**TO ALL STOCK EXCHANGES**

**BSE LIMITED**
**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**
**NEW YORK STOCK EXCHANGE**
**EURONEXT LONDON**
**EURONEXT PARIS**

April 13, 2017

Dear Sir, Madam,

**Sub: Outcome of Board meeting**

This has reference to our letter dated March 14, 2017, regarding the captioned subject. The Board, at their meeting held over April 12-13, 2017, transacted the following items of business:

**Co-Chairman of the Board**

1. Appointed Ravi Venkatesan, Independent Director as the Co-Chairman of the Board.

**Financial Results and Dividend**

2. Took on record the audited standalone financial statements of the Company as per Indian Accounting Standards (INDAS) for the quarter and year ending March 31, 2017;

3. Took on record the audited consolidated financial statements of the Company and its subsidiaries as per INDAS for the quarter and year ending March 31, 2017;

4. Took on record the audited consolidated financial statements of the Company and its subsidiaries as per IFRS in INR for the quarter and year ending March 31, 2017; and

5. Recommended a final dividend of Rs. 14.75 per equity share for the financial year ended March 31, 2017.

**Annual General Meeting and Book Closure**

6. The 36th Annual General Meeting of the Members of the Company will be held on Saturday, June 24, 2017 at the Christ University Auditorium, Hosur Road, Bengaluru 560 029, Karnataka.

7. The book closure date for the purposes of the Annual General Meeting and payment of final dividend is June 3, 2017. The dividend will be paid on June 27, 2017.

8. The register of members and share transfer books will remain closed on June 3, 2017.

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## Others

9. The Board considered and approved the following policies:

    a. Capital allocation policy:

    The Board reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

    The key aspects of the Capital Allocation Policy are:

    1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow* of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any.

    2. In addition to the above, the Board has identified an amount of upto Rs. 13,000 crore ($2 billion)** to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

    Further announcements in this regard will be made, as appropriate, in due course.

    * Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS
    ** USD/INR exchange rate as on March 31, 2017
    Dividend payout includes Dividend Distribution Tax

    *This announcement contains insider information.*

    b. Dividend distribution policy- The policy is enclosed below and also made available on the Company's website- www.infosys.com.

10. Recommendations of the Nomination and Remuneration Committee ("Committee"), -

    a. Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka, Managing Director and CEO is eligible to receive under the 2015 Employee Stock Compensation Plan ("2015 Plan"), an annual grant of RSUs of fair value $2 Million which will vest over time, subject to continued service. He is also eligible for an annual grant of performance based equity and stock options of $5 Million, subject to achievement of performance targets set by the Board or its Committee, which will vest over time. The Board based on the recommendations of the Committee approved on April 13, 2017, RSUs amounting to $1.9 Million and ESOPs amounting to $0.96 Million

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representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 of RSUs of fair value amounting to $2 Million.

b. The Committee of the Board of Directors of Infosys Limited at its meeting held on April 13, 2017, based on fiscal 2017 performance, approved the grant of 37,100 RSU and 73,600 stock options with effect from May 2, 2017, to few eligible and identified employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (2015 plan). These RSUs and stock options shall vest over a period of 4 years from the date of grant and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

c. The Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSU's and 43,000 ESOP's to U.B. Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders.

We are enclosing herewith the financial results, press release and dividend distribution policy for your information and record. The same will be made available on the Company's website www.infosys.com.

Yours sincerely,

For **Infosys Limited**

**A G S Manikantha**
*Company Secretary*

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**Audited financial results of Infosys Limited for the quarter and year ended March 31, 2017**
**prepared in compliance with the Indian Accounting Standard (Ind-AS)**

*(in ₹ crore, except per equity share data)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| | Audited | Audited | Audited | Audited | Audited |
| Revenue from operations | 14,920 | 14,949 | 14,158 | 59,289 | 53,983 |
| Other income, net | 733 | 805 | 773 | 3,062 | 3,006 |
| **Total income** | **15,653** | **15,754** | **14,931** | **62,351** | **56,989** |
| **Expenses** | | | | | |
| Employee benefit expenses | 7,667 | 7,733 | 7,297 | 30,944 | 28,207 |
| Deferred consideration pertaining to acquisition | - | - | - | - | 149 |
| Cost of technical sub-contractors | 1,263 | 1,228 | 1,191 | 4,809 | 4,417 |
| Travel expenses | 342 | 356 | 438 | 1,638 | 1,655 |
| Cost of software packages and others | 341 | 358 | 223 | 1,235 | 1,049 |
| Communication expenses | 104 | 96 | 79 | 372 | 311 |
| Consultancy and professional charges | 176 | 124 | 155 | 538 | 563 |
| Depreciation and amortisation expense | 336 | 339 | 315 | 1,331 | 1,115 |
| Other expenses | 641 | 637 | 528 | 2,546 | 1,923 |
| **Total expenses** | **10,870** | **10,871** | **10,226** | **43,413** | **39,389** |
| **Profit before tax** | **4,783** | **4,883** | **4,705** | **18,938** | **17,600** |
| Tax expense: | | | | | |
| Current tax | 1,141 | 1,287 | 1,309 | 5,068 | 4,898 |
| Deferred tax | 80 | (3) | 5 | 52 | 9 |
| **Profit for the period** | **3,562** | **3,599** | **3,391** | **13,818** | **12,693** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of the net defined benefit liability / asset | 16 | (6) | (3) | (42) | (2) |
| Equity instruments through other comprehensive income | (5) | - | - | (5) | - |
| *Items that will be reclassified subsequently to profit or loss* | | | | | |
| Fair value changes on cash flow hedges, net | 11 | 26 | - | 39 | - |
| Fair value changes on investments, net | (10) | - | - | (10) | - |
| **Total other comprehensive income, net of tax** | **12** | **20** | **(3)** | **(18)** | **(2)** |
| **Total comprehensive income, for the period** | **3,574** | **3,619** | **3,388** | **13,800** | **12,691** |
| Paid-up share capital (par value ₹5/- each fully paid) | 1,148 | 1,148 | 1,148 | 1,148 | 1,148 |
| Other Equity | 66,869 | 59,934 | 59,934 | 66,869 | 59,934 |
| **Earnings per equity share ( par value ₹5 /- each)** | | | | | |
| Basic (₹) | 15.51 | 15.67 | 14.76 | 60.16 | 55.26 |
| Diluted (₹) | 15.51 | 15.67 | 14.76 | 60.15 | 55.26 |

*Notes:*

1. The audited financial statements for the quarter and year ended March 31, 2017 have been taken on record by the Board of Directors at its meeting held on April 13, 2017. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited standalone financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2. The Company has adopted all the Ind-AS standards on April 1, 2016 with the transition date as April 1, 2015, and the adoption was carried out in accordance with Ind-AS 101-First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

3. **Capital Allocation Policy**
The Board reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow* of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any.

2. In addition to the above, the Board has identified an amount of upto ₹13,000 crore ($2 billion)** to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

Further announcements in this regard will be made, as appropriate, in due course

* Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS
** USD/INR exchange rate as on March 31, 2017

Dividend payout includes Dividend Distribution Tax
This announcement contains insider information

4. The Board, at its meeting held on April 13, 2017, appointed Ravi Venkatesan, Independent Director as the Co- Chairman of the Board. Ravi Venkatesan, who has been on the Board of Infosys since April 2011 has made valuable contribution to the development of the strategic direction of the Company during his tenure.

5. Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka, Managing Director and CEO is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 Mn which will vest over time, subject to continued service . He is also eligible for an annual grant of performance based equity and stock options of $5 Mn subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the Nominations and Remuneration Committee approved on April 13, 2017, RSU's amounting to $1.9 Mn and ESOP's amounting to $0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 of RSU's of fair value amounting to $ 2Mn

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSU's and 43,000 ESOP's to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders.

The Nomination and Remuneration Committee of the Board of Directors of Infosys Limited at its meeting held on April 13, 2017, based on fiscal 2017 performance, approved the grant of 37,100 RSU and 73,600 stock options with effect from May 2, 2017, to few eligible and identified employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (2015 plan). These RSUs and stock options shall vest over a period of 4 years from the date of grant and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

**6. Information on dividends for the quarter and year ended March 31, 2017**

An interim dividend of ₹11/- per equity share was declared on October 14, 2016 and paid on October 26, 2016. The interim dividend declared in the previous year was ₹30/- (not adjusted for bonus issues) per equity share. The Board of Directors recommended a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company, to be held on June 24, 2017. The book closure date for the purpose of the Annual General Meeting and payment of final dividend is June 3, 2017. The final dividend declared in the previous year was ₹14.25/- per equity share.

*(in ₹)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| **Dividend per share (par value ₹5/- each)** | | | | | |
| Interim dividend | - | - | - | 11.00 | 10.00 |
| Final dividend | 14.75 | - | 14.25 | 14.75 | 14.25 |

**7. Statement of assets and liabilities (Standalone-Audited)**

*(in ₹ crore)*

| Particulars | As at March 31, 2017 | March 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 8,605 | 8,248 |
| Capital work-in-progress | 1,247 | 934 |
| Intangible assets | - | - |
| Financial assets | | |
| Investments | 15,334 | 11,076 |
| Loans | 5 | 5 |
| Other financial assets | 216 | 192 |
| Deferred tax assets (net) | 346 | 405 |
| Other non-current assets | 996 | 755 |
| Income tax assets (net) | 5,454 | 5,020 |
| **Total non - current assets** | **32,203** | **26,635** |
| **Current assets** | | |
| Financial assets | | |
| Investments | 9,643 | 2 |
| Trade receivables | 10,960 | 9,798 |
| Cash and cash equivalents | 19,153 | 29,176 |
| Loans | 310 | 355 |
| Other financial assets | 5,403 | 4,801 |
| Other current assets | 2,213 | 1,965 |
| **Total current assets** | **47,682** | **46,097** |
| **Total assets** | **79,885** | **72,732** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity share capital | 1,148 | 1,148 |
| Other equity | 66,869 | 59,934 |
| **Total equity** | **68,017** | **61,082** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Other financial liabilities | 40 | 62 |
| Other non-current liabilties | 42 | - |
| Deferred tax liabilities (net) | - | - |
| **Total non - current liabilities** | **82** | **62** |
| **Current liabilities** | | |
| Financial liabilities | | |
| Trade payables | 269 | 623 |
| Other financial liabilities | 5,056 | 5,132 |
| Other current liabilities | 2,349 | 2,093 |
| Provisions | 350 | 436 |
| Income tax liabilities (net) | 3,762 | 3,304 |
| **Total current liabilities** | **11,786** | **11,588** |
| **Total equity and liabilities** | **79,885** | **72,732** |

*The disclosure is an extract of the audited Balance Sheet as at March 31, 2017 and March 31, 2016 prepared in compliance with the Indian Accounting Standards (Ind-AS).*

**8. Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind-AS**

*(in ₹ crore)*

| Particulars | Note | Quarter ended March 31, 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind-AS |
| Revenue from operations | | 14,158 | - | 14,158 |
| Other income, net | 1.2 | 778 | (5) | 773 |
| **Total income** | | **14,936** | **(5)** | **14,931** |
| **Expenses** | | | | |
| Employee benefit expenses | 1.1 | 7,300 | (3) | 7,297 |
| Cost of technical sub-contractors | | 1,191 | - | 1,191 |
| Travel expenses | | 438 | - | 438 |
| Cost of software packages and others | | 223 | - | 223 |
| Communication expenses | | 79 | - | 79 |
| Consultancy and professional charges | | 155 | - | 155 |
| Depreciation and amortization expenses | | 315 | - | 315 |
| Other expenses | 1.2 | 523 | 5 | 528 |
| **Total expenses** | | **10,224** | **2** | **10,226** |
| **Profit before exceptional items and tax** | | **4,712** | **(7)** | **4,705** |
| Profit on transfer of business | | - | - | - |
| **Profit before tax** | | **4,712** | **(7)** | **4,705** |
| Tax expense: | | | | |
| Current tax | | 1,308 | 1 | 1,309 |
| Deferred tax | | 5 | - | 5 |
| **Profit for the period** | | **3,399** | **(8)** | **3,391** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | 1.1 | - | (3) | (3) |
| | | - | (3) | (3) |
| *Items that will be reclassified subsequently to profit or loss* | | - | - | - |
| **Total other comprehensive income, net of tax** | | - | (3) | (3) |
| **Total comprehensive income for the period** | | 3,399 | (11) | 3,388 |

*This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated July 05, 2016 on account of implementation of Ind-AS by listed companies.*

**Explanations for reconciliation of profit and loss as previously reported under IGAAP to Ind-AS**

1.1 a) As per Ind-AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

b) Adjustments reflect unamortized negative past service cost arising on modification of the gratuity plan in an earlier period. Ind-AS 19 requires such gains and losses to be adjusted to retained earnings.

1.2. Adjustments reflect impact of discounting pertaining to contingent consideration payable for business combinations.

1.3. Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS.

**9. Reconciliation of equity as previously reported under IGAAP to Ind-AS**

*(in ₹ crore)*

| Particulars | Note | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind-AS |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 8,248 | - | 8,248 |
| Capital work-in-progress | | 934 | - | 934 |
| Intangible assets | | - | - | - |
| Financial assets | | | | |
| Investments | 1.1 | 11,111 | (35) | 11,076 |
| Loans | | 5 | - | 5 |
| Other financial assets | | 192 | - | 192 |
| Deferred tax assets (net) | | 405 | - | 405 |
| Other non-current assets | | 755 | - | 755 |
| Income tax assets (net) | | 5,020 | - | 5,020 |
| **Total non-current assets** | | **26,670** | **(35)** | **26,635** |
| **Current assets** | | | | |
| Financial assets: | | | | |
| Investments | 1.1 | 2 | - | 2 |
| Trade receivables | | 9,798 | - | 9,798 |
| Cash and cash equivalents | | 29,176 | - | 29,176 |
| Loans | | 355 | - | 355 |
| Other financial assets | | 4,801 | - | 4,801 |
| Other current assets | | 1,965 | - | 1,965 |
| **Total current assets** | | **46,097** | **-** | **46,097** |
| **Total assets** | | **72,767** | **(35)** | **72,732** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | | 1,148 | - | 1,148 |
| Other equity | 1.5 | 56,009 | 3,925 | 59,934 |
| **Total equity** | | **57,157** | **3,925** | **61,082** |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 1.2 | 73 | (11) | 62 |
| Deferred tax liabilities (net) | | - | - | - |
| Other non-current liabilities | | - | - | - |
| **Total non-current liabilities** | | **73** | **(11)** | **62** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | | 623 | - | 623 |
| Other financial liabilities | 1.2 | 5,138 | (6) | 5,132 |
| Other current liabilities | 1.3 | 2,097 | (4) | 2,093 |
| Provisions | 1.4 | 4,375 | (3,939) | 436 |
| Income tax liabilities (Net) | | 3,304 | - | 3,304 |
| **Total current liabilities** | | **15,537** | **(3,949)** | **11,588** |
| **Total liabilities and equity** | | **72,767** | **(35)** | **72,732** |

*This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated July 05, 2016 on account of implementation of Ind-AS by listed companies.*

**Explanations for reconciliation of balance sheet as previously reported under IGAAP to IND-AS**

**1.1. Investment**

a) Tax free bonds are carried at amortized cost both under Ind-AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind-AS compared to being carried at cost under IGAAP.

b) Investments include discounted value of contingent consideration payable on acquisition of business under Ind-AS as compared to undiscounted value of contingent consideration under IGAAP.

**1.2. Other financial liabilities**

Adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind-AS.

**1.3. Other current liabilities**

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind-AS 19 requires such gains and losses to be adjusted to retained earnings.

**1.4. Provisions**

Adjustments reflect final dividend (including corporate dividend tax), declared and approved post reporting period.

**1.5. Other equity**

a) Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind-AS, for the above mentioned line items.

b) In addition, as per Ind-AS 19, actuarial gain and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

c) Profit on transfer of business between entities under common control which were earlier recognized in statement of profit and loss under IGAAP are adjusted to reserves on transition to Ind-AS.

**10. Segment reporting (Standalone-Audited)**

*(in ₹ crore)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| **Revenue by business segment** | | | | | |
| Financial services (FS) | 3,924 | 3,939 | *3,805* | 15,735 | 14,846 |
| Manufacturing (MFG) | 1,566 | 1,541 | *1,395* | 6,086 | 5,434 |
| Energy & utilities, communication and services (ECS) | 3,630 | 3,519 | *3,256* | 13,999 | 12,124 |
| Retail, consumer packaged goods and logistics (RCL) | 2,503 | 2,596 | *2,502* | 10,280 | 9,411 |
| Life sciences, healthcare and insurance (HILIFE) | 1,860 | 1,842 | *1,626* | 7,065 | 6,392 |
| Hi-Tech | 1,157 | 1,199 | *1,265* | 4,901 | 4,736 |
| All Other Segments | 280 | 313 | *309* | 1,223 | 1,040 |
| **Total** | **14,920** | **14,949** | **14,158** | **59,289** | **53,983** |
| **Less:** Inter-segment revenue | - | - | - | - | - |
| **Net revenue from operations** | **14,920** | **14,949** | **14,158** | **59,289** | **53,983** |
| **Segment profit before tax** | | | | | |
| Financial services (FS) | 1,115 | 1,085 | 1,029 | 4,291 | 4,185 |
| Manufacturing (MFG) | 458 | 452 | 386 | 1,770 | 1,436 |
| Energy & utilities, communication and services (ECS) | 1,126 | 1,093 | 1,081 | 4,355 | 3,829 |
| Retail, consumer packaged goods and logistics (RCL) | 757 | 816 | 757 | 3,159 | 2,817 |
| Life sciences, healthcare and insurance (HILIFE) | 573 | 566 | 514 | 2,089 | 1,844 |
| Hi-Tech | 308 | 341 | 381 | 1,354 | 1,373 |
| All other segments | 52 | 66 | 104 | 199 | 239 |
| **Total** | **4,389** | **4,419** | **4,252** | **17,217** | **15,723** |
| **Less:** Other unallocable expenditure | 339 | 341 | 320 | 1,341 | 1,129 |
| **Add:** Unallocable other income | 733 | 805 | 773 | 3,062 | 3,006 |
| **Profit before tax** | **4,783** | **4,883** | **4,705** | **18,938** | **17,600** |

***Notes on segment information:***

***Business segments***

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Marker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments

***Segment Assets / Liabilities***

Assets and liabilities used in the company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. The Management believes that it is not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

By order of the Board
for Infosys Limited

Bengaluru, India
April 13, 2017

**Dr. Vishal Sikka**
*Chief Executive Officer and Managing Director*

*Certain statements in these results concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, an inability to accurately predict economic or industry trends, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2016. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this release is April 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.*

**INFOSYS LIMITED**

*(In ₹ crore)*

| Balance Sheet as at | Note | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2.3 | 8,605 | 8,248 | 7,347 |
| Capital work-in-progress | | 1,247 | 934 | 769 |
| Intangible assets | 2.4 | - | - | - |
| Financial assets | | | | |
| Investments | 2.5 | 15,334 | 11,076 | 6,108 |
| Loans | 2.6 | 5 | 5 | 4 |
| Other financial assets | 2.7 | 216 | 192 | 110 |
| Deferred tax assets (net) | 2.17 | 346 | 405 | 433 |
| Income tax assets (net) | 2.17 | 5,454 | 5,020 | 3,941 |
| Other non-current assets | 2.10 | 996 | 755 | 349 |
| **Total non - current Assets** | | **32,203** | **26,635** | **19,061** |
| **Current assets** | | | | |
| Financial assets | | | | |
| Investments | 2.5 | 9,643 | 2 | 749 |
| Trade receivables | 2.8 | 10,960 | 9,798 | 8,627 |
| Cash and cash equivalents | 2.9 | 19,153 | 29,176 | 27,722 |
| Loans | 2.6 | 310 | 355 | 225 |
| Other financial assets | 2.7 | 5,403 | 4,801 | 4,045 |
| Other current assets | 2.10 | 2,213 | 1,965 | 1,384 |
| **Total current assets** | | **47,682** | **46,097** | **42,752** |
| **Total Assets** | | **79,885** | **72,732** | **61,813** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 2.12 | 1,148 | 1,148 | 574 |
| Other equity | | 66,869 | 59,934 | 51,617 |
| **Total equity** | | **68,017** | **61,082** | **52,191** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 2.13 | 40 | 62 | 27 |
| Other non-current liabilities | 2.15 | 42 | - | - |
| Deferred tax liabilities (net) | 2.17 | - | - | - |
| **Total non - current liabilities** | | **82** | **62** | **27** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | 2.14 | 269 | 623 | 124 |
| Other financial liabilities | 2.13 | 5,056 | 5,132 | 4,847 |
| Other current liabilities | 2.15 | 2,349 | 2,093 | 1,564 |
| Provisions | 2.16 | 350 | 436 | 382 |
| Income tax liabilities (net) | 2.17 | 3,762 | 3,304 | 2,678 |
| **Total current liabilities** | | **11,786** | **11,588** | **9,595** |
| **Total equity and liabilities** | | **79,885** | **72,732** | **61,813** |

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

*In ₹ crore, except equity share and per equity share data*

| Statement of Profit and Loss for the | Note | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| Revenue from operations | 2.18 | 14,920 | 14,158 | 59,289 | 53,983 |
| Other income, net | 2.19 | 733 | 773 | 3,062 | 3,006 |
| **Total income** | | **15,653** | **14,931** | **62,351** | **56,989** |
| **Expenses** | | | | | |
| Employee benefit expenses | 2.20 | 7,667 | 7,297 | 30,944 | 28,207 |
| Deferred consideration pertaining to acquisition | | - | - | - | 149 |
| Cost of technical sub-contractors | | 1,263 | 1,191 | 4,809 | 4,417 |
| Travel expenses | | 342 | 438 | 1,638 | 1,655 |
| Cost of software packages and others | 2.20 | 341 | 223 | 1,235 | 1,049 |
| Communication expenses | | 104 | 79 | 372 | 311 |
| Consultancy and professional charges | | 176 | 155 | 538 | 563 |
| Depreciation and amortisation expense | 2.3 & 2.4 | 336 | 315 | 1,331 | 1,115 |
| Other expenses | 2.20 | 641 | 528 | 2,546 | 1,923 |
| **Total expenses** | | **10,870** | **10,226** | **43,413** | **39,389** |
| **Profit before tax** | | **4,783** | **4,705** | **18,938** | **17,600** |
| Tax expense: | | | | | |
| Current tax | 2.17 | 1,141 | 1,309 | 5,068 | 4,898 |
| Deferred tax | 2.17 | 80 | 5 | 52 | 9 |
| **Profit for the period** | | **3,562** | **3,391** | **13,818** | **12,693** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of the net defined benefit liability/asset | | 16 | (3) | (42) | (2) |
| Equity instruments through other comprehensive income, net | 2.5 & 2.17 | (5) | - | (5) | - |
| *Items that will be reclassified subsequently to profit or loss* | | | | | |
| Fair value changes on cash flow hedges, net | | 11 | - | 39 | - |
| Fair value changes on investments, net | 2.5 | (10) | - | (10) | - |
| **Total other comprehensive income, net of tax** | | 12 | (3) | (18) | (2) |
| **Total comprehensive income for the period** | | **3,574** | **3,388** | **13,800** | **12,691** |
| **Earnings per equity share** | | | | | |
| Equity shares of par value ₹5/- each | | | | | |
| Basic (₹) | | 15.51 | 14.76 | 60.16 | 55.26 |
| Diluted (₹) | | 15.51 | 14.76 | 60.15 | 55.26 |
| Weighted average equity shares used in computing earnings per equity share | | | | | |
| Basic | 2.23 | 2,296,944,664 | 2,296,944,664 | 2,296,944,664 | 2,296,944,664 |
| Diluted | 2.23 | 2,297,289,436 | 2,296,944,664 | 2,297,159,670 | 2,296,944,664 |

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| Supreet Sachdev | R. Seshasayee | Dr. Vishal Sikka | U. B. Pravin Rao |
| *Partner* | *Chairman* | *Chief Executive Officer and Managing Director* | *Chief Operating Officer and Whole-time Director* |
| Membership No. 205385 | | | |
| Bengaluru | Roopa Kudva | M. D. Ranganath | A.G.S Manikantha |
| April 13, 2017 | *Director* | *Chief Financial Officer* | *Company Secretary* |

**INFOSYS LIMITED**

**Statement of changes in Equity**

*In ₹ crore*

| Particulars | Equity Share Capital | Other Equity | | | | | | | | | | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | Other comprehensive income | | | |
| | | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Business transfer adjustment reserve (2) | Equity Instruments through other comprehensive income | Cash flow hedge reserve | Other items of other comprehensive income | |
| **Balance as of April 1, 2015** | **574** | **2,778** | **40,065** | **54** | **8,291** | **2** | **-** | **412** | **-** | **-** | **15** | **52,191** |
| **Changes in equity for the year ended March 31, 2016** | | | | | | | | | | | | |
| Increase in share capital on account of bonus issue (refer to note 2.12) | 574 | - | - | - | - | - | - | - | - | - | - | 574 |
| Transfer to general reserve | - | - | (1,217) | - | 1,217 | - | - | - | - | - | - | - |
| Amounts utilized for bonus issue (refer note 2.12) | - | (574) | - | - | - | - | - | - | - | - | - | (574) |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (591) | - | - | - | 591 | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 591 | - | - | - | (591) | - | - | - | - | - |
| Share based payment to employees (refer to note 2.12) | - | - | - | - | - | 7 | - | - | - | - | - | 7 |
| Transfer to securities premium on exercise | - | - | - | - | - | - | - | - | - | - | - | - |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17) | - | - | - | - | - | - | - | - | - | - | (2) | (2) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,843) | - | - | - | - | - | - | - | - | (6,843) |
| Profit on transfer of business (2) | - | - | - | - | - | - | - | 3,036 | - | - | - | 3,036 |
| Profit for the period | - | - | 12,693 | - | - | - | - | - | - | - | - | 12,693 |
| **Balance as of March 31, 2016** | **1,148** | **2,204** | **44,698** | **54** | **9,508** | **9** | **-** | **3,448** | **-** | **-** | **13** | **61,082** |

