

C-EDGE TECHNOLOGIES LIMITED
Balance Sheet

		(₹ in lakhs)	
	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non - current assets			
Property, plant and equipment	7(a)	3,411.98	3,491.07
Capital work-in-progress		-	239.40
Right-of-use assets	6	173.70	-
Financial assets			
Other financial assets	5(d)	185.88	174.63
Income tax asset (net)		776.41	409.13
Other assets	7(b)	453.86	332.79
Total non-current assets		5,001.83	4,647.02
Current assets			
Financial assets			
Trade receivables	5(a)	7,516.93	7,176.99
Unbilled receivables		2,042.29	577.75
Cash and cash equivalents	5(b)	8,687.40	8,553.34
Loans receivable	5(c)	6,862.97	4,500.97
Other financial assets	5(d)	1,171.67	563.57
Other assets	7(b)	1,799.77	1,924.14
Total current assets		28,081.03	23,296.76
TOTAL ASSETS		33,082.86	27,943.78
EQUITY AND LIABILITIES			
Equity			
Share capital	5(i)	1,000.00	1,000.00
Other equity	5(i)	23,552.13	18,915.45
Total equity		24,552.13	19,915.45
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities		121.00	-
Employee benefit obligation	10 (ii) (a)	239.33	202.94
Deferred tax liability (net)		72.21	79.92
Other liabilities	7(c)	-	13.52
Total non-current liabilities		432.54	296.38
Current liabilities			
Financial liabilities			
Lease liabilities		72.61	-
Trade and other payables			
Dues of micro and small enterprises	5(e)	320.28	408.75
Dues of creditors other than micro enterprises and small enterprises		4,466.76	3,999.51
Other financial liabilities	5(f)	114.94	287.12
Unearned and deferred revenues		1,262.45	1,065.01
Employee benefit obligation	10 (ii) (b)	86.49	84.70
Income tax liabilities (net)		817.51	741.50
Other liabilities	7(c)	957.15	1,145.36
Total current liabilities		8,098.19	7,731.95
TOTAL EQUITY AND LIABILITIES		33,082.86	27,943.78

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

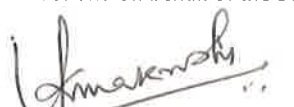
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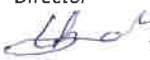

Balajirao Pothana

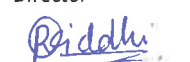
Partner


Membership number : 122632


For and on behalf of the Board of C-Edge Technologies Limited

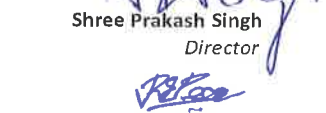

Ramakrishnan Venkataraman
Director


Ujjwal Mathur
Director


Riddhi Desai
Company Secretary


Dhnanajaya Tambe
Director


Shree Prakash Singh
Director


Rohinton Peer
Chief Financial Officer


Jambunathan Narayanan
Chief Executive Officer

Mumbai, April 27, 2020

C-EDGE TECHNOLOGIES LIMITED
Statement of Profit and Loss

		(₹ in lakhs)	
	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	8	29,411.29	27,366.41
Other income	9	897.63	655.30
Sale of business	9a	750.00	-
TOTAL INCOME		31,058.92	28,021.71
Expenses:			
Employee benefits expenses	10(i)	5,551.97	5,004.59
Depreciation and amortisation expense		1,460.55	892.54
Other expenses	11	13,165.42	12,235.54
Finance costs	13	78.27	5.88
TOTAL EXPENSES		20,256.21	18,138.55
PROFIT BEFORE TAX		10,802.71	9,883.16
Tax expense:			
Current tax	14	2,657.80	3,326.10
Deferred tax	14	(0.92)	187.71
Total tax expenses		2,656.88	3,513.81
PROFIT FOR THE YEAR		8,145.83	6,369.35
OTHER COMPREHENSIVE INCOME / (LOSSES)			
Items that will not be reclassified subsequently to the statement of profit and loss.			
Remeasurement of defined employee benefit plans		(1.47)	(23.58)
Income tax on item that will not be reclassified subsequently to the statement of profit and loss		0.37	8.24
TOTAL OTHER COMPREHENSIVE INCOME / (LOSSES)		(1.10)	(15.34)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		8,144.73	6,354.01
Earnings per equity share- Basic and diluted (₹)	18	81.46	63.69
Weighted average number of equity shares		10,000,000	10,000,000
Face value per equity share (₹)		10	10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-20

As per our report of even date attached

For and on behalf of the Board of C-Edge Technologies Limited

For **B S R & Co. LLP**

Chartered Accountants

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

Balajirao Pothana

Partner

Membership number : 122632

Ramakrishnan Venkataraman

Director

Ujjwal Mathur

Director

Dhananjaya Tambe

Director

Shree Prakash Singh

Director

Jambunathan Narayanan

Chief Executive Officer

Riddhi Desai

Company Secretary

Rohinton Peer

Chief Financial Officer

Mumbai, April 27, 2020

C-EDGE TECHNOLOGIES LIMITED
Statement of Changes in Equity

A EQUITY SHARE CAPITAL

(₹ in lakhs)		
Balance as on April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
1,000.00	-	1,000.00

(₹ in lakhs)		
Balance as on April 1, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
1,000.00	-	1,000.00

*Refer note 5(i)

B OTHER EQUITY

(₹ in lakhs)	
	Retained earnings
Balance as at April 1, 2018	15,575.32
Profit for the year	6,369.35
Other comprehensive income	(15.34)
Total comprehensive income	21,929.33
Dividend	(2,500.00)
Tax on dividend	(513.88)
Balance as at March 31, 2019	18,915.45
Balance as at April 1, 2019	18,915.45
Transition impact of Ind AS 116 (net of tax)	(11.95)
Restated balance as at April 1, 2019	18,903.50
Profit for the year	8,145.83
Other comprehensive income	(1.10)
Total comprehensive income	27,048.23
Dividend	(2,900.00)
Tax on dividend	(596.10)
Balance as at March 31, 2020	23,552.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

As per our report of even date attached

For and on behalf of the Board of C-Edge Technologies Limited

For **B S R & Co. LLP**

Chartered Accountants

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




Balajirao Pothana

Partner

Membership number : 122632



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Rohinton Peer
 Chief Financial Officer

