted deposits

Deposits with financial institutions as at March 31, 2015 include ₹ 1,98,75,468 deposited with Financial Institution to settle employee-related obligations as and when they arise during the normal course of business.

2.29 Function-wise classification of Statement of Profit and Loss

in ₹

Particulars	Period from February 14, 2014 to March 31, 2015
Income from software services and products	1,47,73,43,061
Software development expenses	1,38,99,80,309
GROSS PROFIT	8,73,62,752
Selling and marketing expenses	3,67,20,548
General and administration expenses	30,91,91,565
	34,59,12,113
OPERATING LOSS BEFORE DEPRECIATION	(25,85,49,361)
Depreciation and amortization	44,71,50,933
OPERATING LOSS	(70,57,00,294)
Other income	6,72,845
LOSS BEFORE TAX	(70,50,27,449)
Tax expense:	
Current tax	–
Deferred tax	–
LOSS FOR THE PERIOD	(70,50,27,449)

2.30 Transfer of business from Infosys Limited

On April 11, 2014, the Board of Directors of EdgeVerve authorized the Company to execute a Business Transfer Agreement and related documents with Infosys, subject to securing the requisite approval from shareholders in the Annual General Meeting.

Infosys has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of US $70 million (₹420.84 crore) with effect from July 1, 2014. EdgeVerve undertook a purchase price allocation carried out by an independent valuer based on which certain intangible assets were identified. The consideration has been settled through issue of fully paid-up shares in EdgeVerve.

Net assets taken over

in ₹

Particulars	Amount
Fixed Assets	7,71,32,882
Intangible asset – Capital contracts	3,00,60,000
Intangible asset – Technology	1,28,65,68,000
Reimbursement asset (on account of employee benefit obligation taken over)	59,234,578
Employee benefit obligation – Gratuity	(4,85,03,592)
Goodwill	2,80,39,08,132
Total consideration in shares	4,20,84,00,000

2.31 These financial statements are prepared for the period February 14, 2014 (date of incorporation) to March 31, 2015.

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

As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration Number: 101248W / W-100022

for EdgeVerve Systems Limited

Akhil Bansal
Partner
Membership Number: 090906

Sandeep Dadlani
Chairman of the Board

Sanjay Purohit
Chief Executive Officer

Samson David
Director

Srinivasan Rajam
Director

Rajiv Bansal
Director

Bengaluru
April 17, 2015

Prem Pereira
Chief Financial Officer

Sudhir Shridhar Gaonkar
Company Secretary