**INFOSYS LIMITED**
**Statement of changes in Equity**

*In ₹ crore*

| Particulars | Equity Share Capital | Other Equity | | | | | | | | | | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | Other comprehensive income | | | |
| | | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Business transfer adjustment reserve(2) | Equity Instruments through other comprehensive income | Cash flow hedge reserve | Other items of other comprehensive income | |
| **Balance as of April 1, 2016** | **1,148** | **2,204** | **44,698** | **54** | **9,508** | **9** | **-** | **3,448** | **-** | **-** | **13** | **61,082** |
| **Changes in equity for the year ended March 31, 2017** | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (1,579) | - | 1,579 | - | - | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (953) | - | - | - | 953 | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 953 | - | - | - | (953) | - | - | - | - | - |
| Exercise of stock options (refer to note 2.12) | - | 3 | - | - | - | (3) | - | - | - | - | - | - |
| Income tax benefit arising on exercise of stock options | - | 1 | - | - | - | - | - | - | - | - | - | 1 |
| Share based payment to employees of the group (refer to note 2.12 and note 2.25) | - | - | - | - | - | 114 | - | - | - | - | - | 114 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17) | - | - | - | - | - | - | - | - | - | - | (42) | (42) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value changes on cash flow hedge, net of tax (Refer note 2.11) | - | - | - | - | - | - | - | - | - | 39 | - | 39 |
| Fair valuation of investments, net of tax effect (Refer note 2.5) | - | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Equity instruments through other comprehensive income, net of tax effect (Refer note 2.5) | - | - | - | - | - | - | - | - | (5) | - | - | (5) |
| Dividends (including corporate dividend tax) | - | - | (6,980) | - | - | - | - | - | - | - | - | (6,980) |
| Profit for the period | - | - | 13,818 | - | - | - | - | - | - | - | - | 13,818 |
| **Balance as of March 31, 2017** | **1,148** | **2,208** | **49,957** | **54** | **11,087** | **120** | **-** | **3,448** | **(5)** | **39** | **(39)** | **68,017** |

*(1) The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.*

*(2) Profit on transfer of business between entities under common control taken to reserve on account of transition to Indian Accounting Standards (Ind AS)*

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

(In ₹ crore)

| Statements of Cash Flows | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit for the period | 13,818 | 12,693 |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Depreciation and amortization | 1,331 | 1,115 |
| Income tax expense | 5,120 | 4,907 |
| Allowance for credit losses on financial assets | 135 | (48) |
| Deferred consideration pertaining to acquisition | - | 149 |
| Interest and dividend income | (2,553) | (2,563) |
| Other adjustments | 48 | 141 |
| Exchange differences on translation of assets and liabilities | 39 | 31 |
| **Changes in assets and liabilities** | | |
| Trade receivables and unbilled revenue | (1,825) | (1,373) |
| Loans and other financial assets and other assets | (427) | (1,188) |
| Trade payables | (354) | 499 |
| Other financial liabilities, other liabilities and provisions | 179 | 565 |
| **Cash generated from operations** | **15,511** | **14,928** |
| Income taxes paid | (5,033) | (5,350) |
| **Net cash generated by operating activities** | **10,478** | **9,578** |
| **Cash flow from investing activities:** | | |
| Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors | (2,292) | (2,308) |
| Deposits with corporations | (155) | (115) |
| Loans to employees | 23 | (64) |
| Repayment of debentures | 420 | - |
| Investment in subsidiaries | (369) | (258) |
| Payment towards contingent consideration pertaining to acquisition | (36) | - |
| Payment towards acquisition | - | (794) |
| Payment arising out of business transfer | - | (335) |
| Payments to acquire financial assets | | |
| Preference securities | (43) | (82) |
| Liquid mutual fund and fixed maturity plan securities | (49,648) | (22,797) |
| Tax free bonds | (312) | (299) |
| Non-convertible debentures | (3,664) | - |
| Certificate of Deposits | (7,555) | - |
| Government Bond | - | (2) |
| Proceeds on sale of financial assets | | |
| Liquid mutual fund and fixed maturity plan securities | 47,495 | 23,545 |
| Tax free bonds | 2 | - |
| Interest and dividend received on investments | 2,640 | 2,302 |
| **Net cash used in investing activities** | **(13,494)** | **(1,207)** |
| **Cash flow from financing activities:** | | |
| Loan given to subsidiaries | - | (193) |
| Loan repaid by subsidiary | - | 126 |
| Payment of dividends | (6,968) | (6,841) |
| **Net cash used in financing activities** | **(6,968)** | **(6,908)** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (39) | (9) |
| **Net decrease in cash and cash equivalents** | (9,984) | 1,463 |
| Cash and cash equivalents at the beginning of the period | 29,176 | 27,722 |
| **Cash and cash equivalents at the end of the period** | **19,153** | **29,176** |
| **Supplementary information:** | | |
| Restricted cash balance | 411 | 341 |

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

## INFOSYS LIMITED

## Notes to the Financial Statements

### 1. Company Overview and Significant Accounting Policies

**1.1 Company overview**

Infosys ('the Company') is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The company has its primary listings on the BSE Limited and National Stock Exchange of India Limited. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The interim financial statements are approved for issue by the Company's Board of Directors on April 13, 2017.

**1.2 Basis of preparation of financial statements**

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

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 *First time adoption of Indian Accounting Standards* . The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.1.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year-to-date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in these financial statements.

**1.3 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**1.4 Critical accounting estimates**

**a. Revenue recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The Company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17 and Note 2.24.

**c. Property, plant and equipment**

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

**1.5 Revenue recognition**

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The company presents revenues net of value-added taxes in its Statement of Profit and Loss.

**1.6 Property, plant and equipment**

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

| | |
|---|---|
| Building*(1)* | 22-25 years |
| Plant and machinery*(1)* | 5 years |
| Office equipment | 5 years |
| Computer equipment*(1)* | 3-5 years |
| Furniture and fixtures*(1)* | 5 years |
| Vehicles*(1)* | 5 years |

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**1.7 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as expenses in the Statement of Profit and Loss.

**1.8 Financial instruments**

**1.8.1 Initial recognition**

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

**1.8.2 Subsequent measurement**

**a. Non-derivative financial instruments**

***(i) Financial assets carried at amortised cost***

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

***(iv) Financial liabilities***

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

***(v) Investment in subsidiaries***

Investment in subsidiaries is carried at cost in the separate financial statements.

**b. Derivative financial instruments**

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

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

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

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

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

**(ii) Cash flow hedge**

The company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

**c. Share capital**

**Ordinary Shares**

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

**1.8.3 Derecognition of financial instruments**

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

**1.9 Fair value of financial instruments**

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

**1.10 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Intangible assets and property, plant and equipment**

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

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

**1.11 Provisions**

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

**a. Post sales client support**

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

**b. Onerous contracts**

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

**1.12 Foreign currency**

*Functional currency*

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

*Transactions and translations*

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

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

### 1.13 Earnings per equity share

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

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

### 1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

### 1.15 Employee benefits

#### 1.15.1 Gratuity

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

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

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

#### 1.15.2 Superannuation

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

#### 1.15.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

#### 1.15.4 Compensated absences

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

### 1.16 Share-based compensation

The Company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

**1.17 Cash Flow Statement**

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

**1.18 Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**1.19 Other income**

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

**1.20 Leases**

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

**1.21 Recent accounting pronouncements**

**1.21.1 Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, ‘Statement of cash flows’ and Ind AS 102, ‘Share-based payment.’ These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, ‘Statement of cash flows’ and IFRS 2, ‘Share-based payment,’ respectively. The amendments are applicable to the Company from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the ‘fair values’, but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

## 2 Notes to the standalone financial statements for the three months and year ended March 31, 2017

### 2.1 First-time adoption of Ind-AS

These standalone interim financial statements of Infosys Limited for the three months and year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - *First Time adoption of Indian Accounting Standard* , with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the three months and year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet , Statement of Profit and Loss, is set out in note 2.2 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1.

### 2.1.1 Exemptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

**(a) Share-based payment**

The Company is allowed to apply Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date. The Company has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants under the 2015 plan (formerly 2011 plan). Accordingly, these options have been measured at fair value as against intrinsic value previously under IGAAP.

The excess of stock compensation expense measured using fair value over the cost recognized under IGAAP using intrinsic value has been adjusted in 'Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

**(b) Designation of previously recognized financial instruments**

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

**2.2 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the three months and year ended March 31, 2016

**2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS** *(In ₹ crore)*

| Particulars | Note | Opening Balance Sheet as at April 1, 2015 | | | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 7,347 | - | 7,347 | 8,248 | - | 8,248 |
| Capital work-in-progress | | 769 | - | 769 | 934 | - | 934 |
| Intangible assets | | - | - | - | - | - | - |
| Financial assets: | | | | | | | |
| Investments | A | 6,108 | - | 6,108 | 11,111 | (35) | 11,076 |
| Loans | | 4 | - | 4 | 5 | - | 5 |
| Other financial assets | | 110 | - | 110 | 192 | - | 192 |
| Deferred tax assets (net) | | 433 | - | 433 | 405 | - | 405 |
| Income tax assets (net) | | 3,941 | - | 3,941 | 5,020 | - | 5,020 |
| Other non-current assets | | 349 | - | 349 | 755 | - | 755 |
| **Total non-current assets** | | ***19,061*** | **-** | ***19,061*** | ***26,670*** | ***(35)*** | ***26,635*** |
| **Current assets** | | | | | | | |
| Financial assets: | | | | | | | |
| Investments | A | 749 | - | 749 | 2 | - | 2 |
| Trade receivables | | 8,627 | - | 8,627 | 9,798 | - | 9,798 |
| Cash and cash equivalents | | 27,722 | - | 27,722 | 29,176 | - | 29,176 |
| Loans | | 225 | - | 225 | 355 | - | 355 |
| Other financial assets | | 4,045 | - | 4,045 | 4,801 | - | 4,801 |
| Other current assets | | 1,384 | - | 1,384 | 1,965 | - | 1,965 |
| **Total current assets** | | ***42,752*** | **-** | ***42,752*** | ***46,097*** | **-** | ***46,097*** |
| **Total assets** | | ***61,813*** | **-** | ***61,813*** | ***72,767*** | ***(35)*** | ***72,732*** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 574 | - | 574 | 1,148 | - | 1,148 |
| Other equity | E | 47,494 | 4,123 | 51,617 | 56,009 | 3,925 | 59,934 |
| **Total equity** | | *48,068* | *4,123* | *52,191* | *57,157* | *3,925* | *61,082* |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Other financial liabilities | B | 27 | - | 27 | 73 | (11) | 62 |
| Deferred tax liabilities (net) | | - | - | - | - | - | - |
| Other non-current liabilities | C | 3 | (3) | - | - | - | - |
| **Total non-current liabilities** | | *30* | *(3)* | *27* | *73* | *(11)* | *62* |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade payables | | 124 | - | 124 | 623 | - | 623 |
| Other financial liabilities | B | 4,885 | (38) | 4,847 | 5,138 | (6) | 5,132 |
| Other current liabilities | C | 1,568 | (4) | 1,564 | 2,097 | (4) | 2,093 |
| Provisions | D | 4,460 | (4,078) | 382 | 4,375 | (3,939) | 436 |
| Income tax liabilities (Net) | | 2,678 | - | 2,678 | 3,304 | - | 3,304 |
| **Total current liabilities** | | *13,715* | (4,120) | *9,595* | *15,537* | *(3,949)* | *11,588* |
| **Total liabilities and equity** | | ***61,813*** | **-** | ***61,813*** | ***72,767*** | ***(35)*** | ***72,732*** |

**Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS**

***A. Investment***

a) Tax free bonds are carried at amortized cost under Ind AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.
b) Investments include discounted value of contingent consideration payable on acquisition of business under IndAS as compared to undiscounted value of contingent consideration under IGAAP

***B. Other financial liabilities***

Adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind AS

***C. Other liabilities -***

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

***D. Provisions***

Adjustments reflect dividend (including corporate dividend tax), declared and approved post reporting period.

***E. Other equity***

a) Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.
b) In addition, as per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.
c) Profit on transfer of business between entities under common control which were earlier recognized in statement of profit and loss under IGAAP are adjusted to reserves on transition to Ind AS.

**2.2.2 Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS**

*(In ₹ crore)*

| Particulars | Note | Three months ended March 31, 2016 | | | Year ended March 31 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| Revenue from operations | | 14,158 | - | 14,158 | 53,983 | - | 53,983 |
| Other income, net | G | 778 | (5) | 773 | 3,009 | (3) | 3,006 |
| **Total Income** | | **14,936** | **(5)** | **14,931** | **56,992** | **(3)** | **56,989** |
| **Expenses** | | | | | | | |
| Employee benefit expenses | F | 7,300 | (3) | 7,297 | 28,206 | 1 | 28,207 |
| Deferred consideration pertaining to acquisition | G | - | - | - | 110 | 39 | 149 |
| Cost of technical sub-contractors | | 1,191 | - | 1,191 | 4,417 | - | 4,417 |
| Travel expenses | | 438 | - | 438 | 1,655 | - | 1,655 |
| Cost of software packages and others | | 223 | - | 223 | 1,049 | - | 1,049 |
| Communication expenses | | 79 | - | 79 | 311 | - | 311 |
| Consultancy and professional charges | | 155 | - | 155 | 563 | - | 563 |
| Depreciation and amortisation expenses | | 315 | - | 315 | 1,115 | - | 1,115 |
| Other expenses | G | 523 | 5 | 528 | 1,909 | 14 | 1,923 |
| **Total expenses** | | **10,224** | **2** | **10,226** | **39,335** | **54** | **39,389** |
| **Profit before exceptional items and tax** | | **4,712** | **(7)** | **4,705** | **17,657** | **(57)** | **17,600** |
| Profit on transfer of business | H | | - | - | 3,036 | (3,036) | - |
| **Profit before tax** | | **4,712** | **(7)** | **4,705** | **20,693** | **(3,093)** | **17,600** |
| Tax expense: | | | | | | | |
| Current tax | I | 1,308 | 1 | 1,309 | 4,898 | - | 4,898 |
| Deferred tax | | 5 | - | 5 | 9 | - | 9 |
| **Profit for the period** | | 3,399 | (8) | 3,391 | 15,786 | (3,093) | 12,693 |
| **Other comprehensive income** | | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | | | |
| Remeasurement of the net defined benefit liability/asset | F | - | (3) | (3) | - | (2) | (2) |
| | | - | (3) | (3) | - | (2) | (2) |
| *Items that will be reclassified subsequently to profit or loss* | | | | | | | |
| | | - | - | - | - | - | - |
| **Total other comprehensive income, net of tax** | | **-** | **(3)** | **(3)** | **-** | **(2)** | **(2)** |
| **Total comprehensive income, for the period** | | **3,399** | **(11)** | **3,388** | **15,786** | **(3,095)** | **12,691** |

**Explanations for reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS**

***F. Employee benefit expenses***

a) As per Ind-AS 19- Employee Benefits , actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

b) Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

***G. Deferred and contingent consideration pertaining to acquisition***

Adjustments reflect impact of discounting pertaining to deferred consideration and contingent consideration payable for business combinations

***H. Reversal of exceptional item***

Profit on transfer of business between entities under common control has been reversed and taken to business transfer reserve on account of transition to Ind AS

***I. Current tax***

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS

**2.2.3 *Cash flow statement***

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

**2.3 PROPERTY, PLANT AND EQUIPMENT**

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2017:

*(In ₹ crore)*

| Particulars | Land- Freehold | Land- Leasehold | Buildings (1)(2) | Plant and machinery(2) | Office Equipment (2) | Computer equipment (2) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **1,011** | **659** | **6,335** | **1,948** | **750** | **3,788** | **1,225** | **23** | **15,739** |
| Additions | 82 | - | 148 | 74 | 20 | 117 | 56 | 1 | 498 |
| Deletions | - | - | - | (3) | (1) | (19) | (4) | - | (27) |
| **Gross carrying value as of March 31, 2017** | **1,093** | **659** | **6,483** | **2,019** | **769** | **3,886** | **1,277** | **24** | **16,210** |
| **Accumulated depreciation as of January 1, 2017** | - | **(25)** | **(2,321)** | **(1,226)** | **(445)** | **(2,483)** | **(784)** | **(12)** | **(7,296)** |
| Depreciation | - | (1) | (56) | (67) | (28) | (139) | (43) | (2) | (336) |
| Accumulated depreciation on deletions | - | - | - | 3 | 1 | 19 | 4 | - | 27 |
| **Accumulated depreciation as of March 31, 2017** | - | **(26)** | **(2,377)** | **(1,290)** | **(472)** | **(2,603)** | **(823)** | **(14)** | **(7,605)** |
| **Carrying value as of March 31, 2017** | **1,093** | **633** | **4,106** | **729** | **297** | **1,283** | **454** | **10** | **8,605** |

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2016:

*(In ₹ crore)*

| Particulars | Land- Freehold | Land- Leasehold | Buildings (1)(2) | Plant and machinery(2) | Office Equipment (2) | Computer equipment (2)(3) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **958** | **638** | **6,090** | **1,613** | **630** | **3,226** | **962** | **17** | **14,134** |
| Additions | 12 | - | 83 | 66 | 50 | 287 | 108 | 2 | 608 |
| Deletions | - | - | - | - | (1) | (32) | - | - | (33) |
| **Gross carrying value as of March 31, 2016** | **970** | **638** | **6,173** | **1,679** | **679** | **3,481** | **1,070** | **19** | **14,709** |
| **Accumulated depreciation as of January 1, 2016** | - | **(20)** | **(2,095)** | **(986)** | **(345)** | **(2,088)** | **(635)** | **(10)** | **(6,179)** |
| Depreciation | - | (1) | (55) | (58) | (25) | (139) | (36) | (1) | (315) |
| Accumulated depreciation on deletions | - | - | - | - | 1 | 32 | - | - | 33 |
| **Accumulated depreciation as of March 31, 2016** | - | **(21)** | **(2,150)** | **(1,044)** | **(369)** | **(2,195)** | **(671)** | **(11)** | **(6,461)** |
| **Carrying value as of March 31, 2016** | **970** | **617** | **4,023** | **635** | **310** | **1,286** | **399** | **8** | **8,248** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

*(In ₹ crore)*

| Particulars | Land- Freehold | Land- Leasehold | Buildings (1)(2) | Plant and machinery(2) | Office Equipment (2) | Computer equipment (2) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **970** | **638** | **6,173** | **1,679** | **679** | **3,481** | **1,070** | **19** | **14,709** |
| Additions | 123 | 21 | 310 | 344 | 122 | 654 | 237 | 6 | 1,817 |
| Deletions | - | - | - | (4) | (32) | (249) | (30) | (1) | (316) |
| **Gross carrying value as of March 31, 2017** | **1,093** | **659** | **6,483** | **2,019** | **769** | **3,886** | **1,277** | **24** | **16,210** |
| **Accumulated depreciation as of April 1, 2016** | - | **(21)** | **(2,150)** | **(1,044)** | **(369)** | **(2,195)** | **(671)** | **(11)** | **(6,461)** |
| Depreciation | - | (5) | (227) | (250) | (111) | (572) | (162) | (4) | (1,331) |
| Accumulated depreciation on deletions | - | - | - | 4 | 8 | 164 | 10 | 1 | 187 |
| **Accumulated depreciation as of March 31, 2017** | - | **(26)** | **(2,377)** | **(1,290)** | **(472)** | **(2,603)** | **(823)** | **(14)** | **(7,605)** |
| **Carrying value as of March 31, 2017** | **1,093** | **633** | **4,106** | **729** | **297** | **1,283** | **454** | **10** | **8,605** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*(In ₹ crore)*

| Particulars | Land- Freehold | Land- Leasehold | Buildings (1)(2) | Plant and machinery(2) | Office Equipment (2) | Computer equipment (2)(3) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **929** | **621** | **5,733** | **1,361** | **525** | **2,812** | **832** | **14** | **12,827** |
| Additions | 41 | 17 | 440 | 319 | 155 | 945 | 241 | 5 | 2,163 |
| Deletions | - | - | - | (1) | (1) | (276) | (3) | - | (281) |
| **Gross carrying value as of March 31, 2016** | **970** | **638** | **6,173** | **1,679** | **679** | **3,481** | **1,070** | **19** | **14,709** |
| **Accumulated depreciation as of April 1, 2015** | **-** | **(16)** | **(1,937)** | **(838)** | **(280)** | **(1,852)** | **(549)** | **(8)** | **(5,480)** |
| For the period | - | (5) | (213) | (207) | (90) | (472) | (125) | (3) | (1,115) |
| Deduction / Adjustments during the period | - | - | - | 1 | 1 | 129 | 3 | - | 134 |
| **Accumulated depreciation as of March 31, 2016** | **-** | **(21)** | **(2,150)** | **(1,044)** | **(369)** | **(2,195)** | **(671)** | **(11)** | **(6,461)** |
| **Carrying value as of March 31, 2016** | **970** | **617** | **4,023** | **635** | **310** | **1,286** | **399** | **8** | **8,248** |
| **Carrying value as of April 1, 2015** | **929** | **605** | **3,796** | **523** | **245** | **960** | **283** | **6** | **7,347** |

(1) *Buildings include ₹250/- being the value of 5 shares of ₹50/- each in Mittal Towers Premises Co-operative Society Limited.*

(2) *Includes certain assets provided on cancellable operating lease to subsidiaries*

(3) *During the year ended March 31, 2016, computer equipment having net book value of ₹20 crore was transferred to EdgeVerve (Refer note 2.5.3)*

Gross carrying of leasehold land represents amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Tangible assets provided on operating lease to subsidiaries as at March 31, 2017 and *March 31, 2016* are as follows:

*(In ₹ crore)*

| Particulars | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Buildings | 197 | 82 | 115 |
| | *197* | *75* | *122* |
| Plant and machinery | 33 | 19 | 14 |
| | *33* | *14* | *19* |
| Furniture and fixtures | 25 | 16 | 9 |
| | *25* | *12* | *13* |
| Computer Equipment | 3 | 2 | 1 |
| | *3* | *2* | *1* |
| Office equipment | 18 | 10 | 8 |
| | *18* | *7* | *11* |

The aggregate depreciation charged on the above assets during the three months ended March 31, 2017 and March 31, 2016 amounted to ₹4 crore and ₹6 crore respectively, and ₹19 crore each for the year ended March 31, 2017 and March 31, 2016.

The rental income from subsidiaries for the three months ended March 31, 2017 and March 31, 2016 amounted to ₹16 crore each, and ₹65 crore and ₹51 crore for the year ended March 31, 2017 and March 31, 2016 respectively.

**2.4 Intangible assets**

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2017:

*(In ₹ crore)*

| Particulars | Sub-contracting rights related | Others | Total |
|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **21** | **9** | **30** |
| Additions | - | - | - |
| Deletion | - | - | - |
| **Gross carrying value as of March 31, 2017** | **21** | **9** | **30** |
| **Accumulated amortization as of January 1, 2017** | **(21)** | **(9)** | **(30)** |
| Amortization expense | - | - | - |
| Deletion | - | - | - |
| **Accumulated amortization as of March 31, 2017** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2017** | **-** | **-** | **-** |

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2016:

*(In ₹ crore)*

| Particulars | Intellectual property rights related | Sub-contracting rights related | Others | Total |
|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **-** | **21** | **9** | **30** |
| Additions | - | - | - | - |
| Deletion | - | - | - | - |
| **Gross carrying value as of March 31, 2016** | **-** | **21** | **9** | **30** |
| **Accumulated amortization as of January 1, 2016** | **-** | **(21)** | **(9)** | **(30)** |
| Amortization expense | - | - | - | - |
| Deletion | - | - | - | - |
| **Accumulated amortization as of March 31, 2016** | **-** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2016** | **-** | **-** | **-** | **-** |

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

*(In ₹ crore)*

| Particulars | Sub-contracting rights related | Others | Total |
|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **21** | **9** | **30** |
| Additions | - | - | - |
| Deletion | - | - | - |
| **Gross carrying value as of March 31, 2017** | **21** | **9** | **30** |
| **Accumulated amortization as of April 1, 2016** | **(21)** | **(9)** | **(30)** |
| Amortization expense | - | - | - |
| Deletion | - | - | - |
| **Accumulated amortization as of March 31, 2017** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2017** | **-** | **-** | **-** |

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

*(In ₹ crore)*

| Particulars | Intellectual property rights related | Sub-contracting rights related | Others | Total |
|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **12** | **21** | **9** | **42** |
| Additions | - | - | - | - |
| Deletion/Retirement | (12) | - | - | (12) |
| **Gross carrying value as of March 31, 2016** | **-** | **21** | **9** | **30** |
| **Accumulated amortization as of April 1, 2015** | **(12)** | **(21)** | **(9)** | **(42)** |
| Amortization expense | - | - | - | - |
| Deletion/Retirement | 12 | - | - | 12 |
| **Accumulated amortization as of March 31, 2016** | **-** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2016** | **-** | **-** | **-** | **-** |
| **Carrying value as of April 1, 2015** | **-** | **-** | **-** | **-** |

Research and development expense recognized in net profit in the statement of profit and loss for the three months ended March 31, 2017 and March 31, 2016 is ₹72 crore and ₹92 crore, respectively and ₹351 crore and ₹384 crore for the year ended March 31, 2017 and March 31, 2016.