Mumbai, April 27, 2020

C-EDGE TECHNOLOGIES LIMITED
Statement of Cash Flows

(₹ in lakhs)

I CASH FLOWS FROM OPERATING ACTIVITIES

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit for the year	8,145.83	6,369.35
Adjustments to reconcile profit and loss to net cash provided by operating activities		
Sale of ATM business	(750.00)	-
Depreciation and amortisation expense	1,460.55	892.54
Net gain on lease modification	(11.72)	-
Liability no longer required	(44.06)	-
Bad debts written off, allowance for doubtful trade receivables and advances (net)	407.46	397.35
Tax expense	2,656.88	3,513.81
Interest income	(824.12)	(643.73)
Finance costs	78.27	5.88
Operating profit before working capital changes	11,119.09	10,535.20
Net change in		
Trade receivables	(747.39)	(2,590.83)
Unbilled receivables	(1,464.54)	207.10
Other financial assets and other assets	(72.15)	201.25
Trade payables, current liabilities and provisions	175.45	351.77
Unearned and deferred revenues	197.45	1,039.73
Cash generated from operations	9,207.91	9,744.22
Taxes paid (net of refunds)	(2,949.05)	(3,601.63)
Net cash provided by operating activities	6,258.86	6,142.59

II CASH FLOWS FROM INVESTING ACTIVITIES

Inter-corporate deposits placed	(6,861.99)	(2,000.00)
Inter-corporate deposits matured	4,500.00	-
Payment for purchase of property, plant and equipment	(911.45)	(3,874.25)
Interest received	969.45	1,153.07
Net cash used in investing activities	(2,303.99)	(4,721.18)

III CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid (including tax on dividend)	(3,496.10)	(3,013.88)
Repayment of lease liabilities	(170.15)	(2.27)
Repayment of finance lease liability	(76.29)	-
Interest paid	(78.27)	(5.88)
Net cash used in financing activities	(3,820.81)	(3,022.03)
Net change in cash and cash equivalents	134.06	(1,600.62)
Cash and cash equivalents at the beginning of the year	8,553.34	10,153.96
Cash and cash equivalents at the end of the year (Refer note 5(b))	8,687.40	8,553.34

IV NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1-20

Note: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

As per our report of even date attached

For and on behalf of the Board of C-Edge Technologies Limited

For **B S R & Co. LLP**

Chartered Accountants

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

Balajirao Pothana

Partner

Membership number : 122632

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Rohinton Peer
Chief Financial Officer

Mumbai, April 27, 2020

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

1) Corporate information

C-Edge Technologies Limited (herein referred to as 'the Company') is a subsidiary of Tata Consultancy Services Limited ('TCS' or 'Holding Company') which owns 51% of the equity shares. The balance 49% of the equity shares are owned by State Bank of India ('SBI' or 'Significant Shareholder'). The main objects of the Company are to provide information technology related services and solutions; to develop, procure, license / sublicense and supply computer software and to design, manufacture, procure, supply hardware and to develop, customize and adapt any software for its own use or for the use of multiple users and to provide computer hardware / software maintenance services.

The Company is a public limited company incorporated and domiciled in India. The address of the Corporate office is 9th floor, A Wing, Lodha i-Think Techno Campus, Pokhran road No 2, off Eastern Express Highway, Thane (West) - 400607.

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on April 27, 2020.

2) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

3) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values at the end of each reporting period and employee retirement obligations as explained in the accounting policies below. Historical cost is generally based on fair value of consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of services rendered to customer and time elapsed between deployment of resources and realisation in cash and cash equivalents of the consideration for such a services rendered, the Company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method. The Company classifies interest paid and interest received as cash flow from operating activities.

The financial statements have been prepared in Indian Rupee (₹) which is the functional currency of the Company. Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are retranslated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

4) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The Company uses the following critical accounting estimates in preparation of its financial statements:

a) Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

b) Provision for income tax and deferred tax assets

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances while determining the provision for income tax. A deferred tax asset is recognised 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 utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

c) Provisions and contingent liabilities

The Company estimates the provisions that have present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

The Company uses significant judgements to disclose contingent liabilities. Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent assets are neither recognised nor disclosed in the financial statements.

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

d) Employee benefits

The accounting of employee benefit obligations in nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

e) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirement of Ind AS 116. Identification of a lease require significant judgements. The Company uses significant judgement in assessing the term (including anticipated renewals) and the applicable discount rate

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

5) Financial assets, financial liabilities and equity instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction cost that are directly attributable to the acquisition or issue of financial assets or liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset to another party. On derecognition of a financial asset, the difference between assets carrying amount and the sum of consideration received or receivable or the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents also consists of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if their financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit and loss

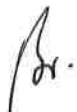
Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in profit and loss.

Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received net of direct issue cost.



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

Impairment of Financial assets (other than at fair value)

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Financial instrument (Ind AS 109) requires expected credit losses to be measured through a loss allowance. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance of trade receivable based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. For all other financial assets, expected credit losses are measured at the amount equal to the 12-months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

5) (a) Trade receivables

Trade receivables (unsecured) consist of the following:

Current

	(₹ in lakhs)
As at March 31, 2020	As at March 31, 2019
Considered good	7,516.93
Credit impaired	242.12
Less: Allowance for doubtful trade receivables	(242.12)
	7,516.93
	7,176.99

Above balances of trade receivables include balances with related parties (Refer note 17)

(b) Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(₹ in lakhs)
As at March 31, 2020	As at March 31, 2019
Balances with banks	
In current accounts	54.36
In deposit accounts with original maturity less than 3 months	8,633.04
	8,687.40
	8,553.34

(c) Loans receivable

Loans receivable (unsecured) consist of the following :

(i) Loans receivable - current

	(₹ in lakhs)
As at March 31, 2020	As at March 31, 2019
Considered good	
(a) Advances to employees	0.98
(b) Inter- corporate deposits	6,861.99
	6,862.97
	4,500.97

Inter-corporate deposits placed with financial institutions yield fixed interest rate.