**2.5 INVESTMENTS**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current investments** | | | |
| Equity instruments of subsidiaries | 7,305 | 6,901 | 4,873 |
| Debentures of subsidiary | 2,129 | 2,549 | - |
| Preference securities and equity investments | 132 | 93 | 1 |
| Others | 3 | - | - |
| Tax free bonds | 1,833 | 1,533 | 1,234 |
| Fixed maturity plans | 357 | - | - |
| Non convertible debentures | 3,575 | - | - |
| | **15,334** | **11,076** | **6,108** |
| **Current investments** | | | |
| Liquid mutual fund units | 1,755 | - | 749 |
| Fixed maturity plans | 151 | - | - |
| Certificate of deposits | 7,635 | - | - |
| Government bonds | - | 2 | - |
| Non convertible debentures | 102 | - | - |
| | **9,643** | **2** | **749** |
| **Total carrying value** | **24,977** | **11,078** | **6,857** |

*in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Non-current investments** | | |
| **Unquoted** | | |
| **Investment carried at cost** | | |
| Investments in equity instruments of subsidiaries | | |
| Infosys BPO Limited | 659 | 659 |
| 3,38,22,319 (3,38,22,319) equity shares of ₹10/- each, fully paid | | |
| Infosys Technologies (China) Co. Limited | 236 | 169 |
| Infosys Technologies (Australia) Pty Limited | 66 | 66 |
| 1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid | | |
| Infosys Technologies, S. de R.L. de C.V., Mexico | 65 | 65 |
| 17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up | | |
| Infosys Technologies (Sweden) AB | 76 | - |
| 1,000 (1,000) equity shares of SEK 100 par value, fully paid | | |
| Infosys Technologia do Brasil Ltda | 149 | 149 |
| 5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid | | |
| Infosys Technologies (Shanghai) Company Limited | 826 | 646 |
| Infosys Public Services, Inc. | 99 | 99 |
| 3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid | | |
| Infosys Consulting Holding AG (formerly Lodestone Holding AG) | 1,323 | 1,323 |
| 23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up | | |
| Infosys Americas Inc. | 1 | 1 |
| 10,000 (10,000) shares of USD 10 per share, fully paid up | | |
| EdgeVerve Systems Limited *(refer note 2.5.3)* | 1,312 | 1,312 |
| 131,18,40,000 (131,18,40,000) equity shares of ₹10/- each, fully paid | | |
| Panaya Inc. | 1,398 | 1,398 |
| 2 (2) shares of USD 0.01 per share, fully paid up | | |
| Infosys Nova Holdings LLC | 94 | 94 |
| Kallidus Inc. *(refer note 2.5.2)* | 619 | 619 |
| 10,21,35,416 (10,21,35,416) shares | | |
| Skava Systems Private Limited *(refer note 2.5.2)* | 59 | 59 |
| 25,000 (25,000) shares of ₹10 per share, fully paid up | | |
| Noah Consulting LLC *( refer note 2.5.1)* | 313 | 242 |
| Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd) | 10 | - |
| 10,990,000 (Nil) shares of SGD 1.00 par value, fully paid | | |
| | **7,305** | **6,901** |
| **Investment carried at amortised cost** | | |
| Investment in debentures of subsidiary | | |
| EdgeVerve Systems Limited *(refer note 2.5.3)* | | |
| 21,29,00,000 (25,49,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100 each fully paid up | 2,129 | 2,549 |
| | **2,129** | **2,549** |
| | **9,434** | **9,450** |
| **Investments carried at fair value through profit or loss** | | |
| Others | 3 | - |
| | **3** | **-** |
| **Investment carried at fair value through other comprehensive income (FVOCI)** *(refer note 2.5.5)* | | |
| Preference securities | 131 | 92 |
| Equity instruments | 1 | 1 |
| | **132** | **93** |
| **Quoted** | | |
| **Investments carried at amortized cost** | | |
| Tax free bonds *(refer note 2.5.6)* | 1,833 | 1,533 |
| | **1,833** | **1,533** |
| **Investments carried at fair value through profit or loss** | | |
| Fixed Maturity Plans *(refer note 2.5.7)* | 357 | - |
| | **357** | **-** |
| **Investments carried at fair value through other comprehensive income** *(refer note 2.5.8 )* | | |
| Non convertible debentures | 3,575 | - |
| | **3,575** | **-** |
| Total non-current investments | **15,334** | **11,076** |

**Current investments**

| | | |
|---|---|---|
| **Unquoted** | | |
| **Investments carried at fair value through profit or loss** *(refer note 2.5.7)* | | |
| Liquid mutual fund units | 1,755 | - |
| Fixed Maturity Plans | 151 | - |
| | **1,906** | **-** |
| **Investments carried at fair value through other comprehensive income** | | |
| Certificate of Deposits *(refer note 2.5.8)* | 7,635 | - |
| | **7,635** | **-** |
| **Quoted** | | |
| **Investments carried at amortized cost** | | |
| Government bonds *(refer note 2.5.6)* | - | 2 |
| | **-** | **2** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.5.8* ) | | |
| Non convertible debentures | 102 | - |
| | **102** | **-** |
| Total current investments | **9,643** | **2** |
| Total investments | **24,977** | **11,078** |
| Aggregate amount of quoted investments | 5,867 | 1,535 |
| Market value of quoted investments (including interest accrued) | 6,327 | 1,627 |
| Aggregate amount of unquoted investments | 19,110 | 9,543 |
| Aggregate amount of impairment in value of investments | - | 6 |
| Investments carried at cost | 7,305 | 6,901 |
| Investments carried at amortised cost | 3,962 | 4,084 |
| Investments carried at fair value through other comprehensive income | 11,444 | 93 |
| Investments carried at fair value through profit or loss | 2,266 | - |

**2.5.1 Investment in Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting , LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million ( approximately ₹216 crore), contingent consideration up to $5 million (approximately ₹33 crore on acquisition date) and retention bonus up to $32 million (approximately ₹212 crore on acquisition date). The payment of contingent consideration to the sellers of Noah was dependent upon the achievement of certain financial targets by Noah for the year ended December 31, 2015 and December 31, 2016. During the three months ended March 31, 2016 based on the assessment of Noah achieving the targets for the respective periods, the entire contingent consideration was reversed.

**2.5.2 Investment in Kallidus Inc. & Skava Systems Pvt. Ltd.**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., (d.b.a Skava) (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million (approximately ₹ 578 crore) and a contingent consideration of upto $20 million (approximately ₹128 crore on acquisition date), the payment of which is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017. During the year ended March 31, 2017 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets.

**2.5.3 Investment in EdgeVerve Systems Limited**

On February 14, 2014, a wholly owned subsidiary EdgeVerve Systems Limited (EdgeVerve) was incorporated. EdgeVerve was created to focus on developing and selling products and platforms. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of ₹421 crore with effect from July 1, 2014. Net assets amounting to ₹9 crore were transferred and accordingly a gain of ₹412 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103 which requires common control transactions to be recorded at book values. The consideration has been settled through the issue of fully paid up equity shares in EdgeVerve.

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively. Net assets amounting to ₹363 crore, (including working capital amounting to ₹337 crore) were transferred and accordingly a gain of ₹3,036 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve' under retained earnings, in accordance with Ind AS 103 which requires common control transactions to be recorded at book values.
The consideration was settled through issue of 850,000,000 equity shares amounting to ₹850 crore and 254,900,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2017 EdgeVerve had repaid ₹420 crore by redeeming proportionate number of debentures.

**2.5.4 Investment in Infosys Consulting Holding AG (Formerly Lodestone Holding AG)**

On October 22, 2012, Infosys acquired 100% of the outstanding share capital of Infosys Consulting Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The acquisition was executed through a share purchase agreement for an upfront cash consideration of ₹1,187 crore and a deferred consideration of upto ₹608 crore.

The deferred consideration was payable to the selling shareholders of Lodestone on the third anniversary of the acquisition date and was contingent upon their continued employment for a period of three years. The investment in Lodestone was recorded at the acquisition cost and the deferred consideration was being recognized on a proportionate basis over a period of three years from the date of acquisition. During the year ended March 31, 2016, the liability towards deferred consideration was settled.

**2.5.5 Details of Investments**

The details of investments in preference, equity securities and others as at March 31, 2017 and March 31, 2016 are as follows:

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| *Preference Securities* | | |
| Airviz Inc. | | |
| 2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each | 9 | 13 |
| ANSR Consulting | | |
| 52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each | 10 | 9 |
| Whoop Inc | | |
| 16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each | 15 | 20 |
| CloudEndure Ltd. | | |
| 25,59,290 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each | 37 | 13 |
| Nivetti Systems Private Limited | | |
| 2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each | 10 | 10 |
| Waterline Data Science, Inc | | |
| 39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each | 24 | 27 |
| Trifacta Inc. | | |
| 11,80,358 (Nil) Preferred Stock | 26 | - |
| *Equity Instrument* | | |
| OnMobile Systems Inc., USA | | |
| 21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each | - | - |
| Merasport Technologies Private Limited | | |
| 2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each | - | - |
| Global Innovation and Technology Alliance | | |
| 15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each | 1 | 1 |
| *Others* | | |
| Stellaris Venture Partners India I | 3 | - |
| | **135** | **93** |

**2.5.6 Details of Investments in tax free bonds and government bonds**

The balances held in tax free bonds as at March 31, 2017 and March 31, 2016 is as follows: *in ₹ crore, except as otherwise stated*

| Particulars | Face Value ₹ | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026 | 10,00,000/- | 470 | 50 | - | - |
| 7.16% Power Finance Corporation Ltd. Bonds 17JUL2025 | 10,00,000/- | 1,000 | 107 | - | - |
| 7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023 | 1,000/- | 2,000,000 | 201 | 2,000,000 | 201 |
| 7.28% Indian Railway Finance Corporation Limited Bonds 21DEC2030 | 1,000/- | 422,800 | 42 | 422,800 | 42 |
| 7.28% National Highways Authority of India Bonds 18SEP2030 | 10,00,000/- | 3,300 | 343 | 2,000 | 200 |
| 7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028 | 1,000/- | 2,100,000 | 211 | 2,100,000 | 211 |
| 7.35% National Highways Authority of India Bonds 11JAN2031 | 1,000/- | 571,396 | 57 | 571,396 | 57 |
| 7.93% Rural Electrification Corporation Limited Bonds 27MAR2022 | 1,000/- | 200,000 | 21 | 200,000 | 21 |
| 8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027 | 1,000/- | 500,000 | 53 | 500,000 | 53 |
| 8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028 | 10,00,000/- | 1,000 | 100 | 1,000 | 100 |
| 8.30% National Highways Authority of India Bonds 25JAN2027 | 1,000/- | 500,000 | 53 | 500,000 | 53 |
| 8.35% National Highways Authority of India Bonds 22NOV2023 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028 | 10,00,000/- | 2,000 | 200 | 2,000 | 200 |
| 8.46% Power Finance Corporation Limited Bonds 30AUG2028 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028 | 10,00,000/- | 450 | 45 | 450 | 45 |
| 8.54% Power Finance Corporation Limited Bonds 16NOV2028 | 1,000/- | 500,000 | 50 | 500,000 | 50 |
| | | **6,805,416** | **1,833** | **6,802,646** | **1,533** |

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows: *(In ₹ crore)*

| Particulars | Face Value PHP | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| Treasury Notes PHY6972FW G18 MAT Date 22 Feb 2017 | 100 | - | - | 150,000 | 2 |
| | | **-** | **-** | **1,50,000** | **2** |

**2.5.7 Details of investments in liquid mutual fund units and Fixed Maturity Plans**

The balances held in liquid mutual fund as at March 31, 2017 is as follows: *in ₹ crore*

| Particulars | As at March 31, 2017 Units | Amount |
|---|---|---|
| Birla Sun Life Cash Plus Growth Direct Plan | 13,397,873 | 350 |
| ICICI Prudential Liquid Direct Plan Growth | 10,388,743 | 250 |
| IDFC Cash Fund Growth (Direct Plan) | 1,265,679 | 250 |
| Kotak Low Duration Fund Direct Growth (Ultra Short Term) | 1,502,564 | 305 |
| L&T Liquid Fund Direct Plan Growth | 672,806 | 150 |
| Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option | 882,465 | 350 |
| SBI Premier Liquid Fund Direct Plan Growth | 391,909 | 100 |
| | **2,85,02,039** | **1,755** |

The balances held in Fixed Maturity Plans as at March 31, 2017 is as follows: *in ₹ crore*

| Particulars | As at March 31, 2017 | |
|---|---|---|
| | Units | Amount |
| Birla Sun Life Fixed Term Plan -Series OD 1145 Days -GR direct | 50,000,000 | 51 |
| Birla Sun Life Fixed Term Plan -Series OE 1153 Days -GR direct | 25,000,000 | 25 |
| HDFC FMP 1155D Feb 2017-Direct Growth Series 37 | 28,000,000 | 28 |
| HDFC FMP 1169D Feb 2017 -Direct-Quarterly Dividend -Series 37 | 45,000,000 | 45 |
| ICICI FMP Series 80-1194 D Plan F Div | 40,000,000 | 40 |
| ICICI Prudential Fixed maturity Plan Series 80-1187 Days Plan G direct Plan | 42,000,000 | 42 |
| ICICI Prudential Fixed Maturity Plan series 80-1253 Days Plan J Direct Plan | 30,000,000 | 30 |
| IDFC Fixed Term Plan Series 129 direct Plan-Growth 1147 Days | 10,000,000 | 10 |
| IDFC Fixed Term Plan Series 131 direct Plan-Growth 1139 Days | 15,000,000 | 15 |
| Kotak FMP Series 199 Direct -Growth | 35,000,000 | 36 |
| Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan | 35,000,000 | 35 |
| Reliance Yearly Interval Fund Series -1-Direct Plan-Growth Plan | 106,906,898 | 151 |
| | **46,19,06,898** | **508** |

**2.5.8 Details of investments in Non convertible debentures and Certificate of Deposits**

The balances held in non convertible debenture as at March 31, 2017 is as follows: *in ₹ crore, except as otherwise stated*

| **Particulars** | **As at March 31, 2017** | | |
|---|---|---|---|
| | **Face Value ₹** | **Units** | **Amount** |
| 7.48% Housing Development Finance Corporation Ltd 18NOV2019 | 10,000,000/- | 50 | 52 |
| 7.58% LIC Housing Finance Ltd 28FEB2020 | 1,000,000/- | 1,000 | 100 |
| 7.58% LIC Housing Finance Ltd 11JUN2020 | 1,000,000/- | 500 | 51 |
| 7.59% LIC Housing Finance Ltd 14OCT2021 | 1,000,000/- | 3,000 | 309 |
| 7.75% LIC Housing Finance Ltd 27AUG2021 | 1,000,000/- | 1,250 | 129 |
| 7.79% LIC Housing Finance Ltd 19JUN2020 | 1,000,000/- | 500 | 52 |
| 7.80% Housing Development Finance Corporation Ltd 11NOV2019 | 10,000,000/- | 150 | 155 |
| 7.81% LIC Housing Finance Ltd 27APR2020 | 1,000,000/- | 2,000 | 208 |
| 7.95% Housing Development Finance Corporation Ltd 23SEP2019 | 10,000,000/- | 50 | 53 |
| 8.02% LIC Housing Finance Ltd 18FEB2020 | 1,000,000/- | 500 | 51 |
| 8.26% Housing Development Finance Corporation Ltd 12AUG2019 | 10,000,000/- | 100 | 106 |
| 8.34% Housing Development Finance Corporation Ltd 06MAR2019 | 10,000,000/- | 200 | 217 |
| 8.37% LIC Housing Finance Ltd 03OCT2019 | 1,000,000/- | 2,000 | 218 |
| 8.37% LIC Housing Finance Ltd 10MAY2021 | 1,000,000/- | 500 | 55 |
| 8.43% IDFC Bank Limited 30JAN2018 | 1,000,000/- | 1,000 | 102 |
| 8.46% Housing Development Finance Corporation Ltd 11MAR2019 | 10,000,000/- | 50 | 54 |
| 8.47% LIC Housing Finance Ltd 21JAN2020 | 1,000,000/- | 500 | 52 |
| 8.50% Housing Development Finance Corporation Ltd 31AUG2020 | 10,000,000/- | 50 | 54 |
| 8.54% IDFC Bank Limited 30MAY2018 | 1,000,000/- | 1,500 | 182 |
| 8.59% Housing Development Finance Corporation Ltd 14JUN2019 | 10,000,000/- | 50 | 51 |
| 8.60% LIC Housing Finance Ltd 29JUL2020 | 1,000,000/- | 1,400 | 152 |
| 8.61% LIC Housing Finance Ltd 11DEC2019 | 1,000,000/- | 1,000 | 104 |
| 8.66% IDFC Bank Limited 25JUN2018 | 1,000,000/- | 1,520 | 184 |
| 8.72% Housing Development Finance Corporation Ltd 15APR2019 | 10,000,000/- | 75 | 77 |
| 8.75% Housing Development Finance Corporation Ltd 13JAN2020 | 500,000/- | 5,000 | 260 |
| 8.75% LIC Housing Finance Ltd 14JAN2020 | 1,000,000/- | 1,070 | 112 |
| 8.75% LIC Housing Finance Ltd 21DEC2020 | 1,000,000/- | 1,000 | 104 |
| 8.97% LIC Housing Finance Ltd 29OCT2019 | 1,000,000/- | 500 | 53 |
| 9.45% Housing Development Finance Corporation Ltd 21AUG2019 | 1,000,000/- | 3,000 | 327 |
| 9.65% Housing Development Finance Corporation Ltd 19JAN2019 | 1,000,000/- | 500 | 53 |
| | | **30,015** | **3,677** |

The balances held in Certificate of Deposits as at March 31, 2017 is as follows: *in ₹ crore, except as otherwise stated*

| **Particulars** | **As at March 31, 2017** | | |
|---|---|---|---|
| | **Face Value ₹** | **Units** | **Amount** |
| Andhra Bank | 100,000/- | 35,000 | 344 |
| Axis Bank | 100,000/- | 293,600 | 2,800 |
| Corporation Bank | 100,000/- | 33,500 | 327 |
| DBS Bank | 100,000/- | 5,000 | 49 |
| ICICI Bank Limited | 100,000/- | 42,500 | 413 |
| IDFC Bank | 100,000/- | 135,000 | 1,281 |
| IndusInd Bank | 100,000/- | 106,400 | 1,011 |
| Kotak Bank | 100,000/- | 74,000 | 704 |
| Vijaya Bank | 100,000/- | 14,000 | 137 |
| Yes Bank | 100,000/- | 60,000 | 569 |
| | | **799,000** | **7,635** |

**2.6 LOANS**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non- Current** | | | |
| Unsecured, considered good | | | |
| Other Loans | | | |
| Loans to employees | 5 | 5 | 4 |
| | **5** | **5** | **4** |
| Unsecured, considered doubtful | | | |
| Loans to employees | 17 | 13 | 10 |
| | **22** | **18** | **14** |
| Less: Allowance for doubtful loans to employees | 17 | 13 | 10 |
| | **5** | **5** | **4** |
| **Current** | | | |
| Unsecured, considered good | | | |
| Loans to subsidiaries *(Refer note 2.25)* | 69 | 91 | 24 |
| Other Loans | | | |
| Loans to employees | 241 | 264 | 201 |
| | **310** | **355** | **225** |
| **Total Loans** | **315** | **360** | **229** |

**2.7 OTHER FINANCIAL ASSETS**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Security deposits [(1)] | 81 | 73 | 65 |
| Rental deposits [(1)(4)] | 135 | 119 | 45 |
| | **216** | **192** | **110** |
| **Current** | | | |
| Security deposits [(1)] | 2 | 1 | 1 |
| Rental deposits [(1)] | 2 | 2 | 6 |
| Restricted deposits [(1)] | 1,309 | 1,154 | 1,039 |
| Unbilled revenues [(1)(5)] | 3,200 | 2,673 | 2,423 |
| Interest accrued but not due [(1)] | 514 | 696 | 433 |
| Foreign currency forward and options contracts [(2)(3)] | 268 | 109 | 94 |
| Others [(1)(6)] | 108 | 166 | 49 |
| | **5,403** | **4,801** | **4,045** |
| **Total** | **5,619** | **4,993** | **4,155** |
| [(1)] Financial assets carried at amortized cost | 5,351 | 4,884 | 4,061 |
| [(2)]Financial assets carried at fair value through other comprehensive income | 52 | - | - |
| [(3)]Financial assets carried at fair value through Profit or Loss | 216 | 109 | 94 |
| [(4)] *Includes dues from subsidiaries (Refer note 2.25)* | - | 21 | 21 |
| [(5)] *Includes dues from subsidiaries (Refer note 2.25)* | 47 | 20 | 6 |
| [(6)] *Includes dues from subsidiaries (Refer note 2.25)* | 18 | 24 | 43 |

Restricted deposits represent deposit with financial institutions to settle employee related obligations as and when they arise during the normal course of business.

**2.8 TRADE RECEIVABLES [(1)]**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current** | | | |
| Unsecured | | | |
| Considered good[(2)] | 10,960 | 9,798 | 8,627 |
| Considered doubtful | 289 | 249 | 322 |
| | 11,249 | 10,047 | 8,949 |
| Less: Allowances for credit losses | 289 | 249 | 322 |
| | **10,960** | **9,798** | **8,627** |
| [(1)] *Includes dues from companies where directors are interested* | 1 | 1 | 6 |
| [(2)] *Includes dues from subsidiaries (refer note 2.25)* | 235 | 244 | 309 |

**2.9 CASH AND CASH EQUIVALENTS**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Balances with banks | | | |
| In current and deposit accounts | 12,222 | 24,276 | 23,722 |
| Cash on hand | - | - | - |
| Others | | | |
| Deposits with financial institution | 6,931 | 4,900 | 4,000 |
| | **19,153** | **29,176** | **27,722** |
| *Balances with banks in unpaid dividend accounts* | 17 | 5 | 3 |
| *Deposit with more than 12 months maturity* | 6,765 | 237 | 182 |
| *Balances with banks held as margin money deposits against guarantees* | 394 | 336 | 185 |

Cash and cash equivalents as of March 31, 2017, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹ 411 crore, ₹341 crore, ₹188 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividends bank accounts.

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

The details of balances as on balance sheet dates with banks are as follows:

*(In ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **In current accounts** | | |
| ANZ Bank, Taiwan | 3 | 13 |
| Bank of America, USA | 769 | 563 |
| BNP Paribas Bank, Norway | 7 | - |
| Citibank N.A., Australia | 8 | 24 |
| Citibank N.A., India | 2 | 1 |
| Citibank N.A., Dubai | 1 | 1 |
| Citibank N.A., EEFC (U.S. Dollar account) | 1 | - |
| Citibank N.A., Hungary | 3 | - |
| Citibank N.A., Japan | 12 | 15 |
| Citibank N.A., New Zealand | 6 | 2 |
| Citibank N.A., South Africa | 9 | 4 |
| Citibank N.A., South Korea | 1 | - |
| Deutsche Bank, Philippines | 4 | 11 |
| Deutsche Bank, India | 9 | 4 |
| Deutsche Bank, EEFC (Euro account) | 11 | 17 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 8 | 8 |
| Deutsche Bank, EEFC (Australian Dollar account) | 38 | 2 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 73 | 95 |
| Deutsche Bank, EEFC (Swiss Franc account) | 2 | 2 |
| Deutsche Bank, Belgium | 10 | 59 |
| Deutsche Bank, France | 8 | 10 |
| Deutsche Bank, Germany | 48 | 17 |
| Deutsche Bank, Netherlands | 2 | 4 |
| Deutsche Bank, Russia (U.S. Dollar account) | 1 | 1 |
| Deutsche Bank, Russia | 3 | 2 |
| Deutsche Bank, Singapore | 6 | 4 |
| Deutsche Bank, Switzerland | 5 | 1 |
| Deutsche Bank, Switzerland (U.S. Dollar Account) | 1 | - |
| Deutsche Bank, United Kingdom | 25 | 170 |
| Deutsche Bank, Malaysia | 7 | 9 |
| HSBC Bank, Hong Kong | 1 | 1 |
| ICICI Bank, India | 40 | 57 |
| ICICI Bank, EEFC (U.S. Dollar account) | 3 | 10 |
| Nordbanken, Sweden | 22 | 5 |
| Punjab National Bank, India | 6 | 4 |
| Royal Bank of Canada, Canada | 5 | 24 |
| State Bank of India | 6 | 7 |
| | **1,166** | **1,147** |

(In ₹ crore)

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **In deposit accounts** | | |
| Andhra Bank | - | 848 |
| Axis Bank | 945 | 1,170 |
| Barclays Bank | 825 | - |
| Canara Bank | - | 1,861 |
| Central Bank of India | - | 1,518 |
| Corporation Bank | - | 1,185 |
| HDFC Bank | 349 | 2,500 |
| HSBC Bank | 500 | - |
| ICICI Bank | 4,351 | 3,755 |
| IDBI Bank | 1,750 | 1,750 |
| Indusind Bank | 191 | 250 |
| Indian Overseas Bank | - | 1,000 |
| Jammu & Kashmir Bank | - | 25 |
| Kotak Mahindra Bank | 500 | 492 |
| Oriental Bank of Commerce | - | 1,967 |
| South Indian Bank | 200 | - |
| Standard Chartered Bank | 500 | - |
| State Bank of India | - | 2,310 |
| Syndicate Bank | 49 | 1,250 |
| Union Bank of India | - | 7 |
| Vijaya Bank | - | 200 |
| Yes Bank | 485 | 700 |
| | **10,645** | **22,788** |
| **In unpaid dividend accounts** | | |
| Axis Bank - Unpaid dividend account | 2 | 2 |
| HDFC Bank - Unpaid dividend account | 2 | 1 |
| ICICI Bank - Unpaid dividend account | 13 | 2 |
| | **17** | **5** |
| **In margin money deposits against guarantees** | | |
| Canara Bank | 177 | 132 |
| ICICI Bank | 217 | 147 |
| State Bank of India | - | 57 |
| | **394** | **336** |
| **Deposits with financial institution** | | |
| HDFC Limited | 6,231 | 4,900 |
| LIC Housing Finance Limited | 700 | - |
| | **6,931** | **4,900** |
| **Total cash and cash equivalents as per Balance Sheet** | **19,153** | **29,176** |

**2.10 OTHER ASSETS**

(In ₹ crore)

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Capital advances | 562 | 333 | 316 |
| Advances other than capital advance | | | |
| Prepaid gratuity *(Refer note 2.22)* | 56 | 2 | 26 |
| Others | | | |
| Prepaid expenses | 95 | 87 | 7 |
| Deferred contract cost | 283 | 333 | - |
| | **996** | **755** | **349** |
| **Current** | | | |
| Advances other than capital advance | | | |
| Payment to vendors for supply of goods | 87 | 58 | 60 |
| Others | | | |
| Prepaid expenses [(1)] | 387 | 209 | 71 |
| Deferred contract cost | 74 | 48 | - |
| Withholding taxes and others | 1,665 | 1,650 | 1,253 |
| | **2,213** | **1,965** | **1,384** |
| **Total other assets** | **3,209** | **2,720** | **1,733** |
| [(1)] *Includes dues from subsidiaries (Refer note 2.25)* | 56 | 43 | - |

Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Withholding taxes and others primarily consist of input tax credits.

**2.11 FINANCIAL INSTRUMENTS**

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 19,153 | - | - | - | - | 19,153 | 19,153 |
| Investments (Refer note 2.5) | | | | | | | |
| Equity and preference securities and others | - | - | 3 | 132 | - | 135 | 135 |
| Tax free bonds and government bonds | 1,833 | - | - | - | - | 1,833 | 2,142 * |
| Liquid mutual fund units | - | - | 1,755 | - | - | 1,755 | 1,755 |
| Redeemable, non-convertible debentures [(1)] | 2,129 | - | - | - | - | 2,129 | 2,129 |
| Fixed maturity plans | - | - | 508 | - | - | 508 | 508 |
| Certificate of deposits | - | - | - | - | 7,635 | 7,635 | 7,635 |
| Non convertible debentures | - | - | - | - | 3,677 | 3,677 | 3,677 |
| Trade receivables (Refer Note 2.8) | 10,960 | - | - | - | - | 10,960 | 10,960 |
| Loans (Refer note 2.6) | 315 | - | - | - | - | 315 | 315 |
| Other financial assets (Refer Note 2.7) | 5,351 | - | 216 | - | 52 | 5,619 | 5,619 |
| **Total** | **39,741** | **-** | **2,482** | **132** | **11,364** | **53,719** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer Note 2.14) | 269 | - | - | - | - | 269 | 269 |
| Other financial liabilities (Refer Note 2.13) | 3,867 | - | 87 | - | - | 3,954 | 3,954 |
| **Total** | **4,136** | **-** | **87** | **-** | **-** | **4,223** | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 29,176 | - | - | - | - | 29,176 | 29,176 |
| Investments (Refer Note 2.5) | | | | | | | |
| Equity and preference securities | - | - | - | 93 | - | 93 | 93 |
| Tax free bonds and government bonds | 1,535 | - | - | - | - | 1,535 | 1,627 * |
| Redeemable, non-convertible debentures [(1)] | 2,549 | - | - | - | - | 2,549 | 2,549 |
| Trade receivables (Refer Note 2.8) | 9,798 | - | - | - | - | 9,798 | 9,798 |
| Loans (Refer note 2.6) | 360 | - | - | - | - | 360 | 360 |
| Other financial assets (Refer Note 2.7) | 4,884 | - | 109 | - | - | 4,993 | 4,993 |
| **Total** | **48,302** | **-** | **109** | **93** | **-** | **48,504** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer note 2.14) | 623 | - | - | - | - | 623 | 623 |
| Other financial liabilities (Refer Note 2.13) | 3,947 | - | 117 | - | - | 4,064 | 4,064 |
| **Total** | **4,570** | **-** | **117** | **-** | **-** | **4,687** | |

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

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 27,722 | - | - | - | - | 27,722 | 27,722 |
| Investments (Refer Note 2.5) | | | | | | | |
| Equity and preference securities | - | - | - | 1 | - | 1 | 1 |
| Bonds and government bonds | 1,234 | - | - | - | - | 1,234 | 1,269 * |
| Liquid mutual fund units | - | - | 749 | - | - | 749 | 749 |
| Trade receivables (Refer Note 2.8) | 8,627 | - | - | - | - | 8,627 | 8,627 |
| Loans (Refer note 2.6) | 229 | - | - | - | - | 229 | 229 |
| Other financial assets (Refer Note 2.7) | 4,061 | - | 94 | - | - | 4,155 | 4,155 |
| **Total** | **41,873** | **-** | **843** | **1** | **-** | **42,717** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer note 2.14) | 124 | - | - | - | - | 124 | 124 |
| Other financial liabilities (Refer Note 2.13) | 3,967 | - | - | - | - | 3,967 | 3,967 |
| **Total** | **4,091** | **-** | **-** | **-** | **-** | **4,091** | |

** On account of fair value changes including interest accrued*

**Fair value hierarchy**

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

*(In ₹ crore)*

| **Particulars** | **As of March 31, 2017** | **Fair value measurement at end of the reporting period/year using** | | |
|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.5) | 1,755 | 1,755 | - | - |
| Investments in tax free bonds (Refer Note 2.5) | 2,142 | 206 | 1,936 | - |
| Investments in government bonds (Refer Note 2.5) | - | - | - | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.5) | 131 | - | - | 131 |
| Investments in fixed maturity plans (Refer Note 2.5) | 508 | - | 508 | - |
| Investments in certificate of deposits (Refer Note 2.5) | 7,635 | - | 7,635 | - |
| Investments in non convertible debentures (Refer Note 2.5) | 3,677 | 3,160 | 517 | - |
| Others (Refer Note 2.5) | 3 | - | - | 3 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.7) | 268 | - | 268 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.13) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.13)* | 85 | - | - | 85 |

**Discounted $14 million (approximately ₹91 crore) at 14.2%*

During the year ended March 31, 2017, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

*(In ₹ crore)*

| **Particulars** | **As of March 31, 2016** | **Fair value measurement at end of the reporting period/year using** | | |
|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | |
| Investments in tax free bonds (Refer Note 2.5) | 1,625 | 298 | 1,327 | - |
| Investments in government bonds (Refer Note 2.5) | 2 | 2 | - | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.5) | 92 | - | - | 92 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7) | 109 | - | 109 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.13)* | 115 | - | - | 115 |

**Discounted $20 million (approximately ₹132 crore) at 13.7%*

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

*(In ₹ crore)*

| **Particulars** | **As of April 1, 2015** | **Fair value measurement at end of the reporting period/year using** | | |
|---|---|---|---|---|
| | | **Level 1** | **Level 2** | **Level 3** |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.5) | 749 | 749 | - | - |
| Investments in tax free bonds (Refer Note 2.5) | 1,269 | 533 | 736 | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7) | 94 | - | 94 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13) | - | - | - | - |

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rates and passage of time.

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposit is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The amount invested and fair value of unquoted equity and preference securities of March 31, 2017 is ₹134 crore and ₹132 crore, respectively. The fair value is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

**Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

*(In ₹ crore)*

| Particulars | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 849 | 79 | 33 | 45 | 97 | 1,103 |
| Trade receivables | 7,611 | 1,005 | 793 | 533 | 361 | 10,303 |
| Other financials assets ( including loans) | 2,686 | 436 | 365 | 148 | 136 | 3,771 |
| Trade payables | (145) | (5) | (11) | (12) | (22) | (195) |
| Other financial liabilities | (1,847) | (227) | (169) | (186) | (137) | (2,566) |
| **Net assets / (liabilities)** | **9,154** | **1,288** | **1,011** | **528** | **435** | **12,416** |

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

*(In ₹ crore)*

| Particulars | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 670 | 107 | 178 | 26 | 93 | 1,074 |
| Trade Receivables | 6,875 | 973 | 664 | 539 | 296 | 9,347 |
| Other financials assets ( including loans) | 2,005 | 370 | 210 | 108 | 125 | 2,818 |
| Trade payables | (199) | (42) | (133) | (32) | (39) | (445) |
| Other financial liabilities | (2,241) | (232) | (139) | (200) | (146) | (2,958) |
| **Net assets / (liabilities)** | **7,110** | **1,176** | **780** | **441** | **329** | **9,836** |

For the three months ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.52% and 0.51%, respectively.

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.52% each.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

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

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | In million | In ₹ crore | In million | In ₹ crore |
| **Derivatives designated as cash flow hedges** | | | | |
| **Forward contracts** | | | | |
| In Euro | 95 | 658 | - | - |
| In United Kingdom Pound Sterling | 40 | 324 | - | - |
| In Australian dollars | 130 | 644 | - | - |
| **Option Contracts** | | | | |
| In Euro | 40 | 277 | - | - |
| **Other derivatives** | | | | |
| **Forward contracts** | | | | |
| In U.S. dollars | 480 | 3,113 | 467 | 3,094 |
| In Euro | 106 | 735 | 84 | 633 |
| In United Kingdom Pound Sterling | 70 | 566 | 60 | 573 |
| In Australian dollars | 30 | 149 | 50 | 255 |
| In Swiss Franc | 10 | 65 | 25 | 173 |
| In Singapore dollars | 5 | 23 | - | - |
| In Swedish Krona | 50 | 36 | - | - |
| **Option Contracts** | | | | |
| In U.S. dollars | 195 | 1,265 | 125 | 828 |
| In Euro | 25 | 173 | - | - |
| In United Kingdom Pound Sterling | 30 | 243 | - | - |
| In Canadian dollars | 13 | 65 | - | - |
| **Total forwards and options** | | **8,336** | | **5,556** |

The foreign exchange forward and option contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | As of March 31, 2016 |
|---|---|---|
| Not later than one month | 2,215 | 1,468 |
| Later than one month and not later than three months | 4,103 | 3,260 |
| Later than three months and not later than one year | 2,018 | 828 |
| | **8,336** | **5,556** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the three months and year ended March 31, 2017: *(In ₹ crore)*

| | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning of the period | 28 | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 73 | 121 |
| Amount reclassified to revenue during the period | (59) | (69) |
| Tax impact on above | (3) | (13) |
| Balance at the end of the period | **39** | **39** |

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | **Derivative financial asset** | **Derivative financial liability** | **Derivative financial asset** | **Derivative financial liability** |
| Gross amount of recognized financial asset/liability | 269 | (3) | 117 | (10) |
| Amount set off | (1) | 1 | (8) | 8 |
| **Net amount presented in balance sheet** | **268** | **(2)** | **109** | **(2)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹10,960 crore and ₹9,798 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,200 crore and ₹2,673 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue from top customer | 3.8% | 4.2% | 3.9% | 4.2% |
| Revenue from top five customers | 13.3% | 15.6% | 14.1% | 15.7% |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the three months and year ended March 31, 2017 was ₹61 crore and ₹135 crore. The reversal for lifetime expected credit loss on customer balances for the three months and year ended March 31, 2016 was ₹25 crore and ₹48 crore respectively.

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Balance at the beginning | 323 | 285 | 249 | 322 |
| Impairment loss recognised/ reversed | 61 | (25) | 135 | (48) |
| Amounts written off | - | - | (1) | - |
| Translation differences | (5) | (11) | (4) | (25) |
| **Balance at the end** | **379** | **249** | **379** | **249** |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

**Liquidity risk**

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

As of March 31, 2017, the Company had a working capital of ₹35,896 crore including cash and cash equivalents of ₹19,153 crore and current investments of ₹9,643 crore. As of March 31, 2016, the Company had a working capital of ₹34,509 crore including cash and cash equivalents of ₹29,176 crore and current investments of ₹2 crore.

As of March 31, 2017 and March 31, 2016, the outstanding compensated absences were ₹1,142 crore and ₹1,130 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 269 | - | - | - | 269 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.13) | 3,867 | - | - | - | 3,867 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) | 45 | 46 | - | - | 91 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 623 | - | - | - | 623 |
| Other liabilities (excluding liability towards acquisition) (Refer Note 2.13) | 3,922 | 27 | - | - | 3,949 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) | 86 | 46 | - | - | 132 |

**2.12 EQUITY**

**EQUITY SHARE CAPITAL**

*in ₹ crore, except as otherwise stated*

| **Particulars** | **As at** | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Authorized | | | |
| Equity shares, ₹5/- par value | | | |
| 240,00,00,000 (240,00,00,000[2] ) equity shares | 1,200 | 1,200 | 600 |
| Issued, Subscribed and Paid-Up | | | |
| Equity shares, ₹5/- par value [1] | 1,148 | 1,148 | 574 |
| 229,69,44,664 (229,69,44,664[2] ) equity shares fully paid-up | | | |
| | **1,148** | **1,148** | **574** |

[1] *Refer note 2.23 for details of basic and diluted shares*

[2] *Represents number of shares as of March 31, 2016*

*The authorised equity shares were 120,00,00,000 and the issued, subscribed and paid-up shares were 114,84,72,332 as of April 1, 2015.*

Forfeited shares amounted to ₹1,500/- (₹1,500/-)

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

**In the period of five years immediately preceding March 31, 2017:**

The Company has allotted 114,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares.

The Board has increased dividend pay-out ratio from up to 40% to up to 50% of post-tax consolidated profits effective fiscal 2015.

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016, this resulted in a cash outflow of ₹3,939 crore including corporate dividend tax. *(Refer note 2.2.1 for impact on transition to Ind AS)*

The Board of Directors, in their meeting on October 14, 2016, declared an interim dividend of ₹11/- per equity share, which resulted in a cash outflow of ₹3,041 crore, inclusive of corporate dividend tax.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2015 includes final divided of ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue) and an interim dividend of ₹10/- per equity share.

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately ₹4,078 crore, including corporate dividend tax.

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

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out below :

*in ₹ crore, except as stated otherwise*

| **Name of the shareholder** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **% held** | **Number of shares** | **% held** |
| Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership) | 38,33,17,937 | 16.69 | 38,53,17,937 | 16.78 |
| Life Insurance Corporation of India | 16,14,36,123 | 7.03 | 13,22,74,300 | 5.76 |

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out below:

*in ₹ crore, except as stated otherwise*

| **Particulars** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| Number of shares at the beginning of the period | 2,296,944,664 | 1,148 | 1,148,472,332 | 574 |
| Add: Bonus shares issued (including bonus on treasury shares) | - | - | 1,148,472,332 | 574 |
| Number of shares at the end of the period | **2,296,944,664** | **1,148** | **2,296,944,664** | **1,148** |

**Employee Stock Option Plan (ESOP):**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

Further on November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

On February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 1,12,89,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹3 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. $2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to Dr Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 1,08,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and Remuneration Committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2017 is set out below:

| **Particulars** | **Three months ended March 31, 2017** | | **Year ended March 31, 2017** | |
|---|---|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)** | | | | |
| Outstanding at the beginning* | 2,030,758 | 5 | 221,505 | 5 |
| Granted | - | - | 1,878,025 | 5 |
| Forfeited and expired | 23,410 | 5 | 61,540 | 5 |
| Exercised | 3,420 | 5 | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** | **2,003,928** | **5** |
| Exercisable at the end | - | - | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | | | |
| Outstanding at the beginning | 309,650 | 998 | - | - |
| Granted | - | - | 309,650 | 998 |
| Forfeited and expired | - | - | - | - |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **309,650** | **998** | **309,650** | **998** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer above note 2.12)*

| Particulars | Three months ended March 31, 2017 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| | Shares arising out of options | Weighted average exercise price ($) | Shares arising out of options | Weighted average exercise price ($) |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | | | |
| Outstanding at the beginning | 975,130 | 0.07 | - | - |
| Granted | - | - | 996,665 | 0.07 |
| Forfeited and expired | 17,685 | 0.07 | 39,220 | 0.07 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **957,445** | **0.07** | **957,445** | **0.07** |
| Exercisable at the end | - | - | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | | | |
| Outstanding at the beginning | 896,200 | 15.26 | - | - |
| Granted | - | - | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 | 8,200 | 15.26 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **888,000** | **15.26** | **888,000** | **15.26** |
| Exercisable at the end | - | - | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2016 is set out below:

| Particulars | Three months ended March 31, 2016 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)** | | | | |
| Outstanding at the beginning* | 223,213 | 5 | 108,268 | 5 |
| Granted | - | - | 124,061 | 5 |
| Forfeited and expired | - | - | - | - |
| Exercised* | 1,708 | 5 | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** | **221,505** | **5** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer above note 2.12)*

During the three months ended March 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972/-

During the year ended March 31, 2017 and March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084/- and ₹1,088/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017:

| Range of exercise prices per share (₹) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price (₹) |
| **2015 Plan: ADS and IES** | | | |
| 0 - 5 (RSU) | 2,961,373 | 1.88 | 5.00 |
| 900 - 1100 (ESOP) | 1,197,650 | 7.09 | 1,026.50 |
| | **4,159,023** | **3.38** | **299.16** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares-RSU | Fiscal 2017- Equity shares ESOP | Fiscal 2017- ADS-RSU | Fiscal 2017- ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares - RSU | Fiscal 2017- ADS - RSU | Fiscal 2016- Equity Shares - RSU | Fiscal 2015- Equity Shares - RSU |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

During the three months ended March 31, 2017 and March 31, 2016, the company recorded an employee stock compensation expense of ₹40 crore and ₹2 crore, respectively in the statement of profit and loss. During the year ended March 31, 2017 and March 31, 2016, the company recorded an employee stock compensation expense of ₹107 crore and ₹7 crore, respectively in the statement of profit and loss. The cash settled stock compensation expense during the three months and year ended March 31, 2017 was less than ₹1 crore and ₹1 crore.

**2.13 OTHER FINANCIAL LIABILITIES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non-current** | | | |
| Rental deposits [(1)] | - | 27 | 27 |
| Payable for acquisition of business (refer Note 2.5.1 and 2.5.2) | 40 | 35 | - |
| | **40** | **62** | **27** |
| **Current** | | | |
| Unpaid dividends | 17 | 5 | 3 |
| Others | | | |
| Accrued compensation to employees | 1,404 | 1,764 | 1,719 |
| Accrued expenses [(2)] | 2,013 | 1,707 | 1,582 |
| Retention monies | 153 | 58 | 50 |
| Payable for acquisition of business (refer Note 2.5.1 and Note 2.5.2) | | | |
| - Deferred consideration | - | - | 487 |
| - Contingent consideration | 45 | 80 | - |
| Client deposits | 25 | 16 | 20 |
| Capital creditors | 36 | 66 | 37 |
| Compensated absences | 1,142 | 1,130 | 907 |
| Other payables [(3)] | 219 | 304 | 42 |
| Foreign currency forward and options contracts | 2 | 2 | - |
| | **5,056** | **5,132** | **4,847** |
| **Total financial liabilities** | **5,096** | **5,194** | **4,874** |
| Financial liability carried at amortized cost | 3,867 | 3,947 | 3,967 |
| Financial liability carried at fair value through profit or loss | 87 | 117 | - |
| Liability towards acquisition of business on undiscounted basis | 91 | 132 | - |
| [(1)] *Includes dues to subsidiaries (Refer note 2.25)* | - | 27 | 27 |
| [(2)] *Includes dues to subsidiaries (Refer note 2.25)* | 3 | 29 | 36 |
| [(3)] *Includes dues to subsidiaries (Refer note 2.25)* | 14 | 38 | 33 |

**2.14 TRADE PAYABLES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Trade payables * | 269 | 623 | 124 |
| | **269** | **623** | **124** |
| **Includes dues to subsidiaries (refer note 2.25)* | 135 | 145 | 102 |

**2.15 OTHER LIABILITIES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non current** | | | |
| Deferred income | 42 | - | - |
| | **42** | **-** | **-** |
| **Current** | | | |
| Unearned revenue | 1,320 | 1,025 | 831 |
| Others | | | |
| Withholding taxes and others | 1,027 | 1,068 | 733 |
| Deferred rent | 2 | - | - |
| | **2,349** | **2,093** | **1,564** |
| | **2,391** | **2,093** | **1,564** |

**2.16 PROVISIONS**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Current** | | | |
| Others | | | |
| Post-sales client support and warranties and others | 350 | 436 | 382 |
| | **350** | **436** | **382** |

**Provision for post-sales client support and warranties and others**

The movement in the provision for post-sales client support and warranties and others is as follows : *(In ₹ crore)*

| Particulars | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning | 354 | 436 |
| Provision recognized/(reversed) | 18 | 86 |
| Provision utilized | (6) | (167) |
| Exchange difference | (16) | (5) |
| Balance at the end | **350** | **350** |

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

**2.17 INCOME TAXES**

Income tax expense in the statement of profit and loss comprises: *(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Current taxes | 1,141 | 1,309 | 5,068 | 4,898 |
| Deferred taxes | 80 | 5 | 52 | 9 |
| **Income tax expense** | **1,221** | **1,314** | **5,120** | **4,907** |

Current tax expense for the three months ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) amounting to ₹95 crore and ₹67 crore respectively pertaining to prior periods.
Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) amounting to ₹218 crore and ₹331 crore respectively pertaining to prior periods

Entire deferred income tax for the three months and year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Profit before income taxes | 4,783 | 4,705 | 18,938 | 17,600 |
| Enacted tax rates in India | 34.61% | 34.61% | 34.61% | 34.61% |
| Computed expected tax expense | 1,655 | 1,628 | 6,554 | 6,091 |
| Tax effect due to non-taxable income for Indian tax purposes | (410) | (453) | (1,915) | (1,659) |
| Overseas taxes | 132 | 207 | 735 | 709 |
| Tax reversals, overseas and domestic | (95) | (66) | (218) | (330) |
| Effect of exempt non-operating income | (12) | (24) | (51) | (69) |
| Effect of non-deductible expenses | (49) | 22 | 16 | 185 |
| Additional deduction on research and development expense | - | - | - | (19) |
| Others | - | - | (1) | (1) |
| **Income tax expense** | **1,221** | **1,314** | **5,120** | **4,907** |

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of March 31, 2017, the Company has provided for branch profit tax of ₹327 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹7 crore movement on account of exchange rate during the year ended March 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,309 crore and ₹4,195 crore as of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015 *(In ₹ crore)*

| | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Income tax assets | 5,454 | 5,020 | 3,941 |
| Current income tax liabilities | 3,762 | 3,304 | 2,678 |
| **Net current income tax assets/ (liability) at the end** | **1,692** | **1,716** | **1,263** |

The gross movement in the current income tax asset/ (liability) for the three months and year ended March 31, 2017 and March 31, 2016 is as follows:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net current income tax asset/ (liability) at the beginning | 1,346 | 1,719 | 1,716 | 1,263 |
| Income tax paid | 1,496 | 1,304 | 5,033 | 5,350 |
| Current income tax expense (Refer Note 2.17) | (1,141) | (1,309) | (5,068) | (4,898) |
| Income tax on other comprehensive income | (2) | - | 8 | - |
| Tax benefit on exercise of share based payments | - | - | 1 | - |
| Translation difference | (7) | 2 | 2 | 1 |
| **Net current income tax asset/ (liability) at the end** | **1,692** | **1,716** | **1,692** | **1,716** |

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows: *(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Deferred income tax assets** | | | |
| Property, plant and equipment | 107 | 146 | 210 |
| Computer software | 40 | 50 | 51 |
| Accrued compensation to employees | 35 | 46 | 29 |
| Trade receivables | 123 | 79 | 100 |
| Compensated absences | 336 | 359 | 280 |
| Post sales client support | 93 | 76 | 72 |
| Others | 32 | 21 | 7 |
| **Total deferred income tax assets** | **766** | **777** | **749** |
| **Deferred income tax liabilities** | | | |
| Branch profit tax | 327 | 334 | 316 |
| Others | 93 | 38 | - |
| **Total deferred income tax liabilities** | **420** | **372** | **316** |
| Deferred income tax assets after set off | 346 | 405 | 433 |
| Deferred income tax liabilities after set off | - | - | - |

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

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the three months and year ended March 31, 2017 and March 31, 2016, are as follows: *(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net deferred income tax asset at the beginning | 414 | 411 | 405 | 433 |
| Translation differences | 15 | (1) | 6 | (19) |
| Credits / (charge) relating to temporary differences (Refer Note 2.17) | (80) | (5) | (52) | (9) |
| Temporary differences on other comprehensive income | (3) | - | (13) | - |
| **Net deferred income tax asset at the end** | **346** | **405** | **346** | **405** |

The charge relating to temporary differences during the year ended March 31, 2017 are primarily on account of property plant and equipment, accrued compensation and compensated absences partially offset by trade receivable. The credits relating to temporary differences during the year ended March 31, 2016 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables

### 2.18 REVENUE FROM OPERATIONS

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Income from software services | 14,910 | 14,152 | 59,257 | 53,334 |
| Income from software products | 10 | 6 | 32 | 649 |
| | **14,920** | **14,158** | **59,289** | **53,983** |

### 2.19 OTHER INCOME

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Interest received on financial assets- Carried at amortised cost | | | | |
| Tax free bonds, government bonds and debentures | 80 | 85 | 320 | 168 |
| Deposit with Bank and others | 363 | 559 | 2,028 | 2,338 |
| Interest received on financial assets fair valued through other comprehensive income | | | | |
| Non convertible debentures and certificates of deposits | 152 | - | 182 | - |
| Dividend received on investments carried at fair value through profit or loss | | | | |
| Mutual fund units | - | 7 | 23 | 57 |
| Gain / (loss) on investments carried at fair value through profit or loss | 61 | - | 111 | - |
| Exchange gains/(losses) on foreign currency forward and options contracts | 268 | 54 | 551 | 26 |
| Exchange gains/(losses) on translation of other assets and liabilities | (234) | 1 | (324) | 141 |
| Miscellaneous income, net | 43 | 67 | 171 | 276 |
| | **733** | **773** | **3,062** | **3,006** |

### 2.20 EXPENSES

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| *Employee benefit expenses* | | | | |
| Salaries including bonus | 7,441 | 7,127 | 30,111 | 27,551 |
| Contribution to provident and other funds | 160 | 137 | 640 | 548 |
| Share based payments to employees ( Refer note 2.12 ) | 40 | 2 | 108 | 7 |
| Staff welfare | 26 | 31 | 85 | 101 |
| | **7,667** | **7,297** | **30,944** | **28,207** |
| *Cost of software packages and others* | | | | |
| For own use | 199 | 171 | 729 | 663 |
| Third party items bought for service delivery to clients | 142 | 52 | 506 | 386 |
| | **341** | **223** | **1,235** | **1,049** |

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| *Other expenses* | | | | |
| Power and fuel | 35 | 42 | 180 | 179 |
| Brand and Marketing | 63 | 57 | 276 | 229 |
| Operating lease payments | 87 | 48 | 284 | 175 |
| Rates and taxes | 24 | 24 | 118 | 99 |
| Repairs and Maintenance | 291 | 263 | 1,073 | 873 |
| Consumables | 7 | 6 | 31 | 28 |
| Insurance | 14 | 15 | 45 | 48 |
| Provision for post-sales client support and warranties | 15 | 18 | 84 | 18 |
| Commission to non-whole time directors | 2 | 2 | 9 | 8 |
| Allowances for credit losses on financial assets | 62 | (23) | 140 | (45) |
| Auditor's remuneration | | | | |
| Statutory audit fees | 1 | - | 2 | 2 |
| Other services | - | - | - | - |
| Reimbursement of expenses | - | - | - | - |
| Contributions towards Corporate Social Responsibility | 38 | 40 | 215 | 202 |
| Others | 2 | 36 | 89 | 107 |
| | **641** | **528** | **2,546** | **1,923** |

**2.21 LEASES**

**Obligations on long-term, non-cancellable operating leases**
The lease rentals charged during the period is as under:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Lease rentals | 87 | 48 | 284 | 175 |

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

*(In ₹ crore)*

| | As at | | |
|---|---|---|---|
| Future minimum lease payable | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Not later than 1 year | 277 | 170 | 101 |
| Later than 1 year and not later than 5 years | 789 | 417 | 284 |
| Later than 5 years | 835 | 315 | 158 |

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

**2.22 EMPLOYEE BENEFITS**

**a. Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2017 and March 31, 2016:

*(In ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Change in benefit obligations** | | |
| Benefit obligations at the beginning | 826 | 755 |
| Service cost | 111 | 106 |
| Interest expense | 61 | 55 |
| Curtailment gain | (3) | - |
| Transfer of obligation | (1) | (34) |
| Remeasurements - Actuarial (gains)/ losses | 61 | 10 |
| Benefits paid | (76) | (66) |
| **Benefit obligations at the end** | **979** | **826** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning | 828 | 781 |
| Interest income | 69 | 59 |
| Transfer of assets | - | (43) |
| Remeasurements- Return on plan assets excluding amounts included in interest income | 11 | 7 |
| Contributions | 203 | 90 |
| Benefits paid | (76) | (66) |
| **Fair value of plan assets at the end** | **1,035** | **828** |
| Funded status | 56 | 2 |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Service cost | 27 | 26 | 111 | 106 |
| Net interest on the net defined benefit liability/asset | (4) | (1) | (8) | (4) |
| Curtailment gain | - | - | (3) | - |
| **Net gratuity cost** | **23** | **25** | **100** | **102** |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Remeasurements of the net defined benefit liability/ (asset)** | | | | |
| Actuarial (gains) / losses | (11) | 6 | 61 | 10 |
| (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset) | (7) | (2) | (11) | (7) |
| | **(18)** | **4** | **50** | **3** |

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| (Gain)/loss from change in demographic assumptions | - | - | - | - |
| (Gain)/loss from change in financial assumptions | (15) | 4 | 49 | - |
| | **(15)** | **4** | **49** | **-** |

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

| Particulars | As of | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Discount rate | 6.9% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% |

The weighted-average assumptions used to determine net periodic benefit cost for the three months and year ended March 31, 2017 and March 31, 2016 are set out below:

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Discount rate | 7.8% | 7.8% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% | 8.0% |
| Weighted average duration of defined benefit obligation | 6.1 years | 6.4 years | 6.1 years | 6.4 years |

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

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹57 crore.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months and year ended March 31, 2017 and March 31, 2016 were ₹26 crore and ₹17 crore and ₹80 crore and ₹66 crore respectively.