(d) Other financial assets

Other financial assets consist of the following :

(i) Other financial assets - Non - current

	(₹ in lakhs)
As at March 31, 2020	As at March 31, 2019
Security deposits	185.88
	185.88
	174.63



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

(ii) Other financial assets - current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(a) Security deposits	69.05	65.55
(b) Interest receivable	352.62	498.02
(c) Receivables from sale of ATM business (Refer note 19)	750.00	-
	1,171.67	563.57

e) Micro and small enterprises

	(₹ in lakhs)			
	As at March 31, 2020		As at March 31, 2019	
	Principal	Interest	Principal	Interest
Amount due to vendors	320.28	-	408.75	-
Principal amount paid (includes unpaid) beyond the appointed date	-	-	-	-
Interest due and payable for the year	-	-	-	-
Interest accrued and remaining unpaid (includes interest disallowable of ₹ NIL lakhs (March 31, 2019: ₹ NIL lakhs))	-	-	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

(f) Other financial liabilities

Other financial liabilities consists of the following :

Other financial liabilities - current

	(₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
(a) Current maturities of finance lease obligations	-	120.35
(b) Accrued payroll	114.94	103.37
(c) Others	-	63.40
	114.94	287.12

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements. Each finance lease obligation is repayable by way of 60 equated monthly installments beginning from the month subsequent to taking the lease.

(g) Financial instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 5 to the financial statements.

The carrying value of financial instruments by categories as of March 31, 2020 is as follows :

	(₹ in lakhs)		
	Fair value through Profit and Loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	8,687.40	8,687.40
Trade receivables	-	7,516.93	7,516.93
Unbilled receivables	-	2,042.29	2,042.29
Loans receivables *	-	6,862.97	6,862.97
Other financial assets	-	1,357.55	1,357.55
Total	-	26,467.14	26,467.14
Financial liabilities			
Trade and other payables	-	4,787.04	4,787.04
Lease liabilities	-	193.61	193.61
Other financial liabilities	-	114.94	114.94
Total	-	5,095.59	5,095.59

* Loans include inter-corporate deposits of ₹ 6,861.99 lakhs, with original maturity period within 12 months.

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

The carrying value of financial instruments by categories as of March 31, 2019 is as follows :

	(₹ in lakhs)		
	Fair value through Profit and Loss	Amortised cost	Total carrying value
Financial assets			
Cash and cash equivalents	-	8,553.34	8,553.34
Trade receivables	-	7,176.99	7,176.99
Unbilled receivables	-	577.75	577.75
Loans receivables *	-	4,500.97	4,500.97
Other financial assets	-	738.20	738.20
Total	-	21,547.25	21,547.25
Financial liabilities			
Trade and other payables	-	4,408.26	4,408.26
Other financial liabilities	-	287.12	287.12
Total	-	4,695.38	4,695.38

* Loans include inter-corporate deposits of ₹ 4,500.00 lakhs, with original maturity period within 12 months.

Measurement of fair value

The management assessed the fair values of cash and cash equivalents, trade receivables, unbilled receivables, loan receivables, other financial assets, trade payable and other financial liabilities at their carrying amounts due to short term maturities of these instruments.

(h) Financial risk management

The Company is exposed primarily to credit, liquidity and interest rate risk which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities. The focus of the Board is to assess the unpredictability of the financial environment and to mitigate potential adverse effects on the financial performance of the Company.

a) Interest rate risk

The Company investments are primarily in fixed rate interest bearing investments. Hence the company is not significantly exposed to interest rate risk.

b) Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, unbilled receivable and other financial assets. Inter - corporate deposits ₹ 6,861.99 lakhs as on March 31, 2020 (March 31, 2019 : ₹ 4,500.00 lakhs) are with a financial institution having a high credit - rating assigned by credit rating agencies.

The Company's exposure to customers is diversified and there are no customers other than the Holding Company and the Significant Shareholder who contribute to more than 10% of outstanding trade receivable and unbilled revenue as at March 31, 2020 and March 31, 2019. None of the other financial instruments of the Company result in material concentration of credit risk.

The Company has a geographic concentration of trade receivables, net of allowances and unbilled revenue in India.

c) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligation. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company consistently generated sufficient cash flows from operations to meet its financial obligations including lease liabilities as and when they fall due.



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

The tables below provide details regarding the contractual maturities of significant financial liabilities as at :

	(₹ in lakhs)				
	Due in 1st year	Due in 2nd year	Due in 3rd to 5th year	Due after 5 years	Total
March 31, 2020					
Trade and other payables	4,787.04	-	-	-	4,787.04
Lease liabilities	86.07	90.37	38.42	-	214.86
Other financial liabilities	114.94	-	-	-	114.94
	4,988.05	90.37	38.42	-	5,116.84
March 31, 2019					
Trade and other payables	4,408.26	-	-	-	4,408.26
Other financial liabilities	287.12	-	-	-	287.12
	4,695.38	-	-	-	4,695.38

d) Impact of COVID-19

Financial instruments at amortised cost as at March 31, 2020 is ₹ 26,467.14 lakhs.

Financial assets of ₹ 16,157.92 lakhs carried at amortised cost is in the form of cash and cash equivalents, bank deposits and corporate deposits where the Company has assessed the counterparty credit risk. Trade receivables of ₹ 10,309.22 lakhs forms a significant part of the financial assets carried at amortised cost, which is valued considering provision for allowance using expected credit loss method. The receivables mostly being government customers and parent companies, Company only foresee a possible delay in payment as funds could be diverted to COVID management and this to be a short term impact as per Company's assessment.

e) Foreign currency exchange

The Company's exposure to foreign currency risk is not material.

(i) Equity instrument

The authorised, issued, subscribed and fully paid-up share capital comprises of :

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(a) Authorised :		
4,00,00,000 equity shares of ₹ 10 each	4,000.00	4,000.00
(March 31, 2019 : 4,00,00,000 equity shares of ₹ 10 each)		
	4,000.00	4,000.00
(b) Issued, subscribed and paid-up:		
1,00,00,000 equity shares of ₹ 10 each	1,000.00	1,000.00
(March 31, 2019 : 1,00,00,000 equity shares of ₹ 10 each)		
	1,000.00	1,000.00

i) Reconciliation of number of shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Amount (₹ in lakhs)	Number of shares	Amount (₹ in lakhs)
Equity shares				
Opening balance	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Issued during the year	-	-	-	-
Closing balance	1,00,00,000	1,000.00	1,00,00,000	1,000.00



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Notes forming part of the Financial Statements

ii) Rights, preferences and restrictions attached to shares

Equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held and carry a right to dividend. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity shares

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	Holding	Number of shares	Holding
Tata Consultancy Services Limited (holding company)	51,00,000	51%	51,00,000	51%
State Bank Of India (significant shareholder)	49,00,000	49%	49,00,000	49%

Other equity

Other equity consist of the following :

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
(i) Retained earnings		
Opening balance	18,915.45	15,575.32
Transition impact of Ind AS 116 (net of tax)	(11.95)	
(ii) Profit for the year	8,145.83	6,369.35
(iii) OCI Impact and remeasurement of defined employee benefit plans	(1.10)	(15.34)
(iv) Appropriation :		
(v) Less :		
(a) Dividend on equity shares	(2,900.00)	(2,500.00)
(b) Tax on dividend	(596.10)	(513.88)
	23,552.13	18,915.45

6) Leases

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.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.