The Company expects to contribute ₹85 crore to the gratuity trusts during the fiscal 2018.

Maturity profile of defined benefit obligation:

*(In ₹ crore)*

| | |
|---|---|
| Within 1 year | 133 |
| 1-2 year | 141 |
| 2-3 year | 149 |
| 3-4 year | 163 |
| 4-5 year | 174 |
| 5-10 years | 863 |

**b. Superannuation**

The Company contributed ₹39 crore and ₹58 crore to the Superannuation trust during the three months ended March 31, 2017 and March 31, 2016 respectively, and ₹151 crore and ₹227 crore during the year ended March 31, 2017 and March 31, 2016.

**c. Provident fund**

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2017 and March 31, 2016 and April 1, 2015, respectively.

The details of fund and plan asset position are given below:

*(In ₹ crore)*

| Particulars | As of | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Plan assets at period end, at fair value | 4,459 | 3,808 | 2,912 |
| Present value of benefit obligation at period end | 4,459 | 3,808 | 2,912 |
| **Asset recognized in balance sheet** | - | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Government of India (GOI) bond yield | 6.90% | 7.80% | 7.80% |
| Remaining term to maturity of portfolio | 6 years | 7 years | 7 years |
| Expected guaranteed interest rate- First year: | 8.60% | 8.75% | 8.75% |
| - Thereafter: | 8.60% | 8.60% | 8.60% |

The Company contributed ₹96 crore and ₹88 crore during the three months ended March 31, 2017 and March 31, 2016 respectively, and ₹378 crore and ₹345 crore during the year ended March 31, 2017 and March 31, 2016.

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

Employee benefits cost include:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Salaries and bonus* | 7,509 | 7,126 | 30,315 | 27,534 |
| Defined contribution plans | 39 | 58 | 151 | 227 |
| Defined benefit plans | 119 | 113 | 478 | 446 |
| | **7,667** | **7,297** | **30,944** | **28,207** |

** Includes stock compensation expense of ₹40 crore and ₹2 crore for the three months ended March 31, 2017 and March 31, 2016, respectively, and ₹107 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016 (Refer note 2.12).*

**2.23 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNING PER SHARE**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Basic earnings per equity share - weighted average number of equity shares outstanding | 2,296,944,664 | 2,296,944,664 | 2,296,944,664 | 2,296,944,664 |
| Effect of dilutive common equivalent shares - share options outstanding | 344,772 | - | 215,006 | - |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | 229,72,89,436 | 229,69,44,664 | 229,71,59,670 | 229,69,44,664 |

For the three months and year ended March 31, 2017, 179,926 and 77,942 number of options to purchase equity shares had an anti-dilutive effect. For the three months and year ended March 31, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

**2.24 CONTINGENT LIABILITIES AND COMMITMENTS** (TO THE EXTENT NOT PROVIDED FOR)

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Contingent liabilities :** | | | |
| Claims against the Company, not acknowledged as debts[(1)] | 1,902 | 188 | 167 |
| [Net of amount paid to statutory authorities ₹ 4,694 crore (*₹4,386 crore* )] | | | |
| **Commitments :** | | | |
| Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits) | 1,094 | 1,295 | 1,272 |
| Other Commitment* | 37 | - | - |

**Uncalled capital pertaining to investments*

[(1)] Claims against the company not acknowledged as debts as on March 31, 2017 include demand from the Indian Income tax authorities for payment of tax of ₹ 6,122 crore (₹ 4,135 crore), including interest of ₹ 1,885 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, 2011, 2012 and 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before 1st April 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore.

The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

**2.25 RELATED PARTY TRANSACTIONS**

List of related parties:

| Name of subsidiaries | Country | Holding as at | | |
|---|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Infosys BPO Limited (Infosys BPO) | India | 99.98% | 99.98% | 99.98% |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | 100% | 100% | 100% |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | 100% | 100% | 100% |
| Infosys Technologies (Sweden) AB. (Infosys Sweden) | Sweden | 100% | 100% | 100% |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | 100% | 100% | 100% |
| Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) | Brazil | 100% | 100% | 100% |
| Infosys Public Services, Inc. USA (Infosys Public Services) | U.S. | 100% | 100% | 100% |
| Infosys Americas Inc., (Infosys Americas) | U.S. | 100% | 100% | 100% |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(1)] | Czech Republic | 99.98% | 99.98% | 99.98% |
| Infosys Poland Sp Z.o.o (formerly Infosys BPO (Poland) Sp Z.o.o)[(1)] | Poland | 99.98% | 99.98% | 99.98% |
| Infosys BPO S.DE R.L. DE.C.V [(1)(17)] | Mexico | - | - | - |
| Infosys McCamish Systems LLC [(1)] | U.S. | 99.98% | 99.98% | 99.98% |
| Portland Group Pty Ltd[(1)] | Australia | 99.98% | 99.98% | 99.98% |
| Portland Procurement Services Pty Ltd[(5)] | Australia | - | - | - |
| Infosys BPO Americas LLC.[(1)(16)] | U.S. | 99.98% | - | - |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)] | Australia | 100% | 100% | 100% |
| EdgeVerve Systems Limited (EdgeVerve) [(7)] | India | 100% | 100% | 100% |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | 100% | 100% | 100% |
| Lodestone Management Consultants Inc. [(3)] | U.S. | 100% | 100% | 100% |
| Infosys Management Consulting Pty Limited ( formerly Lodestone Management Consultants Pty Limited)[(3)] | Australia | 100% | 100% | 100% |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(3)] | Switzerland | 100% | 100% | 100% |
| Lodestone Augmentis AG [(6)(18)] | Switzerland | - | 100% | 100% |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(3)(20)] | Switzerland | - | 100% | 100% |
| Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(4)] | Belgium | 99.90% | 99.90% | 99.90% |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(3)] | Germany | 100% | 100% | 100% |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(21)] | Singapore | 100% | 100% | 100% |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(3)] | France | 100% | 100% | 100% |
| Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(3)] | Czech Republic | 100% | 100% | 100% |
| Lodestone Management Consultants GmbH [(3)] | Austria | 100% | 100% | 100% |
| Lodestone Management Consultants Co., Ltd. [(3)] | China | 100% | 100% | 100% |
| Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) [(3)] | U.K. | 100% | 100% | 100% |
| Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(3)] | Netherlands | 100% | 100% | 100% |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(4)] | Brazil | 99.99% | 99.99% | 99.99% |
| Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) [(3)] | Poland | 100% | 100% | 100% |

| | | | | |
|---|---|---|---|---|
| Lodestone Management Consultants Portugal, Unipessoal, Lda. (3) | Portugal | 100% | 100% | 100% |
| S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (3) | Romania | 100% | 100% | 100% |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (3) | Argentina | 100% | 100% | 100% |
| Infosys Canada Public Services Ltd.(8) | Canada | - | - | - |
| Infosys Nova Holdings LLC. (Infosys Nova)(9) | U.S. | 100% | 100% | 100% |
| Panaya Inc. (Panaya) (10) | U.S. | 100% | 100% | 100% |
| Panaya Ltd.(11) | Israel | 100% | 100% | 100% |
| Panaya GmbH(11) | Germany | 100% | 100% | 100% |
| Panaya Pty Ltd(11)(19) | Australia | - | - | - |
| Panaya Japan Co. Ltd.(11) | Japan | 100% | 100% | 100% |
| Skava Systems Pvt. Ltd. (Skava Systems)(12) | India | 100% | 100% | - |
| Kallidus Inc. (Kallidus)(13) | U.S. | 100% | 100% | - |
| Noah Consulting LLC (Noah) (14) | U.S. | 100% | 100% | - |
| Noah Information Management Consulting Inc. (Noah Canada) (15) | Canada | 100% | 100% | - |

(1) *Wholly owned subsidiary of Infosys BPO.*
(2) *Under liquidation*
(3) *Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(4) *Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
(5) *Wholly owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
(6) *Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
(7) *Incorporated effective February 14, 2014 (Refer note 2.5.3)*
(8) *Wholly owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
(9) *Incorporated effective January 23, 2015*
(10) *On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
(11) *Wholly owned subsidiary of Panaya Inc.*
(12) *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems (Refer note 2.5.2)*
(13) *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. (Refer note 2.5.2)*
(14) *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah (Refer note 2.5.1)*
(15) *Wholly owned subsidiary of Noah*
(16) *Incorporated effective November 20, 2015*
(17) *Liquidated effective March 15, 2016*
(18) *Liquidated effective October 5, 2016*
(19) *Liquidated effective November 16, 2016*
(20) *Liquidated effective December 21, 2016*

(21) *Wholly owned subsidiary of Infosys*

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

| **Name of Associates** | **Country** | **Holding as at** | | |
|---|---|---|---|---|
| | | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| DWA Nova LLC(1) | U.S. | 16% | 16% | 20% |

(1) *Associate of Infosys Nova Holdings LLC.*

**List of other related parties**

| **Particulars** | **Country** | **Nature of relationship** |
|---|---|---|
| Infosys Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Provident Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Science Foundation | India | Controlled trust |
| Infosys Limited Employees' Welfare Trust | India | Controlled trust |
| Infosys Employee Benefits Trust | India | Controlled trust |

Refer notes 2.22 for information on transactions with post-employment benefit plans mentioned above.

**List of key management personnel**
**Whole time directors**

U.B. Pravin Rao
Dr. Vishal Sikka

**Non-whole-time directors**
K.V.Kamath ( resigned effective June 5, 2015)
Prof. Jeffrey S. Lehman
R. Seshasayee
Ravi Venkatesan
Kiran Mazumdar Shaw
Carol M. Browner (resigned effective November 23, 2015)
Prof. John W. Etchemendy
Roopa Kudva
Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)
D. N. Prahlad (appointed effective October 14, 2016)

**Executive Officers**
M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)
David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)
Rajiv Bansal, Chief Financial Officer ( till October 12, 2015)
Mohit Joshi , President (effective October 13, 2016)
Rajesh K. Murthy, President (effective October 13, 2016)
Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)
Sandeep Dadlani, President (effective October 13, 2016)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

**Company Secretary**
A.G.S. Manikantha (appointed effective June 22, 2015)

The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Investment in debentures** | | | |
| EdgeVerve[(2)] | 2,129 | 2,549 | - |
| | 2,129 | 2,549 | - |
| **Trade receivables** | | | |
| Infosys China | 41 | 29 | 16 |
| Infosys Mexico | 2 | 6 | 1 |
| Infosys Brasil | 1 | 1 | 5 |
| Infosys BPO | 5 | 5 | 1 |
| Infy Consulting Company Ltd. | 73 | 8 | 26 |
| EdgeVerve | - | - | 14 |
| Infosys Public Services | 61 | 153 | 246 |
| Infosys Sweden | 1 | 28 | - |
| Kallidus | 6 | - | - |
| Infosys McCamish Systems LLC | 1 | - | - |
| Panaya Ltd | 44 | 14 | - |
| | 235 | 244 | 309 |
| **Loans**[(1)] | | | |
| Infy Consulting Company Ltd. | - | - | 6 |
| Infosys Sweden | - | 24 | - |
| Infosys Technologies China | 69 | 67 | - |
| EdgeVerve | - | - | 18 |
| | 69 | 91 | 24 |
| **Prepaid and other financial assets** | | | |
| Infosys BPO | 5 | 5 | 1 |
| Infosys Public Services | - | 8 | 4 |
| EdgeVerve | - | 3 | 14 |
| Panaya | 56 | 43 | - |
| Infosys Consulting SAS | 3 | 6 | 3 |
| Infosys Consulting GmbH | 1 | 1 | 1 |
| Infosys China | 1 | - | - |
| Infy Consulting Company Ltd. | 4 | 1 | 20 |
| Infosys Consulting AG | 1 | - | - |
| Infy Consulting B.V. | 1 | - | - |
| Infosys Consulting Pte Ltd. | 1 | - | - |
| | 73 | 67 | 43 |
| **Unbilled revenues** | | | |
| Infosys Consulting SAS | - | - | 1 |
| EdgeVerve | 45 | 20 | - |
| Kallidus | 2 | - | - |
| Infosys McCamish Systems LLC | - | - | 5 |
| | 47 | 20 | 6 |
| **Trade payables** | | | |
| Infosys China | 10 | 10 | 10 |
| Infosys BPO | 33 | 6 | - |
| Infosys (Czech Republic) Limited s.r.o. | 3 | 2 | - |
| Portland Group Pty Ltd | - | - | 1 |
| Infosys Mexico | 2 | 2 | 1 |
| Infosys Sweden | 5 | 8 | 5 |
| Infosys Management Consulting Pty Limited | 8 | 16 | 10 |
| Infosys Consulting Pte Ltd. | 4 | 7 | 8 |
| Infy Consulting Company Ltd. | 9 | 83 | 65 |
| Infosys Brasil | 1 | - | 2 |
| Noah Consulting LLC | 17 | - | - |
| Panaya Ltd. | 1 | 9 | - |
| Infosys Public Services | 3 | 2 | - |
| Kallidus | 35 | - | - |
| Noah Information Management Consulting Inc. | 3 | - | - |
| Infosys Poland Sp Z.o.o | 1 | - | - |
| | 135 | 145 | 102 |
| **Other financial liabilities** | | | |
| Infosys BPO | 2 | 27 | 16 |
| Infosys McCamish Systems LLC | - | - | 2 |
| Infosys Consulting AG | - | 1 | 1 |
| Infy Consulting Company Ltd. | - | 1 | 1 |
| EdgeVerve | - | - | 9 |
| Panaya Ltd. | - | 1 | - |
| Infosys Public Services | - | 7 | 4 |
| Infosys Mexico | 1 | 1 | - |
| Infosys Consulting Holding AG | 10 | - | - |
| Infosys Consulting GmbH | 1 | - | - |
| | 14 | 38 | 33 |
| **Accrued expenses** | | | |
| Infosys BPO | - | 1 | (1) |
| Kallidus Inc | - | 18 | - |
| Noah Consulting, LLC | - | 10 | - |
| Panaya Ltd | 3 | - | - |
| EdgeVerve | - | - | 37 |
| | 3 | 29 | 36 |
| **Rental Deposit given for shared services** | | | |
| Infosys BPO | - | 21 | 21 |
| **Rental Deposit taken for shared services** | | | |
| Infosys BPO | - | 27 | 27 |

[(1)] The above loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 6% per annum, each and is repayable within a period of one year and at anytime within four years from the date of grant for Infosys China and Infosys Sweden respectively.

[(2)] At an interest rate of 8.5% per annum.

The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in note 2.21, for the three months and year ended March 31, 2017 and March 31, 2016 are as follows:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Capital transactions:** | | | | |
| **Financing transactions** | | | | |
| **Equity** | | | | |
| EdgeVerve | - | - | - | 850 |
| Infosys China | - | - | 67 | - |
| Infosys Sweden | 19 | - | 76 | - |
| Infosys Shanghai | - | - | 180 | 258 |
| Infosys Consulting Pte Ltd | 10 | - | 10 | - |
| Noah Consulting LLC | - | - | 71 | - |
| | 29 | - | 404 | 1,108 |
| **Debenture given/ (repaid)** | | | | |
| EdgeVerve | (50) | - | (420) | 2,549 |
| | (50) | - | (420) | 2,549 |
| **Loans (net of repayment)**[1] | | | | |
| Kallidus | - | - | - | - |
| Infosys Sweden | - | - | (1) | 23 |
| Infosys China | - | 68 | 3 | 68 |
| EdgeVerve | - | - | - | (18) |
| Infy Consulting Company Limited | - | - | - | (6) |
| | - | 68 | 2 | 67 |
| **Cash paid under business transfer** | | | | |
| EdgeVerve | - | 49 | - | 335 |
| | - | 49 | - | 335 |
| **Revenue transactions:** | | | | |
| Purchase of services | | | | |
| Infosys China | 30 | 31 | 120 | 126 |
| Infosys Management Consulting Pty Limited | 30 | 37 | 125 | 130 |
| Infy Consulting Company Limited | 153 | 254 | 697 | 882 |
| Infosys Consulting Pte Ltd. | 13 | 19 | 36 | 104 |
| Portland Group Pty Ltd | 1 | - | 3 | 2 |
| Infosys (Czech Republic) Limited s.r.o. | 8 | 6 | 31 | 17 |
| Infosys BPO | 104 | 93 | 391 | 341 |
| Infosys Sweden | 16 | 22 | 72 | 79 |
| Infosys Mexico | 5 | 3 | 22 | 11 |
| Infosys Public Services | 7 | 4 | 22 | 11 |
| Panaya Ltd. | 15 | 9 | 50 | 20 |
| Infosys Brasil | 3 | 2 | 8 | 10 |
| Infosys Poland Sp Z.o.o | 1 | - | 4 | - |
| Kallidus | 43 | 18 | 75 | 18 |
| Noah Consulting, LLC | 46 | 10 | 135 | 10 |
| Noah Information Management Consulting Inc. | 1 | - | 4 | - |
| | 476 | 508 | 1,795 | 1,761 |
| **Purchase of shared services including facilities and personnel** | | | | |
| Panaya Ltd. | - | - | 2 | - |
| Infosys BPO | 2 | 6 | 19 | 18 |
| | 2 | 6 | 21 | 18 |
| **Interest income** | | | | |
| Infosys China | 1 | - | 4 | - |
| Infosys Sweden | - | - | 1 | 1 |
| EdgeVerve | 45 | 56 | 197 | 62 |
| | 46 | 56 | 202 | 63 |
| **Sale of services** | | | | |
| Infosys China | 4 | 3 | 15 | 11 |
| Infosys Mexico | 8 | 10 | 31 | 37 |
| Infy Consulting Company Limited | 10 | 11 | 75 | 30 |
| Infosys Brasil | 4 | 3 | 12 | 7 |
| Infosys BPO | 16 | 16 | 58 | 69 |
| McCamish Systems LLC | 1 | 1 | 1 | 3 |
| Infosys Sweden | 5 | 6 | 17 | 27 |
| EdgeVerve | 97 | - | 303 | - |
| Kallidus | 6 | - | 6 | - |
| Infosys Public Services | 178 | 234 | 893 | 900 |
| | 329 | 284 | 1,411 | 1,084 |
| **Sale of shared services including facilities and personnel** | | | | |
| EdgeVerve | 10 | 58 | 40 | 143 |
| Panaya Ltd. | 10 | 10 | 32 | 15 |
| Infy Consulting Company Limited | 2 | 1 | 3 | 5 |
| Infosys Public Services | - | - | 1 | - |
| Infosys BPO | 8 | 11 | 46 | 42 |
| Infy Consulting B.V | 1 | - | 1 | - |
| Infosys Consulting SAS | 2 | - | 2 | 1 |
| | 33 | 80 | 125 | 206 |

[1] Loan outstanding (including accrued interest) given to Infosys Sweden is converted to equity during the year ended March 31, 2017.

**Transactions with key management personnel**

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

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)(3)(4)(5)] | 18 | 40 | 84 | 101 |
| Commission and other benefits to non-executive/independent directors | 3 | 2 | 10 | 9 |
| Total | 21 | 42 | 94 | 110 |

[(1)] *Includes stock compensation expense of ₹12 crore and ₹36 crore for the three months and year ended March 31, 2017, respectively ( ₹2 crore and ₹7 crore for the three months and year ended March 31, 2016, respectively) towards key managerial personnel. Refer note 2.12*

[(2)] *Year ended March 31, 2017 includes ₹6 crore payable under severance agreement to David D. Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016*

[(3)] *Year ended March 31, 2016 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

[(4)] *(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million (approximately ₹29 crore) to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million (approximately ₹28 crore at current exchange rate) at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million (approximately ₹29 crore) as variable pay for the year ended March 31, 2016.*

[(5)] *On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U.B. Pravin Rao, whole-time director and COO.*

**2.26 SEGMENT REPORTING**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

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

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

**Business segments**

**Three months ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **3,924** | **1,566** | **3,630** | **2,503** | **1,860** | **1,157** | **280** | **14,920** |
| | *3,805* | *1,395* | *3,256* | *2,502* | *1,626* | *1,265* | *309* | *14,158* |
| Identifiable operating expenses | 2,068 | 810 | 1,813 | 1,270 | 933 | 629 | 175 | 7,698 |
| | *1,986* | *719* | *1,499* | *1,225* | *774* | *621* | *141* | *6,965* |
| Allocated expenses | 741 | 298 | 691 | 476 | 354 | 220 | 53 | 2,833 |
| | *790* | *290* | *676* | *520* | *338* | *263* | *64* | *2,941* |
| **Segment operating income** | **1,115** | **458** | **1,126** | **757** | **573** | **308** | **52** | **4,389** |
| | ***1,029*** | ***386*** | ***1,081*** | ***757*** | ***514*** | ***381*** | ***104*** | ***4,252*** |
| Unallocable expenses | | | | | | | | 339 |
| | | | | | | | | *320* |
| **Operating profit** | | | | | | | | **4,050** |
| | | | | | | | | ***3,932*** |
| Other income, net | | | | | | | | 733 |
| | | | | | | | | *773* |
| **Profit before income taxes** | | | | | | | | **4,783** |
| | | | | | | | | ***4,705*** |
| Income tax expense | | | | | | | | 1,221 |
| | | | | | | | | *1,314* |
| **Net profit** | | | | | | | | **3,562** |
| | | | | | | | | ***3,391*** |
| Depreciation and amortization | | | | | | | | 336 |
| | | | | | | | | *315* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 3 |
| | | | | | | | | *5* |

**Year ended March 31, 2017 and March 31, 2016**

*(In ₹ crore)*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **15,735** | **6,086** | **13,999** | **10,280** | **7,065** | **4,901** | **1,223** | **59,289** |
| | *14,846* | *5,434* | *12,124* | *9,411* | *6,392* | *4,736* | *1,040* | *53,983* |
| Identifiable operating expenses | 8,408 | 3,136 | 6,931 | 5,127 | 3,607 | 2,595 | 788 | 30,592 |
| | *7,582* | *2,855* | *5,745* | *4,615* | *3,204* | *2,367* | *583* | *26,951* |
| Allocated expenses | 3,036 | 1,180 | 2,713 | 1,994 | 1,369 | 952 | 236 | 11,480 |
| | *3,079* | *1,143* | *2,550* | *1,979* | *1,344* | *996* | *218* | *11,309* |
| **Segment operating income** | **4,291** | **1,770** | **4,355** | **3,159** | **2,089** | **1,354** | **199** | **17,217** |
| | ***4,185*** | ***1,436*** | ***3,829*** | ***2,817*** | ***1,844*** | ***1,373*** | ***239*** | ***15,723*** |
| Unallocable expenses | | | | | | | | 1,341 |
| | | | | | | | | *1,129* |
| **Operating profit** | | | | | | | | **15,876** |
| | | | | | | | | ***14,594*** |
| Other income, net | | | | | | | | 3,062 |
| | | | | | | | | *3,006* |
| **Profit before income taxes** | | | | | | | | **18,938** |
| | | | | | | | | ***17,600*** |
| Income tax expense | | | | | | | | 5,120 |
| | | | | | | | | *4,907* |
| **Net profit** | | | | | | | | **13,818** |
| | | | | | | | | ***12,693*** |
| Depreciation and amortization | | | | | | | | 1,331 |
| | | | | | | | | *1,115* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 10 |
| | | | | | | | | *14* |

**Geographic segments**

**Three months ended March 31, 2017 and March 31, 2016**

*(In ₹ crore)*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenue from operations** | **9,753** | **3,207** | **455** | **1,505** | **14,920** |
| | *9,258* | *3,216* | *360* | *1,324* | *14,158* |
| Identifiable operating expenses | 5,158 | 1,663 | 184 | 693 | 7,698 |
| | *4,619* | *1,598* | *123* | *625* | *6,965* |
| Allocated expenses | 1,855 | 610 | 85 | 283 | 2,833 |
| | *1,923* | *668* | *75* | *275* | *2,941* |
| **Segment operating income** | **2,740** | **934** | **186** | **529** | **4,389** |
| | ***2,716*** | ***950*** | ***162*** | ***424*** | ***4,252*** |
| Unallocable expenses | | | | | 339 |
| | | | | | *320* |
| **Operating profit** | | | | | **4,050** |
| | | | | | ***3,932*** |
| Other income, net | | | | | 733 |
| | | | | | *773* |
| **Profit before income taxes** | | | | | **4,783** |
| | | | | | ***4,705*** |
| Income tax expense | | | | | 1,221 |
| | | | | | *1,314* |
| **Net profit** | | | | | **3,562** |
| | | | | | ***3,391*** |
| Depreciation and amortization | | | | | 336 |
| | | | | | *315* |
| Non-cash expenses other than depreciation and amortization | | | | | 3 |
| | | | | | *5* |

**Year ended March 31, 2017 and March 31, 2016**

*(In ₹ crore)*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenue from operations** | **38,578** | **13,019** | **1,798** | **5,894** | **59,289** |
| | *35,638* | *11,775* | *1,274* | *5,296* | *53,983* |
| Identifiable operating expenses | 20,337 | 6,664 | 786 | 2,805 | 30,592 |
| | *18,052* | *5,868* | *568* | *2,463* | *26,951* |
| Allocated expenses | 7,479 | 2,523 | 345 | 1,133 | 11,480 |
| | *7,493* | *2,471* | *255* | *1,090* | *11,309* |
| **Segment operating income** | **10,762** | **3,832** | **667** | **1,956** | **17,217** |
| | ***10,093*** | ***3,436*** | ***451*** | ***1,743*** | ***15,723*** |
| Unallocable expenses | | | | | 1,341 |
| | | | | | *1,129* |
| **Operating profit** | | | | | **15,876** |
| | | | | | ***14,594*** |
| Other income, net | | | | | 3,062 |
| | | | | | *3,006* |
| **Profit before income taxes** | | | | | **18,938** |
| | | | | | ***17,600*** |
| Income tax expense | | | | | 5,120 |
| | | | | | *4,907* |
| **Net profit** | | | | | **13,818** |
| | | | | | ***12,693*** |
| Depreciation and amortization | | | | | 1,331 |
| | | | | | *1,115* |
| Non-cash expenses other than depreciation and amortization | | | | | 10 |
| | | | | | *14* |

**Significant clients**

No client individually accounted for more than 10% of the revenues in the three months and year ended March 31, 2017 and March 31, 2016.