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The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease-by-lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 16 to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretation. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessee and lessors. It introduces a single, on balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 16, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

Company as a lessee

Operating leases

For transition, the Company has elected not to apply the requirements of IndAS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying IndAS 116 to leases previously classified as operating leases under IndAS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying IndAS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right of use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 1268.54 lakhs and lease liability of ₹ 1239.73 lakhs has been recognised. The cumulative effect on transition in retained earnings net of taxes is ₹ 11.95 lakhs (including the deferred tax of ₹ 6.42 lakhs). The weighted average incremental borrowing rate of 8.43% has been applied to lease liabilities recognised in the financial statement as at the date of initial application.

During the year in the interest of its business, the Company exercised its termination option on its lease with iThink Lodha premises and vacate the premise by October 2020. The Company has remeasured its lease in accordance with paragraph 40-43 resulting in reduction in ROU asset by ₹ 864.24 lakhs and lease liability by ₹ 875.96 lakhs. The differential gain of ₹ 11.72 lakhs on remeasurement has been taken to profit and loss.

The principle portion of the lease payments have been disclosed under cash flow from financing activities. The lease payments for operating leases as per IndAS 17 - Leases, were earlier reported under cash flow from operating activities.

On application of IndAS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

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Notes forming part of the Financial Statements

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The lease the Company has entered with lessors towards property for use as delivery centers is long term in nature and no changes in terms of this leases is expected due to the COVID-19.

The details of the right-of-use asset held by the Company is as follows:

	(₹ in lakhs)	
	Additions for the year ended March 31, 2020	Net carrying amount as at March 31, 2020
Buildings	-	173.70
	-	173.70

Depreciation on right - of - use assets is as follows :

	(₹ in lakhs)
	Year ended March 31, 2020
Buildings	71.87
	71.87

Interest on lease liabilities is ₹ 78.27 lakhs for the year ended March 31, 2020.

The Company incurred ₹ 128.95 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 377.37 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

Lease contracts entered by the Company majorly pertains for premises taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitments towards variable rent as per contract.

7) (a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property, plant and equipment comprises of its purchases price including non refundable taxes, after deducting trade discount and any directly attributable cost of bringing the item to its working condition for its intended use. Depreciation is provided for property, plant and equipment on straight line basis so as to expense the cost less residual value over their estimated useful lives based on a technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

<u>Type of the asset</u>	<u>Useful life</u>
Office equipment	5 - 10 years
Furniture and fixtures	5 years
Computers	4 years
Leasehold improvements	Lease term

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Property, plant and equipment with finite life are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. 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 the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

C-EDGE TECHNOLOGIES LIMITED
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Property, plant and equipment

Property, plant and equipment consist of the following:

Description	Gross Block as at April 1, 2019		Additions	Disposals	Gross block as at March 31, 2020		Accumulated depreciation as at April 1, 2019		Depreciation for the year		Depreciation on disposals		Accumulated depreciation as at March 31, 2020		Net carrying amount as at March 31, 2020		Net carrying amount as at March 31, 2019	
Computer equipment	8,045.48		1,142.34	315.26	8,872.56		(4,821.68)		(1,166.22)		(315.26)		(5,672.64)		3,199.92		3,223.80	
ATM related equipment *	2,846.72		-	2,846.72	-		(2,846.72)		-		(2,846.72)		-		-		-	
Office equipment	180.44		2.89	-	183.33		(51.71)		(21.32)		-		(73.03)		110.30		128.73	
Furniture and fixtures	105.02		5.62	-	110.64		(62.22)		(14.40)		-		(76.62)		34.02		42.80	
Leasehold Improvements	118.83		-	-	118.83		(23.09)		(28.00)				(51.09)		67.74		95.74	
Total	11,296.49		1,150.85	3,161.98	9,285.36		(7,805.42)		(1,229.94)		(3,161.98)		(5,873.38)		3,411.98		3,491.07	

Description	Gross Block as at April 1, 2018		Additions	Disposals	Gross block as at March 31, 2019		Accumulated depreciation as at April 1, 2018		Depreciation for the year		Depreciation on disposals		Accumulated depreciation as at March 31, 2019		Net carrying amount as at March 31, 2019		Net carrying amount as at March 31, 2018	
Computer equipment	5,004.65		3,332.74	291.91	8,045.48		(4,273.35)		(840.24)		(291.91)		(4,821.68)		3,223.80		731.30	
ATM related equipment*	2,846.72		-	-	2,846.72		(2,846.72)		-		-		(2,846.72)		0.00		0.00	
Office equipment	40.79		139.65	-	180.44		(32.28)		(19.43)		-		(51.71)		128.73		8.51	
Furniture and fixtures	61.39		43.63	-	105.02		(52.44)		(9.78)		-		(62.22)		42.80		8.95	
Leasehold Improvements	-		118.83	-	118.83		-		(23.09)		-		(23.09)		95.74		-	
Total	7,953.55		3,634.85	291.91	11,296.49		(7,204.79)		(892.54)		(291.91)		(7,805.42)		3,491.07		748.76	

* ATM related equipment capitalised as assets are under finance lease. (Refer note 19)



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

(b) Other assets

Other assets consist of the following :

(i) Other assets - Non - current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Considered good		
(a) Contract fulfillment cost *	431.67	310.43
(b) Prepaid expenses	22.19	22.36
	453.86	332.79

(ii) Other assets - current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
(a) Contract fulfillment cost	245.81	140.24
(b) Prepaid expenses	342.43	327.35
(c) Indirect taxes recoverable	1,029.47	1,172.90
(d) Advance to suppliers	182.06	283.65
	1,799.77	1,924.14

* Contract fulfillment costs of ₹ 232.84 lakhs and ₹ 129.32 lakhs for the years ended March 31, 2020 and 2019, respectively, have been amortized in the profit and loss.

(c) Other liabilities

Other liabilities consists of the following :

(i) Other liabilities - Non - current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Operating lease liabilities	-	13.52
	-	13.52

(ii) Other liabilities - current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Advance received from customers	94.84	56.73
Indirect taxes payable and other statutory liabilities	862.31	1,088.63
	957.15	1,145.36

8) Revenue recognition

The Company earns revenue primarily from providing IT services and business solutions.

The Company's contracts with customers could include commitment to transfer multiple products and services to a customer. The Company assesses the products / services committed in a contract and identifies distinct performance obligations in the contract including whether a performance obligation is satisfied at a point in time or over a period of time. Judgement is required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. . The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the each reporting period.

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Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue from time and material and job contracts is recognized on output basis measured by units delivered, efforts expended, number of transactions processed, etc.
- Revenue from ASP (Applications Service Provider) platforms are recognized as the services are performed and amount earned. Revenue is recognised on a time elapsed mode and revenue is straight lined over the period of performance. Amounts are considered to be earned once evidence of an agreement or contractual arrangement has been obtained, services are delivered and collectability is reasonably assured.
- Revenue from the supply of third party equipment or software is recognized at the point in time when control is transferred to the customer net of applicable taxes and duties.

Contract fulfilment costs

Contract fulfilment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalisation. Such costs are amortized over the contractual period or useful life of the license whichever is less. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

Revenue is measured based on the transaction price, which is the consideration as specified in the contract with the customer. Revenue excludes taxes collected from customers.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The Company disaggregates revenue from contracts with customers by industry verticals, geography and nature of services.

Other income comprises of interest income for financial instruments namely bank and corporate deposits measured at amortised cost which is recorded on accrual basis.

Impact of COVID-19

Company's major line of revenue is providing banking services on Application Service Provider module identified as essential services by the Government and Time and Material Projects for its Parent Company Tata Consultancy Services (TCS) and State Bank of India (SBI). Considering the projects executed by the Company are for the Government and its Parent Company having strong presence in Information Technology Industry globally and Banking Industry, the Company does not foresee any significant disruptions in its business, however, if the prolonged lock-down situation continues there could:

- result in Company's ability to deploy resources due to restrictions in mobility
- Customers postponing their discretionary spend due to change in priorities

Company is considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

Revenue from operations

The Company generates revenue from consultancy services and sale of equipment to the Banking, Financial Services and Insurance (BFSI) sector in India.

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Information technology and consultancy services	28,897.52	27,018.39
(b) Sale of equipment	513.77	348.02
	29,411.29	27,366.41

The Company has applied practical expedient of not disclosing the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognized corresponds to the value transferred to customer typically involving time and material, outcome based and event based contracts.

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Movement in contract liabilities is given below:

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	1,065.01	25.28
Less : Revenue recognised that was included in contract liability balance at the beginning	(487.36)	(25.28)
Add : Increase due to invoicing during the year, excluding amounts recognised as revenue	684.80	1,065.01
Closing balance	1,262.45	1,065.01

For the current year, the revenue recognised in the statement of profit and loss equals to the contracted price.

9) Other income

Other income (net) consist of the following:

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Interest income	824.12	643.72
(b) Others	73.51	11.58
	897.63	655.30

Interest income comprises :

Interest on bank deposits	419.49	358.02
Interest on financial asset carried at amortised cost	404.63	285.70

Others income comprises :

Net foreign exchange (loss)/gain	0.03	0.82
Gain on modification of lease	11.72	-
Liability no longer required (Finance lease liability)	44.06	-
Others	17.70	10.76

9) a) Sale of business

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Proceeds from sale of business (Refer note 19)	750.00	-
	750.00	0.00

10) Employee benefits

i) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost, both vested and unvested, is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service 'past service cost' or 'past service gain' or the gain or loss on curtailment is recognised immediately in profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

iii) Defined contribution plan

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

iv) Other employee benefit obligations

Compensated absences

Company changed its Compensated absences policy with effect from 1st April 2019. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date. Until FY 2019, as per Company's Compensated policy, employee did not have the option for carry forward of unutilized leave balances and hence valued its Compensated absences on undiscounted basis and settled the liability in the subsequent period.

i) Employee benefit expenses consist of the following:

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Salaries ,Incentives and allowances	5,174.63	4,666.61
(b) Contribution to provident and other funds	247.78	224.68
(c) Staff welfare expenses	129.56	113.30
	5,551.97	5,004.59

Employee benefit obligation consist of the following :

(ii)(a) Employee benefit obligations - non current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Gratuity Liability	239.33	202.94
	239.33	202.94

(ii)(b) Employee benefit obligation - Current

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Gratuity Liability	22.75	22.00
Other employee benefit obligations	63.74	62.70
	86.49	84.70

Employee benefit plans consists of the following :

i) Defined contribution plans

Provident fund

In accordance with Indian law, the Company is entitled to receive benefits under the provident fund plan in which both the employee and employer (at a determined rate) contribute monthly.

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. The Company offers its employees defined contribution plan in the form of provident fund and family pension fund. Provident fund and family pension fund covers substantially all regular employees. While both, the employee and the Company pay predetermined contributions into the provident fund, contribution into the family pension fund are made by only the Company. The contribution is based on certain proportion of employee's salary. Contributions to Provident Fund are made to The Regional Provident Fund Commissioner for qualifying employees.

The Company contributed ₹ 183.76 lakhs (March 31, 2019: ₹ 166.48 lakhs) for provident fund during the year ended March, 31 2020.

Gratuity

In accordance with Indian law, the Company operate a scheme of Gratuity which is a defined benefit plan and is wholly unfunded. The gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days' salary payable for each completed year of service. Vesting occurs upon completion of five continuous years of service.



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The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date.