**2.27 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS**

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Revenue from operations** | 14,920 | 14,158 | 59,289 | 53,983 |
| Cost of sales | 9,232 | 8,350 | 37,057 | 32,294 |
| **Gross Profit** | **5,688** | **5,808** | **22,232** | **21,689** |
| Operating expenses | | | | |
| Selling and marketing expenses | 682 | 688 | 2,728 | 2,695 |
| General and administration expenses | 956 | 1,188 | 3,628 | 4,400 |
| Total operating expenses | 1,638 | 1,876 | 6,356 | 7,095 |
| **Operating profit** | **4,050** | **3,932** | **15,876** | **14,594** |
| Other income, net | 733 | 773 | 3,062 | 3,006 |
| **Profit before tax** | **4,783** | **4,705** | **18,938** | **17,600** |
| Tax expense: | | | | |
| Current tax | 1,141 | 1,309 | 5,068 | 4,898 |
| Deferred tax | 80 | 5 | 52 | 9 |
| **Profit for the period** | **3,562** | **3,391** | **13,818** | **12,693** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | 16 | (3) | (42) | (2) |
| Equity instruments through other comprehensive income | (5) | - | (5) | - |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Fair value changes on cash flow hedges, net | 11 | - | 39 | - |
| Fair value changes on investments, net | (10) | - | (10) | - |
| **Total other comprehensive income, net of tax** | **12** | **(3)** | **(18)** | **(2)** |
| **Total comprehensive income for the period** | **3,574** | **3,388** | **13,800** | **12,691** |

*As per our report of even date attached*

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED**

*In ₹ crore*

| Balance Sheet as at | Note | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2.3 | 8,605 | 8,248 | 7,347 |
| Capital work-in-progress | | 1,247 | 934 | 769 |
| Intangible assets | 2.4 | - | - | - |
| Financial assets | | | | |
| Investments | 2.5 | 15,334 | 11,076 | 6,108 |
| Loans | 2.6 | 5 | 5 | 4 |
| Other financial assets | 2.7 | 216 | 192 | 110 |
| Deferred tax assets (net) | 2.17 | 346 | 405 | 433 |
| Other non-current assets | 2.10 | 996 | 755 | 349 |
| Income tax assets (net) | 2.17 | 5,454 | 5,020 | 3,941 |
| **Total non - current Assets** | | **32,203** | **26,635** | **19,061** |
| **Current assets** | | | | |
| Financial assets | | | | |
| Investments | 2.5 | 9,643 | 2 | 749 |
| Trade receivables | 2.8 | 10,960 | 9,798 | 8,627 |
| Cash and cash equivalents | 2.9 | 19,153 | 29,176 | 27,722 |
| Loans | 2.6 | 310 | 355 | 225 |
| Other financial assets | 2.7 | 5,403 | 4,801 | 4,045 |
| Other current assets | 2.10 | 2,213 | 1,965 | 1,384 |
| **Total current assets** | | **47,682** | **46,097** | **42,752** |
| **Total Assets** | | **79,885** | **72,732** | **61,813** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 2.12 | 1,148 | 1,148 | 574 |
| Other equity | | 66,869 | 59,934 | 51,617 |
| **Total equity** | | **68,017** | **61,082** | **52,191** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 2.13 | 40 | 62 | 27 |
| Other non-current liabilities | 2.15 | 42 | - | - |
| Deferred tax liabilities (net) | 2.17 | - | - | - |
| **Total non - current liabilities** | | **82** | **62** | **27** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | 2.14 | 269 | 623 | 124 |
| Other financial liabilities | 2.13 | 5,056 | 5,132 | 4,847 |
| Other current liabilities | 2.15 | 2,349 | 2,093 | 1,564 |
| Provisions | 2.16 | 350 | 436 | 382 |
| Income tax liabilities (net) | 2.17 | 3,762 | 3,304 | 2,678 |
| **Total current liabilities** | | **11,786** | **11,588** | **9,595** |
| **Total equity and liabilities** | | **79,885** | **72,732** | **61,813** |

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED**

*In ₹ crore, except equity share and per equity share data*

| Statement of Profit and Loss for the | Note | Year ended March 31, | |
|---|---|---|---|
| | | 2017 | 2016 |
| Revenue from operations | 2.18 | 59,289 | 53,983 |
| Other income, net | 2.19 | 3,062 | 3,006 |
| **Total income** | | **62,351** | **56,989** |
| **Expenses** | | | |
| Employee benefit expenses | 2.20 | 30,944 | 28,207 |
| Deferred consideration pertaining to acquisition | | - | 149 |
| Cost of technical sub-contractors | | 4,809 | 4,417 |
| Travel expenses | | 1,638 | 1,655 |
| Cost of software packages and others | 2.20 | 1,235 | 1,049 |
| Communication expenses | | 372 | 311 |
| Consultancy and professional charges | | 538 | 563 |
| Depreciation and amortisation expense | 2.3 & 2.4 | 1,331 | 1,115 |
| Other expenses | 2.20 | 2,546 | 1,923 |
| **Total expenses** | | **43,413** | **39,389** |
| **Profit before tax** | | **18,938** | **17,600** |
| Tax expense: | | | |
| Current tax | 2.17 | 5,068 | 4,898 |
| Deferred tax | 2.17 | 52 | 9 |
| **Profit for the period** | | **13,818** | **12,693** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Remeasurement of the net defined benefit liability/asset | | (42) | (2) |
| Equity instruments through other comprehensive income | 2.5 & 2.17 | (5) | - |
| *Items that will be reclassified subsequently to profit or loss* | | | |
| Fair value changes on cash flow hedges, net | | 39 | - |
| Fair value changes on investments, net | 2.5 | (10) | - |
| **Total other comprehensive income, net of tax** | | (18) | (2) |
| **Total comprehensive income for the period** | | **13,800** | **12,691** |
| **Earnings per equity share** | | | |
| Equity shares of par value ₹5/- each | | | |
| Basic (₹) | | 60.16 | 55.26 |
| Diluted (₹) | | 60.15 | 55.26 |
| Weighted average equity shares used in computing earnings per equity share | | | |
| Basic | 2.23 | 2,296,944,664 | 2,296,944,664 |
| Diluted | 2.23 | 2,297,159,670 | 2,296,944,664 |

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

*As per our report of even date attached*

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

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*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED**

**Statement of changes in Equity**

*In ₹ crore*

| Particulars | Equity Share Capital | Other Equity | | | | | | | | | | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | Other comprehensive income | | | |
| | | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Business transfer adjustment reserve(2) | Equity Instruments through other comprehensive income | Cash flow hedge reserve | Other items of other comprehensive income | |
| **Balance as of April 1, 2015** | **574** | **2,778** | **40,065** | **54** | **8,291** | **2** | **-** | **412** | **-** | **-** | **15** | **52,191** |
| **Changes in equity for the year ended March 31, 2016** | | | | | | | | | | | | |
| Increase in share capital on account of bonus issue (refer to note 2.12) | 574 | - | - | - | - | - | - | - | - | - | - | 574 |
| Transfer to general reserve | - | - | (1,217) | - | 1,217 | - | - | - | - | - | - | - |
| Amounts utilized for bonus issue (refer note 2.12) | - | (574) | - | - | - | - | - | - | - | - | - | (574) |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (591) | - | - | - | 591 | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 591 | - | - | - | (591) | - | - | - | - | - |
| Share based payment to employees (refer to note 2.12) | - | - | - | - | - | 7 | - | - | - | - | - | 7 |
| Transfer to securities premium on exercise | - | - | - | - | - | - | - | - | - | - | - | - |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17) | - | - | - | - | - | - | - | - | - | - | (2) | (2) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,843) | - | - | - | - | - | - | - | - | (6,843) |
| Profit on transfer of business (2) | - | - | - | - | - | - | - | 3,036 | - | - | - | 3,036 |
| Profit for the period | - | - | 12,693 | - | - | - | - | - | - | - | - | 12,693 |
| **Balance as of March 31, 2016** | **1,148** | **2,204** | **44,698** | **54** | **9,508** | **9** | **-** | **3,448** | **-** | **-** | **13** | **61,082** |

**INFOSYS LIMITED**
**Statement of changes in Equity**

*In ₹ crore*

| Particulars | Equity Share Capital | Other Equity | | | | | | | | | | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Reserves & Surplus | | | | | | | Other comprehensive income | | | |
| | | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve [1] | Business transfer adjustment reserve[2] | Equity Instruments through other comprehensive income | Cash flow hedge reserve | Other items of other comprehensive income | |
| **Balance as of April 1, 2016** | **1,148** | **2,204** | **44,698** | **54** | **9,508** | **9** | **-** | **3,448** | **-** | **-** | **13** | **61,082** |
| **Changes in equity for the year ended March 31, 2017** | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (1,579) | - | 1,579 | - | - | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (953) | - | - | - | 953 | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 953 | - | - | - | (953) | - | - | - | - | - |
| Exercise of stock options (refer to note 2.12) | - | 3 | - | - | - | (3) | - | - | - | - | - | - |
| Income tax benefit arising on exercise of stock options | - | 1 | - | - | - | - | - | - | - | - | - | 1 |
| Share based payment to employees of the group (refer to note 2.12 and note 2.25) | - | - | - | - | - | 114 | - | - | - | - | - | 114 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17) | - | - | - | - | - | - | - | - | - | - | (42) | (42) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value changes on cash flow hedge, net of tax (Refer note 2.11) | - | - | - | - | - | - | - | - | - | 39 | - | 39 |
| Fair valuation of investments, net of tax effect (Refer note 2.5) | - | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Equity instruments through other comprehensive income, net of tax effect (Refer note 2.5) | - | - | - | - | - | - | - | - | (5) | - | - | (5) |
| Dividends (including corporate dividend tax) | - | - | (6,980) | - | - | - | - | - | - | - | - | (6,980) |
| Profit for the period | - | - | 13,818 | - | - | - | - | - | - | - | - | 13,818 |
| **Balance as of March 31, 2017** | **1,148** | **2,208** | **49,957** | **54** | **11,087** | **120** | **-** | **3,448** | **(5)** | **39** | **(39)** | **68,017** |

[1] *The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.*

[2] *Profit on transfer of business between entities under common control taken to reserve on account of transition to Indian Accounting Standards (Ind AS)*

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

INFOSYS LIMITED

*(In ₹ crore)*

| Statements of Cash Flows | Year ended March 31, 2017 | 2016 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit for the period | 13,818 | 12,693 |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Depreciation and amortization | 1,331 | 1,115 |
| Income tax expense | 5,120 | 4,907 |
| Allowance for credit losses on financial assets | 135 | (48) |
| Deferred consideration pertaining to acquisition | - | 149 |
| Interest and dividend income | (2,553) | (2,563) |
| Other adjustments | 48 | 141 |
| Exchange differences on translation of assets and liabilities | 39 | 31 |
| **Changes in assets and liabilities** | | |
| Trade receivables and unbilled revenue | (1,825) | **(1,373)** |
| Loans and other financial assets and other assets | (427) | (1,188) |
| Trade payables | (354) | 499 |
| Other financial liabilities, other liabilities and provisions | 179 | 565 |
| **Cash generated from operations** | **15,511** | **14,928** |
| Income taxes paid | (5,033) | (5,350) |
| **Net cash generated by operating activities** | **10,478** | **9,578** |
| **Cash flow from investing activities:** | | |
| Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors | (2,292) | (2,308) |
| Deposits with corporations | (155) | (115) |
| Loans to employees | 23 | (64) |
| Repayment of debentures | 420 | - |
| Investment in subsidiaries | (369) | (258) |
| Payment towards contingent consideration pertaining to acquisition | (36) | - |
| Payment towards acquisition | - | (794) |
| Payment arising out of business transfer | - | (335) |
| Payments to acquire financial assets | | |
| Preference securities | (43) | (82) |
| Liquid mutual fund and fixed maturity plan securities | (49,648) | (22,797) |
| Tax free bonds | (312) | (299) |
| Non-convertible debentures | (3,664) | - |
| Certificate of Deposits | (7,555) | - |
| Government Bond | - | (2) |
| Proceeds on sale of financial assets | | |
| Liquid mutual fund and fixed maturity plan securities | 47,495 | 23,545 |
| Tax free bonds | 2 | - |
| Interest and dividend received on investments | 2,640 | 2,302 |
| **Net cash used in investing activities** | **(13,494)** | **(1,207)** |
| **Cash flow from financing activities:** | | |
| Loan given to subsidiaries | - | (193) |
| Loan repaid by subsidiary | - | 126 |
| Payment of dividends | (6,968) | (6,841) |
| **Net cash used in financing activities** | **(6,968)** | **(6,908)** |
| Effect of exchange differences on translation of foreign currency cash and cash equivalents | (39) | (9) |
| **Net decrease in cash and cash equivalents** | (9,984) | 1,463 |
| Cash and cash equivalents at the beginning of the period | 29,176 | 27,722 |
| **Cash and cash equivalents at the end of the period** | **19,153** | **29,176** |
| **Supplementary information:** | | |
| Restricted cash balance | 411 | 341 |

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

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

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| Supreet Sachdev<br>*Partner*<br>Membership No. 205385 | R. Seshasayee<br>Chairman | Dr. Vishal Sikka<br>*Chief Executive Officer and Managing Director* | U. B. Pravin Rao<br>*Chief Operating Officer and Whole-time Director* |
| Bengaluru<br>April 13, 2017 | Roopa Kudva<br>*Director* | M. D. Ranganath<br>*Chief Financial Officer* | A.G.S Manikantha<br>*Company Secretary* |

**INFOSYS LIMITED**

**Notes to the Financial Statements**

**1. Company Overview and Significant Accounting Policies**

**1.1 Company overview**

Infosys ('the Company') is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The company has its primary listings on the BSE Limited and National Stock Exchange of India Limited. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The financial statements are approved for issue by the Company's Board of Directors on April 13, 2017.

**1.2 Basis of preparation of financial statements**

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

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 *First time adoption of Indian Accounting Standards* . The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.1.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**1.3 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**1.4 Critical accounting estimates**

**a. Revenue recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The Company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17 and Note 2.24.

**c. Property, plant and equipment**

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

## 1.5 Revenue recognition

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the Company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The company presents revenues net of value-added taxes in its Statement of Profit and Loss.

## 1.6 Property, plant and equipment

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

| | |
|---|---|
| Building[(1)] | 22-25 years |
| Plant and machinery[(1)] | 5 years |
| Office equipment | 5 years |
| Computer equipment[(1)] | 3-5 years |
| Furniture and fixtures[(1)] | 5 years |
| Vehicles[(1)] | 5 years |

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the Statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

## 1.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as expenses in the Statement of Profit and Loss.

**1.8 Financial instruments**

**1.8.1 Initial recognition**

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

**1.8.2 Subsequent measurement**

**a. Non-derivative financial instruments**

**(i) Financial assets carried at amortised cost**

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

**(iv) Financial liabilities**

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**(v) Investment in subsidiaries**

Investment in subsidiaries is carried at cost in the separate financial statements.

**b. Derivative financial instruments**

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

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

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

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

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

**(ii) Cash flow hedge**

The company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

**c. Share capital**

**Ordinary Shares**

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

**1.8.3 Derecognition of financial instruments**

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

**1.9 Fair value of financial instruments**

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

**1.10 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Intangible assets and property, plant and equipment**

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

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

**1.11 Provisions**

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

**a. Post sales client support**

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

**b. Onerous contracts**

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

**1.12 Foreign currency**

*Functional currency*

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

*Transactions and translations*

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

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

### 1.13 Earnings per equity share

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

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

### 1.14 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

### 1.15 Employee benefits

#### 1.15.1 Gratuity

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

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

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

#### 1.15.2 Superannuation

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

#### 1.15.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

#### 1.15.4 Compensated absences

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

### 1.16 Share-based compensation

The Company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

**1.17 Cash Flow Statement**

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

**1.18 Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**1.19 Other income**

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

**1.20 Leases**

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

**1.21 Recent accounting pronouncements**

**1.21.1 Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

## 2 Notes to the standalone financial statements for the year ended March 31, 2017

### 2.1 First-time adoption of Ind-AS

These standalone interim financial statements of Infosys Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - *First Time adoption of Indian Accounting Standard* , with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet , Statement of Profit and Loss, is set out in note 2.2 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1.

### 2.1.1 Exemptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

**(a) Share-based payment**

The Company is allowed to apply Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date. The Company has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants under the 2015 plan (formerly 2011 plan). Accordingly, these options have been measured at fair value as against intrinsic value previously under IGAAP.

The excess of stock compensation expense measured using fair value over the cost recognized under IGAAP using intrinsic value has been adjusted in 'Share Option Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

**(b) Designation of previously recognized financial instruments**

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

**2.2 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

**2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS**

*(In ₹ crore)*

| Particulars | Note | Opening Balance Sheet as at April 1, 2015 | | | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 7,347 | - | 7,347 | 8,248 | - | 8,248 |
| Capital work-in-progress | | 769 | - | 769 | 934 | - | 934 |
| Intangible assets | | - | - | - | - | - | - |
| Financial assets: | | | | | | | |
| Investments | A | 6,108 | - | 6,108 | 11,111 | (35) | 11,076 |
| Loans | | 4 | - | 4 | 5 | - | 5 |
| Other financial assets | | 110 | - | 110 | 192 | - | 192 |
| Deferred tax assets (net) | | 433 | - | 433 | 405 | - | 405 |
| Other non-current assets | | 349 | - | 349 | 755 | - | 755 |
| Income tax assets (net) | | 3,941 | - | 3,941 | 5,020 | - | 5,020 |
| **Total non-current assets** | | ***19,061*** | - | ***19,061*** | ***26,670*** | ***(35)*** | ***26,635*** |
| **Current assets** | | | | | | | |
| Financial assets: | | | | | | | |
| Investments | A | 749 | - | 749 | 2 | - | 2 |
| Trade receivables | | 8,627 | - | 8,627 | 9,798 | - | 9,798 |
| Cash and cash equivalents | | 27,722 | - | 27,722 | 29,176 | - | 29,176 |
| Loans | | 225 | - | 225 | 355 | - | 355 |
| Other financial assets | | 4,045 | - | 4,045 | 4,801 | - | 4,801 |
| Other current assets | | 1,384 | - | 1,384 | 1,965 | - | 1,965 |
| **Total current assets** | | ***42,752*** | - | ***42,752*** | ***46,097*** | - | ***46,097*** |
| **Total assets** | | ***61,813*** | - | ***61,813*** | ***72,767*** | ***(35)*** | ***72,732*** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 574 | - | 574 | 1,148 | - | 1,148 |
| Other equity | E | 47,494 | 4,123 | 51,617 | 56,009 | 3,925 | 59,934 |
| **Total equity** | | *48,068* | *4,123* | *52,191* | *57,157* | *3,925* | *61,082* |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Other financial liabilities | B | 27 | - | 27 | 73 | (11) | 62 |
| Deferred tax liabilities (net) | | - | - | - | - | - | - |
| Other non-current liabilities | C | 3 | (3) | - | - | - | - |
| **Total non-current liabilities** | | *30* | *(3)* | *27* | *73* | *(11)* | *62* |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade payables | | 124 | - | 124 | 623 | - | 623 |
| Other financial liabilities | B | 4,885 | (38) | 4,847 | 5,138 | (6) | 5,132 |
| Other current liabilities | C | 1,568 | (4) | 1,564 | 2,097 | (4) | 2,093 |
| Provisions | D | 4,460 | (4,078) | 382 | 4,375 | (3,939) | 436 |
| Income tax liabilities (Net) | | 2,678 | - | 2,678 | 3,304 | - | 3,304 |
| **Total current liabilities** | | *13,715* | (4,120) | *9,595* | *15,537* | *(3,949)* | *11,588* |
| **Total liabilities and equity** | | ***61,813*** | - | ***61,813*** | ***72,767*** | ***(35)*** | ***72,732*** |

**Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to INDAS**

***A. Investment***

a) Tax free bonds are carried at amortized cost under Ind AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.

b) Investments include discounted value of contingent consideration payable on acquisition of business under IndAS as compared to undiscounted value of contingent consideration under IGAAP

***B. Other financial liabilities***

Adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind AS

***C. Other liabilities -***

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained ear

***D. Provisions***

Adjustments reflect dividend (including corporate dividend tax), declared and approved post reporting period.

***E. Other equity***

a) Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.

b) In addition, as per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

c) Profit on transfer of business between entities under common control which were earlier recognized in statement of profit and loss under IGAAP are adjusted to reserves on transition to Ind AS.

**2.2.2 Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS**

*(In ₹ crore)*

| Particulars | Note | Year ended March 31 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS |
| Revenue from operations | | 53,983 | - | 53,983 |
| Other income, net | G | 3,009 | (3) | 3,006 |
| **Total Income** | | **56,992** | **(3)** | **56,989** |
| **Expenses** | | | | |
| Employee benefit expenses | F | 28,206 | 1 | 28,207 |
| Deferred consideration pertaining to acquisition | G | 110 | 39 | 149 |
| Cost of technical sub-contractors | | 4,417 | - | 4,417 |
| Travel expenses | | 1,655 | - | 1,655 |
| Cost of software packages and others | | 1,049 | - | 1,049 |
| Communication expenses | | 311 | - | 311 |
| Consultancy and professional charges | | 563 | - | 563 |
| Depreciation and amortisation expenses | | 1,115 | - | 1,115 |
| Other expenses | G | 1,909 | 14 | 1,923 |
| **Total expenses** | | **39,335** | **54** | **39,389** |
| **Profit before exceptional items and tax** | | **17,657** | **(57)** | **17,600** |
| Profit on transfer of business | H | 3,036 | (3,036) | - |
| **Profit before tax** | | **20,693** | **(3,093)** | **17,600** |
| Tax expense: | | | | |
| Current tax | I | 4,898 | - | 4,898 |
| Deferred tax | | 9 | - | 9 |
| **Profit for the period** | | 15,786 | (3,093) | 12,693 |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | F | - | (2) | (2) |
| | | - | (2) | (2) |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| | | - | - | - |
| **Total other comprehensive income, net of tax** | | **-** | **(2)** | **(2)** |
| **Total comprehensive income, for the period** | | **15,786** | **(3,095)** | **12,691** |

**Explanations for reconciliation of Statement of Profit and loss as previously reported under IGAAP to Ind AS**

***F. Employee benefit expenses***

a) As per Ind-AS 19- Employee Benefits , actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

b) Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

***G. Deferred and contingent consideration pertaining to acquisition***

Adjustments reflect impact of discounting pertaining to deferred consideration and contingent consideration payable for business combinations

***H. Reversal of exceptional item***

Profit on transfer of business between entities under common control has been reversed and taken to business transfer reserve on account of transition to Ind AS

***I. Current tax***

Tax component on actuarial gains and losses which is transferred to other comprehensive income under Ind AS

**2.2.3** ***Cash flow statement***

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

## 2.3 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017: *(In ₹ crore)*

| Particulars | Land-Freehold | Land-Leasehold | Buildings (1)(2) | Plant and machinery (2)(4) | Office Equipment (2) | Computer equipment (2) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **970** | **638** | **6,173** | **1,679** | **679** | **3,481** | **1,070** | **19** | **14,709** |
| Additions | 123 | 21 | 310 | 344 | 122 | 654 | 237 | 6 | 1,817 |
| Deletions | - | - | - | (4) | (32) | (249) | (30) | (1) | (316) |
| **Gross carrying value as of March 31, 2017** | **1,093** | **659** | **6,483** | **2,019** | **769** | **3,886** | **1,277** | **24** | **16,210** |
| **Accumulated depreciation as of April 1, 2016** | - | **(21)** | **(2,150)** | **(1,044)** | **(369)** | **(2,195)** | **(671)** | **(11)** | **(6,461)** |
| Depreciation | - | (5) | (227) | (250) | (111) | (572) | (162) | (4) | (1,331) |
| Accumulated depreciation on deletions | - | - | - | 4 | 8 | 164 | 10 | 1 | 187 |
| **Accumulated depreciation as of March 31, 2017** | - | **(26)** | **(2,377)** | **(1,290)** | **(472)** | **(2,603)** | **(823)** | **(14)** | **(7,605)** |
| **Carrying value as of March 31, 2017** | **1,093** | **633** | **4,106** | **729** | **297** | **1,283** | **454** | **10** | **8,605** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*(In ₹ crore)*

| Particulars | Land-Freehold | Land-Leasehold | Buildings (1)(2) | Plant and machinery (2) | Office Equipment (2) | Computer equipment (2) (3) | Furniture and fixtures (2) | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **929** | **621** | **5,733** | **1,361** | **525** | **2,812** | **832** | **14** | **12,827** |
| Additions | 41 | 17 | 440 | 319 | 155 | 945 | 241 | 5 | 2,163 |
| Deletions | - | - | - | (1) | (1) | (276) | (3) | - | (281) |
| **Gross carrying value as of March 31, 2016** | **970** | **638** | **6,173** | **1,679** | **679** | **3,481** | **1,070** | **19** | **14,709** |
| **Accumulated depreciation as of April 1, 2015** | **-** | **(16)** | **(1,937)** | **(838)** | **(280)** | **(1,852)** | **(549)** | **(8)** | **(5,480)** |
| For the period | - | (5) | (213) | (207) | (90) | (472) | (125) | (3) | (1,115) |
| Deduction / Adjustments during the period | - | - | - | 1 | 1 | 129 | 3 | - | 134 |
| **Accumulated depreciation as of March 31, 2016** | **-** | **(21)** | **(2,150)** | **(1,044)** | **(369)** | **(2,195)** | **(671)** | **(11)** | **(6,461)** |
| **Carrying value as of March 31, 2016** | **970** | **617** | **4,023** | **635** | **310** | **1,286** | **399** | **8** | **8,248** |
| **Carrying value as of April 1, 2015** | **929** | **605** | **3,796** | **523** | **245** | **960** | **283** | **6** | **7,347** |

(1) *Buildings include ₹250/- being the value of 5 shares of ₹50/- each in Mittal Towers Premises Co-operative Society Limited.*

(2) *Includes certain assets provided on cancellable operating lease to subsidiaries*

(3) *During the year ended March 31, 2016, computer equipment having net book value of ₹20 crore was transferred to EdgeVerve (Refer note 2.5.3)*

(4) *Includes ₹ 25 crore spent on CSR activities*

Gross carrying of leasehold land represents amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

The aggregate depreciation has been included under depreciation and amortisation expense in the Statement of Profit and Loss.

Tangible assets provided on operating lease to subsidiaries as at March 31, 2017 and *March 31, 2016* are as follows:

*(In ₹ crore)*

| Particulars | Cost | Accumulated depreciation | Net book value |
|---|---|---|---|
| Buildings | 197 | 82 | 115 |
| | *197* | *75* | *122* |
| Plant and machinery | 33 | 19 | 14 |
| | *33* | *14* | *19* |
| Furniture and fixtures | 25 | 16 | 9 |
| | *25* | *12* | *13* |
| Computer Equipment | 3 | 2 | 1 |
| | *3* | *2* | *1* |
| Office equipment | 18 | 10 | 8 |
| | *18* | *7* | *11* |

The aggregate depreciation charged on the above assets during the year ended March 31, 2017 and March 31, 2016 amounted to ₹19 crore each.