The following table sets out the details of the defined benefit retirement plans and the amount recognised in the financial statements :

	(₹ in lakhs)	
Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Change in benefit obligations		
Benefit obligations, beginning of the year	224.94	174.82
Service cost	35.60	28.94
Interest cost	16.31	13.55
Benefits paid	(16.24)	(15.96)
Actuarial (Gains) / losses recognized in OCI	1.47	23.59
Benefit obligations, end of the year	262.08	224.94
Service cost	35.60	28.94
Net interest on net defined benefit (assets)/liabilities	16.31	13.55
Net periodic gratuity cost	51.91	42.49

The Company has no plan assets.

The assumptions used in accounting for the defined benefit plan are set out below :

Discount rate	6.50%	7.25%
Salary escalation rate	6.00%	6.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Attrition rate		
i) If Services <= 5 years	37.54%	26.00%
ii) If Services > 5 years	7.35%	10.00%

Remeasurement of net defined benefit liability / (asset)

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gains) and losses arising from changes in demographic assumptions	(12.72)	(2.77)
Actuarial (gains) and losses arising from changes in financial assumptions	15.83	21.04
Actuarial (gains) and losses arising from changes in experience adjustments	(1.64)	5.31
Remeasurement of net defined benefit liability / (asset)	1.47	23.58

The expected benefits are based on the same assumptions as used to measure the Company's defined benefit obligations as at March 31, 2020.

Remeasurement (gain) / loss of the defined benefit obligation of ₹ 1.47 lakhs and ₹ 23.58 lakhs for the years ended March 31, 2020 and March 31, 2019 has been accounted in other comprehensive income.

The significant actuarial assumptions for determination of defined benefit obligation are the discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the period, while holding all other assumptions constant.



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

If the discount rate increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Increase of 0.50%	(10.75)	(7.35)
Decrease of 0.50%	11.59	7.85

If the expected salary growth increases / decreases by 0.50%, the defined benefit obligations would increase / (decrease) as follows:

	(₹ in lakhs)	
	As at March 31, 2020	As at March 31, 2019
Increase of 0.50%	11.59	7.58
Decrease of 0.50%	(10.85)	(7.75)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

The defined benefit obligations shall mature after year ended March 31, 2020 as follows :

Year ending March 31,	Defined benefit obligation (₹ in lakhs)
2021	22.75
2022	19.31
2023	19.36
2024	19.39
2025	21.31
2026 to 2030	102.22

11) Cost recognition

Cost and expenses are recognised when incurred and have been classified according to their nature.

The costs of the company are broadly categorised in employee benefit expenses, other expenses and depreciation and amortisation. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other expenses majorly include fees to external consultants, commission expenses, cost of facility running, communication expenses, allowance for doubtful trade receivables and other expenses.

Other expenses consist of the following:

	(₹ in lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Fees to external consultants	1,291.91	1,225.96
(b) Software and material costs	4,129.63	3,398.13
(c) Communication expenses	5,678.75	4,787.71
(d) Travelling and conveyance expenses	92.22	114.62
(e) Rent (Refer Note 6)	687.65	1,536.59
(f) Repairs and maintenance	231.18	219.13
(g) Electricity expenses	142.04	127.96
(h) Bad debts written off, allowance for trade receivable and advance (net)	407.46	397.35
(i) Security charges	40.02	36.12
(j) Corporate Social Responsibility*	110.73	126.26
(k) Others (includes Auditor's remuneration referred to in note 12)	353.83	265.71
	13,165.42	12,235.54

*As per section 135 of the Companies Act, 2013, amount required to be spent by the company during the year ended March 31, 2020 and 2019 is ₹ 157.33 lakhs and ₹ 126.26 lakhs, respectively, computed at 2% of its average net profit for the immediately preceding three financial years, on Corporate Social Responsibility (CSR). The Company incurred an amount of ₹ 110.73 lakhs and ₹ 126.26 lakhs during the year ended March 31, 2020 and 2019, respectively, towards CSR expenditure for purposes other than construction / acquisition of any asset. The Company has an unspent amount of ₹ 46.60 lakhs for the year ended March 31, 2020 and it will spend in the next financial year on eligible projects.



C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

12) Auditor's remuneration

(₹ in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
For services as statutory auditors	4.10	4.10
For other services	2.00	2.00
For reimbursement of out-of-pocket expenses	0.22	0.44
For indirect taxes	1.00	1.10
	7.32	7.64

Indirect taxes input credit has been / will be availed.

13) Finance cost

Finance costs consist of the following:

(₹ in lakhs)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense	78.27	5.88
	78.27	5.88

14) Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

i) Current income taxes

Current tax is measured based on taxable profit for the year and is computed in accordance with the Income Tax Act, 1961 using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Advance taxes and provisions for current income taxes are presented in the Balance Sheet after offsetting advance taxes paid and income tax provisions arising in the same tax jurisdictions.

ii) Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and the Company can settle current tax liabilities and assets on a net basis.

Change in tax rate

During the year the Company has opted for the lower Corporate Tax Rate as per the Taxation Laws (Amendment) Bill, 2019. Domestic tax rate of 22% i.e. effective tax rate of 25.17% (including of surcharge and cess) is applicable from April 1, 2019 onwards without claiming tax incentives. Accordingly, the company has recognized Provision for Income Tax & Deferred Tax Assets on the basis of rate prescribed in the said section. The impact on deferred tax liability as on April 01, 2019 will be reduced by ₹ 22.97 lakhs, calculated as per new rate of 25.17%.

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

The income tax expense consists of the following:
Income tax recognised in the statement of profit and loss

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax:		
Current tax expense for current year	2,700.50	3,326.10
Current tax expense pertaining to prior years	(42.70)	-
	2,657.80	3,326.10
Deferred tax expense / (benefit)	(0.92)	187.71
Total income tax expense recognised in the current year	2,656.88	3,513.81

Income tax expense recognised in OCI

Deferred tax on remeasurement of defined employee benefit plan.	0.37	8.24
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The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit or loss is as follows:

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit before taxes	10,802.71	9,883.16
Indian statutory income tax rate	25.170%	34.944%
Expected income tax expense	2,719.04	3,453.57
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
(a) Current tax expense pertaining to prior years	(42.70)	-
(b) Disallowance under section 37		
(i) CSR expenses	13.97	21.14
(ii) Capital advances written off	-	36.69
(c) Lower rate on capital gains tax	(35.17)	-
(d) Other permanent differences	(14.04)	-
(e) Interest on income taxes paid under section 40(a)(ii)	-	7.10
(f) Difference due to tax rate change	(22.97)	-
(g) Finance lease liability reversal	42.05	-
(g) Others (net)	(3.30)	(4.69)
Total income tax expense	2,656.88	3,513.81

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2020 are as follows:

(₹ in lakhs)

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Recognised in/ reclassified from retained earnings	Closing balance
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	(282.55)	37.25	-	-	(245.30)
Lease obligations	46.78	(41.77)	-	-	5.01
Provision for Employee benefit	104.57	(4.23)	0.37	-	100.71
Provision for receivables, loans and advances	51.28	9.67	-	-	60.95
Transition impact Ind AS 116	-	-	-	6.42	6.42
Total deferred tax assets / (liabilities)	(79.92)	0.92	0.37	6.42	(72.21)

Gross deferred tax assets and liabilities are as follows:

(₹ in lakhs)

As at March 31, 2020	Assets	Liabilities	Net
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	-	(289.01)	(289.01)
Lease obligations	55.15	-	55.15
Provision for Employee benefit	100.71	-	100.71
Provision for receivables, loans and advances	60.94	-	60.94
Net deferred tax assets / (liabilities)	216.80	(289.01)	(72.21)

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

Significant components of net deferred tax assets and liabilities for the year ended March 31, 2019 are as follows:

	Opening balance	Recognised / (reversed) through statement of profit and loss	Recognised in/ reclassified from other comprehensive income	Recognised in/ reclassified from retained earnings	(₹ in lakhs) Closing balance
Deferred tax assets/ (liabilities) in relation to:					
Property, plant and equipment	(85.37)	(197.18)	-	-	(282.55)
Finance lease obligations	80.99	(34.21)	-	-	46.78
Provision for Employee benefit	86.68	9.65	8.24	-	104.57
Provision for receivables, loans and advances	17.25	34.03	-	-	51.28
Total deferred tax assets / (liabilities)	99.55	(187.71)	8.24		(79.92)

Gross deferred tax assets and liabilities are as follows:

	Assets	Liabilities	(₹ in lakhs) Net
As at March 31, 2019			
Deferred tax assets / (liabilities) in relation to:			
Property, plant and equipment	-	(282.55)	(282.55)
Finance lease obligations	46.78	-	46.78
Provision for Employee benefit	104.57	-	104.57
Provision for receivables, loans and advances	51.28	-	51.28
Net deferred tax assets / (liabilities)	202.63	(282.55)	(79.92)

15) Segment information

The Company has identified business segments (Industry practice) as its primary segment and geographic segment as its secondary segment.

Primary segment of the Company is Banking, Financial Services and Insurance (BFSI), which is considered as a single segment.

Secondary segment of the Company is India, where its customers are located which is considered as a single segment.

For the year ended March 31, 2020 there are no customers other than holding company and significant shareholder that contribute more than 10% each of total revenue.

16) Commitments and contingencies

The company has contractually committed (net of advances) ₹ NIL lakhs as at March 31, 2020 (March 31, 2019 : ₹ NIL lakhs) for purchase of property, plant and equipment.

Contingencies

Indirect tax matters

The Company had a dispute with service tax authorities mainly relating to treatment of characterisation and classification of certain items. As at March 31, 2019, the Company had demands amounting to ₹ 431.59 lakhs from various indirect tax authorities which were being contested by the Company. The Company in Financial Year 2019 - 20 has opted for the Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) introduced by the Government to resolve the disputes. Under the scheme 100% of the penalty amounting to ₹ 215.79 lakhs was exempted from payment and the balance liability of ₹ 215.80 was given an exemption of 50% of the amount. Accordingly, the Company paid an amount of ₹ 107.90 lakhs to the Government as a full and final settlement towards the liability.

17) Related Party Disclosures

The Company's material related party transactions and outstanding balances are with its Holding Company and Significant Shareholder with whom the Company routinely enters into transactions in the ordinary course of business.

a) Related parties and their relationship

Ultimate Holding Company	Tata Sons Limited
Holding Company	Tata Consultancy Services Limited
Significant shareholder	State Bank of India
Key Management Personnel	Jambunathan Narayanan - Chief Executive Officer
	Prakash Mehta - Company Secretary* (till August 31, 2019)
	Riddhi Desai - Company Secretary* (w.e.f. September 20, 2019)
	Rohinton Peer - Chief Financial Officer*

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

b) Transactions with the related parties

Transactions with related parties are as follows:

For the year ended March 31, 2020 and March 31, 2019

Particulars	Holding Company	Significant shareholder	Key Management Personnel*	Total
				(₹ in lakhs)
i) Revenues from operation	8,715.53	310.37	-	9,025.90
	8,541.20	566.77	-	9,107.97
ii) Managerial remuneration	-	-	115.39	115.39
	-	-	120.23	120.23
iii) Other operating expenses	1,572.68	-	-	1,572.68
	1,602.71	-	-	1,602.71
iv) Interest income	-	375.29	-	375.29
	-	358.02	-	358.02
v) Dividend paid	1,479.00	1,421.00	-	2,900.00
	1,275.00	1,225.00	-	2,500.00
vi) Bad debts	-	-	-	-
	-	2.76	-	2.76

c) Balances with related parties

As at March 31, 2020 and March 31, 2019

Particulars	Holding Company	Significant shareholder	Key Management Personnel*	Total
				(₹ in lakhs)
1 Trade payables	1,166.25	-	20.88	1,187.13
	829.00	-	14.40	843.40
2 Trade receivables	4,959.13	167.50	-	5,126.63
	4,421.83	202.89	-	4,624.72
3 Balances with bank	-	8,687.39	-	8,687.39
	-	8,553.34	-	8,553.34
4 Unbilled receivables	285.52	267.82	-	553.34
	493.02	25.00	-	518.02
5 Unearned and deferred revenues	287.88	-	-	287.88
	359.83	-	-	359.83
6 Prepaid expenses	29.66	-	-	29.66
	32.15	-	-	32.15
7 Interest receivable	-	155.78	-	155.78
	-	194.31	-	194.31

* The key management personnel of the Company are on deputation and draw remuneration from Tata Consultancy Services Limited. Service charges are payable by the Company to Tata Consultancy Services Limited.