The rental income from subsidiaries for the year ended March 31, 2017 and March 31, 2016 amounted to ₹65 crore and ₹51 crore respectively.

**2.4 Intangible assets**

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

*(In ₹ crore)*

| **Particulars** | **Sub-contracting rights related** | **Others** | **Total** |
|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **21** | **9** | **30** |
| Additions | - | - | - |
| Deletion | - | - | - |
| **Gross carrying value as of March 31, 2017** | **21** | **9** | **30** |
| **Accumulated amortization as of April 1, 2016** | **(21)** | **(9)** | **(30)** |
| Amortization expense | - | - | - |
| Deletion | - | - | - |
| **Accumulated amortization as of March 31, 2017** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2017** | **-** | **-** | **-** |

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

*(In ₹ crore)*

| **Particulars** | **Intellectual property rights related** | **Sub-contracting rights related** | **Others** | **Total** |
|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **12** | **21** | **9** | **42** |
| Additions | - | - | - | - |
| Deletion/Retirement | (12) | - | - | (12) |
| **Gross carrying value as of March 31, 2016** | **-** | **21** | **9** | **30** |
| **Accumulated amortization as of April 1, 2015** | **(12)** | **(21)** | **(9)** | **(42)** |
| Amortization expense | - | - | - | - |
| Deletion/Retirement | 12 | - | - | 12 |
| **Accumulated amortization as of March 31, 2016** | **-** | **(21)** | **(9)** | **(30)** |
| **Carrying value as of March 31, 2016** | **-** | **-** | **-** | **-** |
| **Carrying value as of April 1, 2015** | **-** | **-** | **-** | **-** |

Research and development expense recognized in net profit in the statement of profit and loss for the year ended March 31, 2017 and March 31, 2016 is ₹351crore and ₹384 crore respectively.

**2.5 INVESTMENTS**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current investments** | | | |
| Equity instruments of subsidiaries | 7,305 | 6,901 | 4,873 |
| Debentures of subsidiary | 2,129 | 2,549 | - |
| Preference securities, Equity investments and Others | 132 | 93 | 1 |
| Others | 3 | - | - |
| Tax free bonds | 1,833 | 1,533 | 1,234 |
| Fixed maturity plans | 357 | - | - |
| Non convertible debentures | 3,575 | - | - |
| | **15,334** | **11,076** | **6,108** |
| **Current investments** | | | |
| Liquid mutual fund units | 1,755 | - | 749 |
| Fixed maturity plans | 151 | - | - |
| Certificate of deposits | 7,635 | - | - |
| Government bonds | - | 2 | - |
| Non convertible debentures | 102 | - | - |
| | **9,643** | **2** | **749** |
| **Total carrying value** | **24,977** | **11,078** | **6,857** |

*in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Non-current investments** | | |
| **Unquoted** | | |
| **Investment carried at cost** | | |
| Investments in equity instruments of subsidiaries | | |
| Infosys BPO Limited | 659 | 659 |
| 3,38,22,319 (3,38,22,319) equity shares of ₹10/- each, fully paid | | |
| Infosys Technologies (China) Co. Limited | 236 | 169 |
| Infosys Technologies (Australia) Pty Limited | 66 | 66 |
| 1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid | | |
| Infosys Technologies, S. de R.L. de C.V., Mexico | 65 | 65 |
| 17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up | | |
| Infosys Technologies (Sweden) AB | 76 | - |
| 1,000 (1,000) equity shares of SEK 100 par value, fully paid | | |
| Infosys Technologia do Brasil Ltda | 149 | 149 |
| 5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid | | |
| Infosys Technologies (Shanghai) Company Limited | 826 | 646 |
| Infosys Public Services, Inc. | 99 | 99 |
| 3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid | | |
| Infosys Consulting Holding AG (formerly Lodestone Holding AG) | 1,323 | 1,323 |
| 23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up | | |
| Infosys Americas Inc. | 1 | 1 |
| 10,000 (10,000) shares of USD 10 per share, fully paid up | | |
| EdgeVerve Systems Limited *(refer note 2.5.3)* | 1,312 | 1,312 |
| 131,18,40,000 (131,18,40,000) equity shares of ₹10/- each, fully paid | | |
| Panaya Inc. | 1,398 | 1,398 |
| 2 (2) shares of USD 0.01 per share, fully paid up | | |
| Infosys Nova Holdings LLC | 94 | 94 |
| Kallidus Inc. *(refer note 2.5.2)* | 619 | 619 |
| 10,21,35,416 (10,21,35,416) shares | | |
| Skava Systems Private Limited *(refer note 2.5.2)* | 59 | 59 |
| 25,000 (25,000) shares of ₹10 per share, fully paid up | | |
| Noah Consulting LLC *( refer note 2.5.1)* | 313 | 242 |
| Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd) | 10 | - |
| 10,990,000 (Nil) shares of SGD 1.00 par value, fully paid | | |
| | **7,305** | **6,901** |
| **Investment carried at amortised cost** | | |
| Investment in debentures of subsidiary | | |
| EdgeVerve Systems Limited *(refer note 2.5.3)* | | |
| 21,29,00,000 (25,49,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100 each fully paid up | 2,129 | 2,549 |
| | **2,129** | **2,549** |
| | **9,434** | **9,450** |
| **Investments carried at fair value through profit or loss** | | |
| Others | 3 | - |
| | **3** | **-** |
| **Investment carried at fair value through other comprehensive income** *(refer note 2.5.5)* | | |
| Preference securities | 131 | 92 |
| Equity instruments | 1 | 1 |
| | **132** | **93** |
| **Quoted** | | |
| **Investments carried at amortized cost** | | |
| Tax free bonds *(refer note 2.5.6)* | 1,833 | 1,533 |
| | **1,833** | **1,533** |
| **Investments carried at fair value through profit or loss** | | |
| Fixed Maturity Plans *(refer note 2.5.7)* | 357 | - |
| | **357** | **-** |
| **Investments carried at fair value through other comprehensive income** | | |
| Non convertible debentures *(refer note 2.5.8)* | 3,575 | - |
| | **3,575** | **-** |
| **Total non-current investments** | **15,334** | **11,076** |

| | | |
|---|---|---|
| **Current investments** | | |
| **Unquoted** | | |
| **Investments carried at fair value through profit or loss** *(refer note 2.5.7)* | | |
| Liquid mutual fund units | 1,755 | - |
| Fixed Maturity Plans | 151 | - |
| | **1,906** | **-** |
| **Investments carried at fair value through other comprehensive income** | | |
| Certificate of Deposits *(refer note 2.5.8)* | 7,635 | - |
| | **7,635** | **-** |
| **Quoted** | | |
| **Investments carried at amortized cost** | | |
| Government bonds *(refer note 2.5.6)* | - | 2 |
| | **-** | **2** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.5.8*) | | |
| Non convertible debentures | 102 | - |
| | **102** | **-** |
| **Total current investments** | **9,643** | **2** |
| **Total investments** | **24,977** | **11,078** |
| Aggregate amount of quoted investments | 5,867 | 1,535 |
| Market value of quoted investments (including interest accrued) | 6,327 | 1,627 |
| Aggregate amount of unquoted investments | 19,110 | 9,543 |
| Aggregate amount of impairment in value of investments | - | 6 |
| Investments carried at cost | 7,305 | 6,901 |
| Investments carried at amortised cost | 3,962 | 4,084 |
| Investments carried at fair value through other comprehensive income | 11,444 | 93 |
| Investments carried at fair value through profit or loss | 2,266 | - |

**2.5.1 Investment in Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting , LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million ( approximately ₹216 crore), contingent consideration up to $5 million (approximately ₹33 crore on acquisition date) and retention bonus up to $32 million (approximately ₹212 crore on acquisition date). The payment of contingent consideration to the sellers of Noah was dependent upon the achievement of certain financial targets by Noah for the year ended December 31, 2015 and December 31, 2016. During the year ended March 31, 2016 based on the assessment of Noah achieving the targets for the respective periods, the entire contingent consideration was reversed.

**2.5.2 Investment in Kallidus Inc. & Skava Systems Pvt. Ltd.**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., (d.b.a Skava) (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million (approximately ₹ 578 crore) and a contingent consideration of upto $20 million (approximately ₹128 crore on acquisition date), the payment of which is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017. During the year ended March 31, 2017 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets.

**2.5.3 Investment in EdgeVerve Systems Limited**

On February 14, 2014, a wholly owned subsidiary EdgeVerve Systems Limited (EdgeVerve) was incorporated. EdgeVerve was created to focus on developing and selling products and platforms. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business has been transferred for a consideration of ₹421 crore with effect from July 1, 2014. Net assets amounting to ₹9 crore were transferred and accordingly a gain of ₹412 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve', in accordance with Ind AS 103 which requires common control transactions to be recorded at book values. The consideration has been settled through the issue of fully paid up equity shares in EdgeVerve.

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively. Net assets amounting to ₹363 crore, (including working capital amounting to ₹ 337 crore) were transferred and accordingly a gain of ₹3,036 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve' under retained earnings, in accordance with Ind AS 103 which requires common control transactions to be recorded at book values.
The consideration was settled through issue of 850,000,000 equity shares amounting to ₹850 crore and 254,900,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2017 EdgeVerve had repaid ₹420 crore by redeeming proportionate number of debentures.

**2.5.4 Investment in Infosys Consulting Holding AG (Formerly Lodestone Holding AG)**

On October 22, 2012, Infosys acquired 100% of the outstanding share capital of Infosys Consulting Holding AG, a global management consultancy firm headquartered in Zurich, Switzerland. The acquisition was executed through a share purchase agreement for an upfront cash consideration of ₹1,187 crore and a deferred consideration of upto ₹608 crore.

The deferred consideration was payable to the selling shareholders of Lodestone on the third anniversary of the acquisition date and was contingent upon their continued employment for a period of three years. The investment in Lodestone was recorded at the acquisition cost and the deferred consideration was being recognized on a proportionate basis over a period of three years from the date of acquisition. During the year ended March 31, 2016, the liability towards deferred consideration was settled.

**2.5.5 Details of Investments**

The details of investments in preference and equity instruments as at March 31, 2017 and March 31, 2016 are as follows:

*(In ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| *Preference Securities* | | |
| Airviz Inc. | | |
| 2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each | 9 | 13 |
| ANSR Consulting | | |
| 52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each | 10 | 9 |
| Whoop Inc | | |
| 16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each | 15 | 20 |
| CloudEndure Ltd. | | |
| 25,59,290 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each | 37 | 13 |
| Nivetti Systems Private Limited | | |
| 2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each | 10 | 10 |
| Waterline Data Science, Inc | | |
| 39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each | 24 | 27 |
| Trifacta Inc. | | |
| 11,80,358 (Nil) Preferred Stock | 26 | - |
| *Equity Instrument* | | |
| OnMobile Systems Inc., USA | | |
| 21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each | - | - |
| Merasport Technologies Private Limited | | |
| 2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each | - | - |
| Global Innovation and Technology Alliance | | |
| 15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each | 1 | 1 |
| *Others* | | |
| Stellaris Venture Partners India I | 3 | - |
| | **135** | **93** |

**2.5.6 Details of Investments in tax free bonds and government bonds**

The balances held in tax free bonds as at March 31, 2017 and March 31, 2016 is as follows: *(In ₹ crore)*

| Particulars | Face Value ₹ | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| 7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026 | 10,00,000/- | 470 | 50 | - | - |
| 7.16% Power Finance Corporation Ltd. Bonds 17JUL2025 | 10,00,000/- | 1,000 | 107 | - | - |
| 7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023 | 1,000/- | 2,000,000 | 201 | 2,000,000 | 201 |
| 7.28% Indian Railway Finance Corporation Limited 21DEC2030 | 1,000/- | 422,800 | 42 | 422,800 | 42 |
| 7.28% National Highways Authority of India Bonds 18SEP2030 | 10,00,000/- | 3,300 | 343 | 2,000 | 200 |
| 7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028 | 1,000/- | 2,100,000 | 211 | 2,100,000 | 211 |
| 7.35% National Highways Authority of India Bonds 11JAN2031 | 1,000/- | 571,396 | 57 | 571,396 | 57 |
| 7.93% Rural Electrification Corporation Limited Bonds 27MAR2022 | 1,000/- | 200,000 | 21 | 200,000 | 21 |
| 8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027 | 1,000/- | 500,000 | 53 | 500,000 | 53 |
| 8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028 | 10,00,000/- | 1,000 | 100 | 1,000 | 100 |
| 8.30% National Highways Authority of India Bonds 25JAN2027 | 1,000/- | 500,000 | 53 | 500,000 | 53 |
| 8.35% National Highways Authority of India Bonds 22NOV2023 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028 | 10,00,000/- | 2,000 | 200 | 2,000 | 200 |
| 8.46% Power Finance Corporation Limited Bonds 30AUG2028 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028 | 10,00,000/- | 450 | 45 | 450 | 45 |
| 8.54% Power Finance Corporation Limited Bonds 16NOV2028 | 1,000/- | 500,000 | 50 | 500,000 | 50 |
| | | **6,805,416** | **1,833** | **6,802,646** | **1,533** |

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows: *(In ₹ crore)*

| Particulars | Face Value PHP | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | | Units | Amount | Units | Amount |
| Treasury Notes PHY6972FW G18 MAT Date 22 Feb 2017 | 100 | - | - | 150,000 | 2 |
| | | **-** | **-** | **1,50,000** | **2** |

**2.5.7 Details of investments in liquid mutual fund units and Fixed Maturity Plans**

The balances held in liquid mutual fund as at March 31, 2017 is as follows: *in ₹ crore*

| Particulars | As at March 31, 2017 | |
|---|---|---|
| | Units | Amount |
| Birla Sun Life Cash Plus Growth Direct Plan | 13,397,873 | 350 |
| ICICI Prudential Liquid Direct Plan Growth | 10,388,743 | 250 |
| IDFC Cash Fund Growth (Direct Plan) | 1,265,679 | 250 |
| Kotak Low Duration Fund Direct Growth (Ultra Short Term) | 1,502,564 | 305 |
| L&T Liquid Fund Direct Plan Growth | 672,806 | 150 |
| Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option | 882,465 | 350 |
| SBI Premier Liquid Fund Direct Plan Growth | 391,909 | 100 |
| | **2,85,02,039** | **1,755** |

The balances held in Fixed Maturity Plans as at March 31, 2017 is as follows: *in ₹ crore*

| Particulars | As at March 31, 2017 | |
|---|---|---|
| | Units | Amount |
| Birla Sun Life Fixed Term Plan -series OD 1145 Days -GR -direct | 50,000,000 | 51 |
| Birla Sun Life Fixed Term Plan -series OE 1153 days -GR direct | 25,000,000 | 25 |
| HDFC FMP 1155D Direct-Growth | 28,000,000 | 28 |
| HDFC FMP 1169D Feb 2017 -Direct-Quarterly Dividend -Series 37 | 45,000,000 | 45 |
| ICICI FMP Series 80-1194 D Plan F Div | 40,000,000 | 40 |
| ICICI Prudential Fixed maturity Plan Series 80-1187 Days Plan G direct Plan | 42,000,000 | 42 |
| ICICI Prudential Fixed Maturity Plan series 80-1253 Days Plan J Direct Plan | 30,000,000 | 30 |
| IDFC Fixed Term Plan Series 129 direct Plan-Growth 1147 Days | 10,000,000 | 10 |
| IDFC Fixed Term Plan Series 131 direct Plan-Growth 1139 Days | 15,000,000 | 15 |
| Kotak FMP Series 199 Direct -Growth | 35,000,000 | 36 |
| Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan | 35,000,000 | 35 |
| Reliance Yearly Interval Fund Series -1-Direct Plan-Growth Plan | 106,906,898 | 151 |
| | **46,19,06,898** | **508** |

**2.5.8 Details of investments in Non convertible debentures and Certificate of Deposits**

The balances held in non convertible debenture as at March 31, 2017 is as follows: *in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| 7.48% Housing Development Finance Corporation Ltd 18NOV2019 | 10,000,000/- | 50 | 52 |
| 7.58% LIC Housing Finance Ltd 28FEB2020 | 1,000,000/- | 1,000 | 100 |
| 7.58% LIC Housing Finance Ltd 11JUN2020 | 1,000,000/- | 500 | 51 |
| 7.59% LIC Housing Finance Ltd 14OCT2021 | 1,000,000/- | 3,000 | 309 |
| 7.75% LIC Housing Finance Ltd 27AUG2021 | 1,000,000/- | 1,250 | 129 |
| 7.79% LIC Housing Finance Ltd 19JUN2020 | 1,000,000/- | 500 | 52 |
| 7.80% Housing Development Finance Corporation Ltd 11NOV2019 | 10,000,000/- | 150 | 155 |
| 7.81% LIC Housing Finance Ltd 27APR2020 | 1,000,000/- | 2,000 | 208 |
| 7.95% Housing Development Finance Corporation Ltd 23SEP2019 | 10,000,000/- | 50 | 53 |
| 8.02% LIC Housing Finance Ltd 18FEB2020 | 1,000,000/- | 500 | 51 |
| 8.26% Housing Development Finance Corporation Ltd 12AUG2019 | 10,000,000/- | 100 | 106 |
| 8.34% Housing Development Finance Corporation Ltd 06MAR2019 | 10,000,000/- | 200 | 217 |
| 8.37% LIC Housing Finance Ltd 03OCT2019 | 1,000,000/- | 2,000 | 218 |
| 8.37% LIC Housing Finance Ltd 10MAY2021 | 1,000,000/- | 500 | 55 |
| 8.43% IDFC Bank Limited 30JAN2018 | 1,000,000/- | 1,000 | 102 |
| 8.46% Housing Development Finance Corporation Ltd 11MAR2019 | 10,000,000/- | 50 | 54 |
| 8.47% LIC Housing Finance Ltd 21JAN2020 | 1,000,000/- | 500 | 52 |
| 8.50% Housing Development Finance Corporation Ltd 31AUG2020 | 10,000,000/- | 50 | 54 |
| 8.54% IDFC Bank Limited 30MAY2018 | 1,000,000/- | 1,500 | 182 |
| 8.59% Housing Development Finance Corporation Ltd 14JUN2019 | 10,000,000/- | 50 | 51 |
| 8.60% LIC Housing Finance Ltd 29JUL2020 | 1,000,000/- | 1,400 | 152 |
| 8.61% LIC Housing Finance Ltd 11DEC2019 | 1,000,000/- | 1,000 | 104 |
| 8.66% IDFC Bank Limited 25JUN2018 | 1,000,000/- | 1,520 | 184 |
| 8.72% Housing Development Finance Corporation Ltd 15APR2019 | 10,000,000/- | 75 | 77 |
| 8.75% Housing Development Finance Corporation Ltd 13JAN2020 | 500,000/- | 5,000 | 260 |
| 8.75% LIC Housing Finance Ltd 14JAN2020 | 1,000,000/- | 1,070 | 112 |
| 8.75% LIC Housing Finance Ltd 21DEC2020 | 1,000,000/- | 1,000 | 104 |
| 8.97% LIC Housing Finance Ltd 29OCT2019 | 1,000,000/- | 500 | 53 |
| 9.45% Housing Development Finance Corporation Ltd 21AUG2019 | 1,000,000/- | 3,000 | 327 |
| 9.65% Housing Development Finance Corporation Ltd 19JAN2019 | 1,000,000/- | 500 | 53 |
| | | **30,015** | **3,677** |

The balances held in Certificate of Deposits as at March 31, 2017 is as follows: *in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| Andhra Bank | 100,000/- | 35,000 | 344 |
| Axis Bank | 100,000/- | 293,600 | 2,800 |
| Corporation Bank | 100,000/- | 33,500 | 327 |
| DBS Bank | 100,000/- | 5,000 | 49 |
| ICICI Bank Limited | 100,000/- | 42,500 | 413 |
| IDFC Bank | 100,000/- | 135,000 | 1,281 |
| IndusInd Bank | 100,000/- | 106,400 | 1,011 |
| Kotak Bank | 100,000/- | 74,000 | 704 |
| Vijaya Bank | 100,000/- | 14,000 | 137 |
| Yes Bank | 100,000/- | 60,000 | 569 |
| | | **799,000** | **7,635** |

**2.6 LOANS**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non- Current** | | | |
| Unsecured, considered good | | | |
| Other Loans | | | |
| Loans to employees | 5 | 5 | 4 |
| | **5** | **5** | **4** |
| Unsecured, considered doubtful | | | |
| Loans to employees | 17 | 13 | 10 |
| | **22** | **18** | **14** |
| Less: Allowance for doubtful loans to employees | 17 | 13 | 10 |
| | **5** | **5** | **4** |
| **Current** | | | |
| Unsecured, considered good | | | |
| Loans to subsidiaries *(Refer note 2.25)* | 69 | 91 | 24 |
| Other Loans | | | |
| Loans to employees | 241 | 264 | 201 |
| | **310** | **355** | **225** |
| **Total Loans** | **315** | **360** | **229** |

**2.7 OTHER FINANCIAL ASSETS**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non-current** | | | |
| Security deposits [(1)] | 81 | 73 | 65 |
| Rental deposits [(1)(4)] | 135 | 119 | 45 |
| | **216** | **192** | **110** |
| **Current** | | | |
| Security deposits [(1)] | 2 | 1 | 1 |
| Rental deposits [(1)] | 2 | 2 | 6 |
| Restricted deposits [(1)] | 1,309 | 1,154 | 1,039 |
| Unbilled revenues [(1)(5)] | 3,200 | 2,673 | 2,423 |
| Interest accrued but not due [(1)] | 514 | 696 | 433 |
| Foreign currency forward and options contracts [(2)(3)] | 268 | 109 | 94 |
| Others [(1)(6)] | 108 | 166 | 49 |
| | **5,403** | **4,801** | **4,045** |
| **Total** | **5,619** | **4,993** | **4,155** |
| [(1)] Financial assets carried at amortized cost | 5,351 | 4,884 | 4,061 |
| [(2)]Financial assets carried at fair value through other comprehensive income | 52 | - | - |
| [(3)]Financial assets carried at fair value through Profit or Loss | 216 | 109 | 94 |
| [(4)] *Includes dues from subsidiaries (Refer note 2.25)* | - | 21 | 21 |
| [(5)] *Includes dues from subsidiaries (Refer note 2.25)* | 47 | 20 | 6 |
| [(6)] *Includes dues from subsidiaries (Refer note 2.25)* | 18 | 24 | 43 |

Restricted deposits represent deposit with financial institutions to settle employee related obligations as and when they arise during the normal course of business.

**2.8 TRADE RECEIVABLES [(1)]**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Current** | | | |
| Unsecured | | | |
| Considered good [(2)] | 10,960 | 9,798 | 8,627 |
| Considered doubtful | 289 | 249 | 322 |
| | 11,249 | 10,047 | 8,949 |
| Less: Allowances for credit losses | 289 | 249 | 322 |
| | **10,960** | **9,798** | **8,627** |
| [(1)] *Includes dues from companies where directors are interested* | 1 | 1 | 6 |
| [(2)] *Includes dues from subsidiaries (refer note 2.25)* | 235 | 244 | 309 |

**2.9 CASH AND CASH EQUIVALENTS**

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with banks | | | |
| In current and deposit accounts | 12,222 | 24,276 | 23,722 |
| Cash on hand | - | - | - |
| Others | | | |
| Deposits with financial institution | 6,931 | 4,900 | 4,000 |
| | **19,153** | **29,176** | **27,722** |
| *Balances with banks in unpaid dividend accounts* | 17 | 5 | 3 |
| *Deposit with more than 12 months maturity* | 6,765 | 237 | 182 |
| *Balances with banks held as margin money deposits against guarantees* | 394 | 336 | 185 |

Cash and cash equivalents as of March 31, 2017, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹411 crore, ₹341 crore, ₹188 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividends bank accounts.

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

The details of balances as on balance sheet dates with banks are as follows:

*(In ₹ crore)*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **In current accounts** | | |
| ANZ Bank, Taiwan | 3 | 13 |
| Bank of America, USA | 769 | 563 |
| BNP Paribas Bank, Norway | 7 | - |
| Citibank N.A., Australia | 8 | 24 |
| Citibank N.A., India | 2 | 1 |
| Citibank N.A., Dubai | 1 | 1 |
| Citibank N.A., EEFC (U.S. Dollar account) | 1 | - |
| Citibank N.A., Hungary | 3 | - |
| Citibank N.A., Japan | 12 | 15 |
| Citibank N.A., New Zealand | 6 | 2 |
| Citibank N.A., South Africa | 9 | 4 |
| Citibank N.A., South Korea | 1 | - |
| Deutsche Bank, Philippines | 4 | 11 |
| Deutsche Bank, India | 9 | 4 |
| Deutsche Bank, EEFC (Euro account) | 11 | 17 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 8 | 8 |
| Deutsche Bank, EEFC (Australian Dollar account) | 38 | 2 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 73 | 95 |
| Deutsche Bank, EEFC (Swiss Franc account) | 2 | 2 |
| Deutsche Bank, Belgium | 10 | 59 |
| Deutsche Bank, France | 8 | 10 |
| Deutsche Bank, Germany | 48 | 17 |
| Deutsche Bank, Netherlands | 2 | 4 |
| Deutsche Bank, Russia (U.S. Dollar account) | 1 | 1 |
| Deutsche Bank, Russia | 3 | 2 |
| Deutsche Bank, Singapore | 6 | 4 |
| Deutsche Bank, Switzerland | 5 | 1 |
| Deutsche Bank, Switzerland (US Dollar Account) | 1 | - |
| Deutsche Bank, United Kingdom | 25 | 170 |
| Deutsche Bank, Malaysia | 7 | 9 |
| HSBC Bank, Hong Kong | 1 | 1 |
| ICICI Bank, India | 40 | 57 |
| ICICI Bank, EEFC (U.S. Dollar account) | 3 | 10 |
| Nordbanken, Sweden | 22 | 5 |
| Punjab National Bank, India | 6 | 4 |
| Royal Bank of Canada, Canada | 5 | 24 |
| State Bank of India | 6 | 7 |
| | **1,166** | **1,147** |

*(In ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **In deposit accounts** | | |
| Andhra Bank | - | 848 |
| Axis Bank | 945 | 1,170 |
| Barclays | 825 | - |
| Canara Bank | - | 1,861 |
| Central Bank of India | - | 1,518 |
| Corporation Bank | - | 1,185 |
| HDFC Bank | 349 | 2,500 |
| HSBC Bank | 500 | - |
| ICICI Bank | 4,351 | 3,755 |
| IDBI Bank | 1,750 | 1,750 |
| Indusind Bank | 191 | 250 |
| Indian Overseas Bank | - | 1,000 |
| Jammu & Kashmir Bank | - | 25 |
| Kotak Mahindra Bank | 500 | 492 |
| Oriental Bank of Commerce | - | 1,967 |
| South Indian Bank | 200 | - |
| Standard Chartered | 500 | - |
| State Bank of India | - | 2,310 |
| Syndicate Bank | 49 | 1,250 |
| Union Bank of India | - | 7 |
| Vijaya Bank | - | 200 |
| Yes Bank | 485 | 700 |
| | **10,645** | **22,788** |
| **In unpaid dividend accounts** | | |
| Axis Bank - Unpaid dividend account | 2 | 2 |
| HDFC Bank - Unpaid dividend account | 2 | 1 |
| ICICI Bank - Unpaid dividend account | 13 | 2 |
| | **17** | **5** |
| **In margin money deposits against guarantees** | | |
| Canara Bank | 177 | 132 |
| ICICI Bank | 217 | 147 |
| State Bank of India | - | 57 |
| | **394** | **336** |
| **Deposits with financial institution** | | |
| HDFC Limited | 6,231 | 4,900 |
| LIC Housing Finance Ltd | 700 | - |
| | **6,931** | **4,900** |
| **Total cash and cash equivalents as per Balance Sheet** | **19,153** | **29,176** |

## 2.10 OTHER ASSETS

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non-current** | | | |
| Capital advances | 562 | 333 | 316 |
| Advances other than capital advance | | | |
| Prepaid gratuity *(Refer note 2.22)* | 56 | 2 | 26 |
| Others | | | |
| Prepaid expenses | 95 | 87 | 7 |
| Deferred contract cost | 283 | 333 | - |
| | **996** | **755** | **349** |
| **Current** | | | |
| Advances other than capital advance | | | |
| Payment to vendors for supply of goods | 87 | 58 | 60 |
| Others | | | |
| Prepaid expenses [(1)] | 387 | 209 | 71 |
| Deferred contract cost | 74 | 48 | - |
| Withholding taxes and others | 1,665 | 1,650 | 1,253 |
| | **2,213** | **1,965** | **1,384** |
| **Total other assets** | **3,209** | **2,720** | **1,733** |
| [(1)] *Includes dues from subsidiaries (Refer note 2.25)* | 56 | 43 | - |

Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Withholding taxes and others primarily consist of input tax credits.