Figures in italics in the above tables pertains to March 31, 2019.

Note: Details of related parties as identified by management

18) Earning per share (EPS)

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

	Year ended March 31, 2020	Year ended March 31, 2019
Profit for the year (₹ in lakhs)	8,146	6,369
Weighted average number of equity shares	10,000,000	10,000,000
Earning per share basic and diluted (₹)	81	64
Face value per equity share (₹)	10	10

C-EDGE TECHNOLOGIES LIMITED
Notes forming part of the Financial Statements

19) Sale of ATM business

On 7th February 2011, the Company entered into an agreement, which was subsequent extended on 21 July 2014 and 12 April 2017, with State Bank of India (SBI) for managing 440 Automatic teller machines (ATM)s. On 28 March 2011, the Company entered into a finance lease agreement with First Leasing Company of India Limited (FLC) for procurement of the aforesaid ATMs. FLC was liquidated in June 2014, after which the Company has continued to pay lease rentals to Liquidator of FLC as appointed by the Chennai High Court.

On 1 August 2017, the Company entered into a Business Transfer Agreement (BTA) with Electronic Payment and Services Private Limited (EPS) to sell its SBI ATM business (business) at an agreed consideration of ₹ 750.00 lakhs. Within 180 days from the BTA, the consideration was to be deposited by EPS in an Escrow account with Kotak Mahindra bank which will be released when the Company transfers the title of the assets and on execution of the confirmation agreement between EPS and SBI. The BTA provides for a further extension of the time period on such terms as may be mutually agreed between the Company and EPS.

As at 31 March 2019, the agreement between EPS and SBI was not consummated since the transfer of title of ATM assets pending with the Chennai High

In the current year, the Chennai High Court passed an order dated November 11th, 2019 for the valuation of ATM assets to be ₹ 76.29 lakhs which was duly paid by the Company. Subsequently, the Company transferred these assets to EPS vide letter dated January 29th, 2020 and March 19th, 2020.

On March 19th, 2020, Cedge and EPS have submitted the release letter to Kotak Mahindra Bank instructing them to release the amount of sale proceeds of ₹ 750.00 lakhs along with interest.

Consequently, the Company has recognised ₹ 750.00 lakhs along with interest of ₹ 44.21 lakhs in its financial statement as an exceptional item on Sale of ATM business.

20) Subsequent event

Dividend paid during the year ended March 31, 2020 pertains to final dividend for the year ended March 31, 2019.

The dividends declared by the Company are based on the profits available for distribution as reported in the financial statements of the Company. Accordingly the Retained Earnings reported in these financial statements may not be fully distributable. As at March 31, 2020, income (net of dividend tax) available for distribution were ₹ 23,552.13 lakhs. On April 27, 2020 the Board of Directors of the Company have proposed a final dividend of ₹ 41.00 per equity share in respect of the year ended March 31, 2020 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 4,100.00 lakhs.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

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

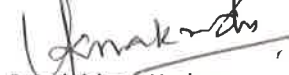


Balajirao Pothana

Partner

Membership number : 122632

For and on behalf of the Board of C-Edge Technologies Limited



Ramakrishnan Venkataraman

Director



Ujjwal Mathur

Director



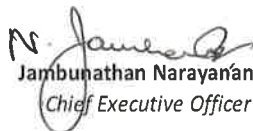
Dhananjaya Tambe

Director



Shree Prakash Singh

Director



Jambunathan Narayanan

Chief Executive Officer



Riddhi Desai

Company Secretary



Rohinton Peer

Chief Financial Officer

Mumbai, April 27, 2020

BSR & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
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N. M. Joshi Marg, Mahalaxmi
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India

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Independent Auditors' Report

To the Members of C-Edge Technologies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of C-Edge Technologies Limited ("the Company") which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditors' 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

BSR & Co (a partnership firm with
Registration No. BA61223) converted into
BSR & Co. LLP (a Limited Liability Partnership
with LLP Registration No. AAB-8181)
with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011, India

Independent Auditor's Report (*Continued*)

C-Edge Technologies Limited

Management's Responsibility for the Financial Statements

The Company's management and Board of Directors are 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 state of affairs, profit/ loss and (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 and Board of Directors are 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.

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 with reference to financial statements 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 management.



Independent Auditor's Report (Continued)

C-Edge Technologies Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

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 the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 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 (including other comprehensive income), the 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.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31 March 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".



Independent Auditor's Report (Continued)

C-Edge Technologies Limited

Report on Other Legal and Regulatory Requirements (Continued)

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company during the year ended 31 March 2020; and
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Mumbai
27 April 2020



Balajirao Pothana

Partner

Membership No: 122632
UDIN: 20122632AAAAAH8528

C-Edge Technologies Limited

Annexure A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2020, we report the following:

- (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 all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation provided to us and the record produced to us for our verification, the discrepancies noticed between physical verification and the books of accounts have been appropriately given effect to in these financial statements as at 31 March 2020.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, Company does not hold any immovable properties. Accordingly, Paragraph 3(i)(c) of the order is not applicable to the Company.

In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the Company.

- (ii) The Company is service Company and does not hold any physical inventory. Accordingly, paragraph 3(ii) of the order is not applicable to the Company.
- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or securities to the parties covered under section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph (v) of the order is not applicable to the company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 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, Employees' State Insurance, Income-tax, Goods and Services tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax or Service tax or Goods and Services tax which have not been deposited by the Company on account of disputes,



C-Edge Technologies Limited

Annexure A to the Independent Auditors' Report (*Continued*)

- (viii) In our opinion and according to the information and explanation given to us the Company does not have any loans or borrowings from the bank, financial institution or Government nor has it issued any debentures during the year.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year. Accordingly, paragraph 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 material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022


Balajirao Potthana

Partner

Membership No: 122632

UDIN: 20122632AAAAAH8528

Mumbai
27 April 2020

C-Edge Technologies Limited

Annexure B to the Independent Auditors' Report on the financial statements of C-Edge Technologies Limited for the year ended 31st March 2020

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of C-Edge Technologies Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 the 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



C-Edge Technologies Limited

Annexure B to the Independent Auditor's Report (*Continued*)

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Balajirao Pothana

Partner

Mumbai

27 April 2020

Membership No: 122632

UDIN: 20122632AAAAAH8528