## 2.11 FINANCIAL INSTRUMENTS

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 19,153 | - | - | - | - | 19,153 | 19,153 |
| Investments (Refer note 2.5) | | | | | | | |
| Equity, preference securities and others | - | - | 3 | 132 | - | 135 | 135 |
| Tax free bonds and government bonds | 1,833 | - | - | - | - | 1,833 | 2,142 * |
| Liquid mutual fund units | - | - | 1,755 | - | - | 1,755 | 1,755 |
| Redeemable, non-convertible debentures (1) | 2,129 | - | - | - | - | 2,129 | 2,129 |
| Fixed maturity plans | - | - | 508 | - | - | 508 | 508 |
| Certificate of deposits | - | - | - | - | 7,635 | 7,635 | 7,635 |
| Non convertible debentures | - | - | - | - | 3,677 | 3,677 | 3,677 |
| Trade receivables (Refer Note 2.8) | 10,960 | - | - | - | - | 10,960 | 10,960 |
| Loans (Refer note 2.6) | 315 | - | - | - | - | 315 | 315 |
| Other financial assets (Refer Note 2.7) | 5,351 | - | 216 | - | 52 | 5,619 | 5,619 |
| **Total** | **39,741** | **-** | **2,482** | **132** | **11,364** | **53,719** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer Note 2.14) | 269 | - | - | - | - | 269 | 269 |
| Other financial liabilities (Refer Note 2.13) | 3,867 | - | 87 | - | - | 3,954 | 3,954 |
| **Total** | **4,136** | **-** | **87** | **-** | **-** | **4,223** | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 29,176 | - | - | - | - | 29,176 | 29,176 |
| Investments (Refer Note 2.5) | | | | | | | |
| Equity and preference securities | - | - | - | 93 | - | 93 | 93 |
| Tax free bonds and government bonds | 1,535 | - | - | - | - | 1,535 | 1,627 * |
| Redeemable, non-convertible debentures (1) | 2,549 | - | - | - | - | 2,549 | 2,549 |
| Trade receivables (Refer Note 2.8) | 9,798 | - | - | - | - | 9,798 | 9,798 |
| Loans (Refer note 2.6) | 360 | - | - | - | - | 360 | 360 |
| Other financial assets (Refer Note 2.7) | 4,884 | - | 109 | - | - | 4,993 | 4,993 |
| **Total** | **48,302** | **-** | **109** | **93** | **-** | **48,504** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer note 2.14) | 623 | - | - | - | - | 623 | 623 |
| Other financial liabilities (Refer Note 2.13) | 3,947 | - | 117 | - | - | 4,064 | 4,064 |
| **Total** | **4,570** | **-** | **117** | **-** | **-** | **4,687** | |

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

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

*(In ₹ crore)*

| Particulars | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.9) | 27,722 | - | - | - | - | 27,722 | 27,722 |
| Investments (Refer Note 2.5) | | | | | | | |
| Equity and preference securities | - | - | - | 1 | - | 1 | 1 |
| Bonds and government bonds | 1,234 | - | - | - | - | 1,234 | 1,269 * |
| Liquid mutual fund units | - | - | 749 | - | - | 749 | 749 |
| Trade receivables (Refer Note 2.8) | 8,627 | - | - | - | - | 8,627 | 8,627 |
| Loans (Refer note 2.6) | 229 | - | - | - | - | 229 | 229 |
| Other financial assets (Refer Note 2.7) | 4,061 | - | 94 | - | - | 4,155 | 4,155 |
| **Total** | **41,873** | **-** | **843** | **1** | **-** | **42,717** | |
| **Liabilities:** | | | | | | | |
| Trade payables (Refer note 2.14) | 124 | - | - | - | - | 124 | 124 |
| Other financial liabilities (Refer Note 2.13) | 3,967 | - | - | - | - | 3,967 | 3,967 |
| **Total** | **4,091** | **-** | **-** | **-** | **-** | **4,091** | |

** On account of fair value changes including interest accrued*

**Fair value hierarchy**

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.5) | 1,755 | 1,755 | - | - |
| Investments in tax free bonds (Refer Note 2.5) | 2,142 | 206 | 1,936 | - |
| Investments in government bonds (Refer Note 2.5) | - | - | - | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.5) | 131 | - | - | 131 |
| Investments in fixed maturity plans (Refer Note 2.5) | 508 | - | 508 | - |
| Investments in certificate of deposits (Refer Note 2.5) | 7,635 | - | 7,635 | - |
| Investments in non convertible debentures (Refer Note 2.5) | 3,677 | 3,160 | 517 | - |
| Others (Refer Note 2.5) | 3 | - | - | 3 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.7) | 268 | - | 268 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.13) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.13)* | 85 | - | - | 85 |

**Discounted $14 million (approximately ₹91 crore) at 14.2%*

During the year ended March 31, 2017, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

*(In ₹ crore)*

| Particulars | As of March 31, 2016 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in tax free bonds (Refer Note 2.5) | 1,625 | 298 | 1,327 | - |
| Investments in government bonds (Refer Note 2.5) | 2 | 2 | - | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.5) | 92 | - | - | 92 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7) | 109 | - | 109 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.13)* | 115 | - | - | 115 |

**Discounted $20 million (approximately ₹132 crore) at 13.7%*

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

*(In ₹ crore)*

| Particulars | As of April 1, 2015 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.5) | 749 | 749 | - | - |
| Investments in tax free bonds (Refer Note 2.5) | 1,269 | 533 | 736 | - |
| Investments in equity instruments (Refer Note 2.5) | 1 | - | - | 1 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.7) | 94 | - | 94 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer note 2.13) | - | - | - | - |

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rates and passage of time.

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposit is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The amount invested and fair value of unquoted equity and preference securities of March 31, 2017 is ₹134 crore and ₹132 crore, respectively. The fair value is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

**Financial risk management**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Company operates internationally and a major portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

*(In ₹ crore)*

| Particulars | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 849 | 79 | 33 | 45 | 97 | 1,103 |
| Trade receivables | 7,611 | 1,005 | 793 | 533 | 361 | 10,303 |
| Other financials assets ( including loans) | 2,686 | 436 | 365 | 148 | 136 | 3,771 |
| Trade payables | (145) | (5) | (11) | (12) | (22) | (195) |
| Other financial liabilities | (1,847) | (227) | (169) | (186) | (137) | (2,566) |
| **Net assets / (liabilities)** | **9,154** | **1,288** | **1,011** | **528** | **435** | **12,416** |

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

*(In ₹ crore)*

| Particulars | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 670 | 107 | 178 | 26 | 93 | 1,074 |
| Trade Receivables | 6,875 | 973 | 664 | 539 | 296 | 9,347 |
| Other financials assets ( including loans) | 2,005 | 370 | 210 | 108 | 125 | 2,818 |
| Trade payables | (199) | (42) | (133) | (32) | (39) | (445) |
| Other financial liabilities | (2,241) | (232) | (139) | (200) | (146) | (2958) |
| **Net assets / (liabilities)** | **7,110** | **1,176** | **780** | **441** | **329** | **9,836** |

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.52% each.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

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

The following table gives details in respect of outstanding foreign exchange forward and option contracts: *(In ₹ crore)*

| Particulars | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | In million | In ₹ crore | In million | In ₹ crore |
| **Derivatives designated as cash flow hedges** | | | | |
| **Forward contracts** | | | | |
| In Euro | 95 | 658 | - | - |
| In United Kingdom Pound Sterling | 40 | 324 | - | - |
| In Australian dollars | 130 | 644 | - | - |
| **Option Contracts** | | | | |
| In Euro | 40 | 277 | - | - |
| **Other derivatives** | | | | |
| **Forward contracts** | | | | |
| In U.S. dollars | 480 | 3,113 | 467 | 3,094 |
| In Euro | 106 | 735 | 84 | 633 |
| In United Kingdom Pound Sterling | 70 | 566 | 60 | 573 |
| In Australian dollars | 30 | 149 | 50 | 255 |
| In Swiss Franc | 10 | 65 | 25 | 173 |
| In Singapore dollars | 5 | 23 | - | - |
| In Swedish Krona | 50 | 36 | - | - |
| **Option Contracts** | | | | |
| In U.S. dollars | 195 | 1,265 | 125 | 828 |
| In Euro | 25 | 173 | - | - |
| In United Kingdom Pound Sterling | 30 | 243 | - | - |
| In Canadian dollars | 13 | 65 | - | - |
| **Total forwards and options** | | **8,336** | | **5,556** |

The foreign exchange forward and option contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | As of March 31, 2016 |
|---|---|---|
| Not later than one month | 2,215 | 1,468 |
| Later than one month and not later than three months | 4,103 | 3,260 |
| Later than three months and not later than one year | 2,018 | 828 |
| | **8,336** | **5,556** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2017: *(In ₹ crore)*

| | Year ended March 31, 2017 |
|---|---|
| Balance at the beginning of the period | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 121 |
| Amount reclassified to revenue during the period | (69) |
| Tax impact on above | (13) |
| Balance at the end of the period | **39** |

The company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognized financial asset/liability | 269 | (3) | 117 | (10) |
| Amount set off | (1) | 1 | (8) | 8 |
| **Net amount presented in balance sheet** | **268** | **(2)** | **109** | **(2)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹10,960 crore and ₹9,798 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,200 crore and ₹2,673 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Revenue from top customer | 3.9% | 4.2% |
| Revenue from top five customers | 14.1% | 15.7% |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹135 crore. The reversal for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was `48 crore.

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Balance at the beginning | 249 | 322 |
| Impairment loss recognised/ reversed | 135 | (48) |
| Amounts written off | (1) | - |
| Translation differences | (4) | (25) |
| **Balance at the end** | **379** | **249** |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations, non convertible debentures issued by government aided institutions and certificates of deposit which are funds deposited at a bank for a specified time period.

**Liquidity risk**

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

As of March 31, 2017, the Company had a working capital of ₹35,896 crore including cash and cash equivalents of ₹19,153 crore and current investments of ₹9,643 crore. As of March 31, 2016, the Company had a working capital of ₹34,509 crore including cash and cash equivalents of ₹29,176 crore and current investments of ₹2 crore.

As of March 31, 2017 and March 31, 2016, the outstanding compensated absences were ₹1,142crore and ₹1,130 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 269 | - | - | - | 269 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.13) | 3,867 | - | - | - | 3,867 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) | 45 | 46 | - | - | 91 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 623 | - | - | - | 623 |
| Other liabilities (excluding liability towards acquisition) (Refer Note 2.13) | 3,922 | 27 | - | - | 3,949 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) | 86 | 46 | - | - | 132 |

**2.12 EQUITY**

**EQUITY SHARE CAPITAL**

*in ₹ crore, except as otherwise stated*

| **Particulars** | **As at March 31, 2017** | **As at March 31, 2016** | **As at April 1, 2015** |
|---|---|---|---|
| Authorized | | | |
| Equity shares, ₹5/- par value | | | |
| 240,00,00,000 (240,00,00,000[(2)]) equity shares | 1,200 | 1,200 | 600 |
| Issued, Subscribed and Paid-Up | | | |
| Equity shares, ₹5/- par value [(1)] | 1,148 | 1,148 | 574 |
| 229,69,44,664 (229,69,44,664[(2)]) equity shares fully paid-up | | | |
| | **1,148** | **1,148** | **574** |

[(1)] *Refer note 2.23 for details of basic and diluted shares*

[(2)] *Represents number of shares as of March 31, 2016*

*The authorised equity shares were 120,00,00,000 and the issued, subscribed and paid-up shares were 114,84,72,332 as of April 1, 2015.*

Forfeited shares amounted to ₹1,500/- (₹1,500/-)

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

**In the period of five years immediately preceding March 31, 2017:**

The Company has allotted 114,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares.

The Board has increased dividend pay-out ratio from up to 40% to up to 50% of post-tax consolidated profits effective fiscal 2015.

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016, this resulted in a cash outflow of ₹3,939 crore including corporate dividend tax. *(Refer note 2.2.1 for impact on transition to Ind AS)*

The Board of Directors, in their meeting on October 14, 2016, declared an interim dividend of ₹11/- per equity share, which resulted in a cash outflow of ₹3,041 crore, inclusive of corporate dividend tax.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2015 includes final divided of ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue) and an interim dividend of ₹10/- per equity share.

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately ₹4,078 crore including corporate dividend tax.

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

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out below :

*in ₹ crore, except as stated otherwise*

| **Name of the shareholder** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **% held** | **Number of shares** | **% held** |
| Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership) | 38,33,17,937 | 16.69 | 38,53,17,937 | 16.78 |
| Life Insurance Corporation of India | 16,14,36,123 | 7.03 | 13,22,74,300 | 5.76 |

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out below:

*in ₹ crore, except as stated otherwise*

| **Particulars** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| Number of shares at the beginning of the period | 2,296,944,664 | 1,148 | 1,148,472,332 | 574 |
| Add: Bonus shares issued (including bonus on treasury shares) | - | - | 1,148,472,332 | 574 |
| Number of shares at the end of the period | **2,296,944,664** | **1,148** | **2,296,944,664** | **1,148** |

**Employee Stock Option Plan (ESOP):**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

Further on November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

On February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 11,289,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹3 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. $2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to Dr Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 1,08,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and Remuneration Committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the year ended March 31, 2017 is set out below:

| **Particulars** | **Year ended March 31, 2017** | |
|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)** | | |
| Outstanding at the beginning* | 221,505 | 5 |
| Granted | 1,878,025 | 5 |
| Forfeited and expired | 61,540 | 5 |
| Exercised | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** |
| Exercisable at the end | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | |
| Outstanding at the beginning | - | - |
| Granted | 309,650 | 998 |
| Forfeited and expired | - | - |
| Exercised | - | - |
| **Outstanding at the end** | **309,650** | **998** |
| Exercisable at the end | - | - |

**adjusted for bonus issues (Refer above note 2.12)*

| Particulars | Year ended March 31, 2017 | |
|---|---|---|
| | Shares arising out of options | Weighted average exercise price ($) |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 996,665 | 0.07 |
| Forfeited and expired | 39,220 | 0.07 |
| Exercised | - | - |
| **Outstanding at the end** | **957,445** | **0.07** |
| Exercisable at the end | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 |
| Exercised | - | - |
| **Outstanding at the end** | **888,000** | **15.26** |
| Exercisable at the end | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the year ended March 31, 2016 is set out below:

| Particulars | Year ended March 31, 2016 | |
|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)** | | |
| Outstanding at the beginning* | 108,268 | 5 |
| Granted | 124,061 | 5 |
| Forfeited and expired | - | - |
| Exercised* | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** |
| Exercisable at the end | - | - |

**adjusted for bonus issues (Refer above note 2.12)*

During the year ended March 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084/-

During the year ended March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,088/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017:

| Range of exercise prices per share (₹) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price (₹) |
| **2015 Plan: ADS and IES** | | | |
| 0 - 5 (RSU) | 2,961,373 | 1.88 | 5.00 |
| 900 - 1100 (ESOP) | 1,197,650 | 7.09 | 1,026.50 |
| | **4,159,023** | **3.38** | **299.16** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares-RSU | Fiscal 2017- Equity shares ESOP | Fiscal 2017- ADS-RSU | Fiscal 2017- ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares - RSU | Fiscal 2017- ADS - RSU | Fiscal 2016- Equity Shares - RSU | Fiscal 2015- Equity Shares - RSU |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

During the year ended March 31, 2017 and March 31, 2016, the company recorded an employee stock compensation expense of ₹107 crore and ₹7 crore in the statement of profit and loss. The cash settled stock compensation expense during the year ended March 31, 2017 was ₹1 crore.

**2.13 OTHER FINANCIAL LIABILITIES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non-current** | | | |
| Rental deposits [(1)] | - | 27 | 27 |
| Payable for acquisition of business (refer Note 2.5.1 and 2.5.2) | 40 | 35 | - |
| | **40** | **62** | **27** |
| **Current** | | | |
| Unpaid dividends | 17 | 5 | 3 |
| Others | | | |
| Accrued compensation to employees | 1,404 | 1,764 | 1,719 |
| Accrued expenses [(2)] | 2,013 | 1,707 | 1,582 |
| Retention monies | 153 | 58 | 50 |
| Payable for acquisition of business (refer Note 2.5.1 and Note 2.5.2) | | | |
| - Deferred consideration | - | - | 487 |
| - Contingent consideration | 45 | 80 | - |
| Client deposits | 25 | 16 | 20 |
| Capital creditors | 36 | 66 | 37 |
| Compensated absences | 1,142 | 1,130 | 907 |
| Other payables [(3)] | 219 | 304 | 42 |
| Foreign currency forward and options contracts | 2 | 2 | - |
| | **5,056** | **5,132** | **4,847** |
| **Total financial liabilities** | **5,096** | **5,194** | **4,874** |
| Financial liability carried at amortized cost | 3,867 | 3,947 | 3,967 |
| Financial liability carried at fair value through profit or loss | 87 | 117 | - |
| Liability towards acquisition of business on undiscounted basis | 91 | 132 | - |
| [(1)] *Includes dues to subsidiaries (Refer note 2.25)* | - | 27 | 27 |
| [(2)] *Includes dues to subsidiaries (Refer note 2.25)* | 3 | 29 | 36 |
| [(3)] *Includes dues to subsidiaries (Refer note 2.25)* | 14 | 38 | 33 |

**2.14 TRADE PAYABLES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Trade payables * | 269 | 623 | 124 |
| | **269** | **623** | **124** |
| **Includes dues to subsidiaries (refer note 2.25)* | 135 | 145 | 102 |

As at March 31, 2017 and March 31, 2016, there are no outstanding dues to micro and small enterprises. There are no interests due or outstanding on the same.

**2.15 OTHER LIABILITIES**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non current** | | | |
| Deferred income | 42 | - | - |
| | **42** | **-** | **-** |
| **Current** | | | |
| Unearned revenue | 1,320 | 1,025 | 831 |
| Others | | | |
| Withholding taxes and others | 1,027 | 1,068 | 733 |
| Deferred rent | 2 | - | - |
| | **2,349** | **2,093** | **1,564** |
| | **2,391** | **2,093** | **1,564** |

**2.16 PROVISIONS**

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Current** | | | |
| Others | | | |
| Post-sales client support and warranties and others | 350 | 436 | 382 |
| | **350** | **436** | **382** |

**Provision for post-sales client support and warranties and others**

The movement in the provision for post-sales client support and warranties and others is as follows : *(In ₹ crore)*

| Particulars | Year ended March 31, 2017 |
|---|---|
| Balance at the beginning | 436 |
| Provision recognized/(reversed) | 86 |
| Provision utilized | (167) |
| Exchange difference | (5) |
| Balance at the end | **350** |

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

**2.17 INCOME TAXES**

Income tax expense in the statement of profit and loss comprises: *(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Current taxes | 5,068 | 4,898 |
| Deferred taxes | 52 | 9 |
| **Income tax expense** | **5,120** | **4,907** |

Current tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) amounting to ₹218 crore and ₹331 crore respectively pertaining to prior periods.

Entire deferred income tax for the year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Profit before income taxes | 18,938 | 17,600 |
| Enacted tax rates in India | 34.61% | 34.61% |
| Computed expected tax expense | 6,554 | 6,091 |
| Tax effect due to non-taxable income for Indian tax purposes | (1,915) | (1,659) |
| Overseas taxes | 735 | 709 |
| Tax reversals, overseas and domestic | (218) | (330) |
| Effect of exempt non-operating income | (51) | (69) |
| Effect of non-deductible expenses | 16 | 185 |
| Additional deduction on research and development expense | - | (19) |
| Others | (1) | (1) |
| **Income tax expense** | **5,120** | **4,907** |

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of March 31, 2017, the Company has provided for branch profit tax of ₹327 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹7 crore movement on account of exchange rate during the year ended March 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,309 crore and ₹4,195 crore as of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015 *(In ₹ crore)*

| | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Income tax assets | 5,454 | 5,020 | 3,941 |
| Current income tax liabilities | 3,762 | 3,304 | 2,678 |
| **Net current income tax assets/ (liability) at the end** | **1,692** | **1,716** | **1,263** |

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2017 and March 31, 2016 is as follows:

*(In ₹ crore)*

| | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Net current income tax asset/ (liability) at the beginning | 1,716 | 1,263 |
| Income tax paid | 5,033 | 5,350 |
| Current income tax expense (Refer Note 2.17) | (5,068) | (4,898) |
| Income tax on other comprehensive income | 8 | - |
| Tax benefit on exercise of share based payments | 1 | - |
| Translation difference | 2 | 1 |
| **Net current income tax asset/ (liability) at the end** | **1,692** | **1,716** |

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows: *(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Deferred income tax assets** | | | |
| Property, plant and equipment | 107 | 146 | 210 |
| Computer software | 40 | 50 | 51 |
| Accrued compensation to employees | 35 | 46 | 29 |
| Trade receivables | 123 | 79 | 100 |
| Compensated absences | 336 | 359 | 280 |
| Post sales client support | 93 | 76 | 72 |
| Others | 32 | 21 | 7 |
| **Total deferred income tax assets** | **766** | **777** | **749** |
| **Deferred income tax liabilities** | | | |
| Branch profit tax | 327 | 334 | 316 |
| Others | 93 | 38 | - |
| **Total deferred income tax liabilities** | **420** | **372** | **316** |
| Deferred income tax assets after set off | 346 | 405 | 433 |
| Deferred income tax liabilities after set off | - | - | - |

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

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2017 and March 31, 2016, are as follows: *(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Net deferred income tax asset at the beginning | 405 | 433 |
| Translation differences | 6 | (19) |
| Credits / (charge) relating to temporary differences (Refer Note 2.17) | (52) | (9) |
| Temporary differences on other comprehensive income | (13) | - |
| **Net deferred income tax asset at the end** | **346** | **405** |

The charge relating to temporary differences during the year ended March 31, 2017 are primarily on account of property plant and equipment, accrued compensation and compensated absences partially offset by trade receivable. The credits relating to temporary differences during the year ended March 31, 2016 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables

**2.18 REVENUE FROM OPERATIONS** *(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Income from software services | 59,257 | 53,334 |
| Income from software products | 32 | 649 |
| | **59,289** | **53,983** |

**2.19 OTHER INCOME** *(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Interest received on financial assets- Carried at amortised cost | | |
| Tax free bonds, government bonds and debentures | 320 | 168 |
| Deposit with Bank and others | 2,028 | 2,338 |
| Interest received on financial assets- fair valued through other comprehensive income | | |
| Non convertible debentures and certificates of deposit | 182 | - |
| Dividend received on investments carried at fair value through profit or loss | | |
| Mutual fund units | 23 | 57 |
| Gain / (loss) on investments carried at fair value through profit or loss | 111 | - |
| Exchange gains/(losses) on foreign currency forward and options contracts | 551 | 26 |
| Exchange gains/(losses) on translation of other assets and liabilities | (324) | 141 |
| Miscellaneous income, net | 171 | 276 |
| | **3,062** | **3,006** |

**2.20 EXPENSES** *(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| *Employee benefit expenses* | | |
| Salaries including bonus | 30,111 | 27,551 |
| Contribution to provident and other funds | 640 | 548 |
| Share based payments to employees ( Refer note 2.12 ) | 108 | 7 |
| Staff welfare | 85 | 101 |
| | **30,944** | **28,207** |
| | | |
| *Cost of software packages and others* | | |
| For own use | 729 | 663 |
| Third party items bought for service delivery to clients | 506 | 386 |
| | **1,235** | **1,049** |

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| *Other expenses* | | |
| Power and fuel | 180 | 179 |
| Brand and Marketing | 276 | 229 |
| Operating lease payments | 284 | 175 |
| Rates and taxes | 118 | 99 |
| Repairs and Maintenance | 1,073 | 873 |
| Consumables | 31 | 28 |
| Insurance | 45 | 48 |
| Provision for post-sales client support and warranties | 84 | 18 |
| Commission to non-whole time directors | 9 | 8 |
| Allowances for credit losses on financial assets | 140 | (45) |
| Auditor's remuneration | | |
| Statutory audit fees | 2 | 2 |
| Other services | - | - |
| Reimbursement of expenses | - | - |
| Contributions towards Corporate Social Responsibility | 215 | 202 |
| Others | 89 | 107 |
| | **2,546** | **1,923** |

**2.21 LEASES**

**Obligations on long-term, non-cancellable operating leases**
The lease rentals charged during the period is as under:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Lease rentals | 284 | 175 |

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

*(In ₹ crore)*

| | As at | | |
|---|---|---|---|
| Future minimum lease payable | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Not later than 1 year | 277 | 170 | 101 |
| Later than 1 year and not later than 5 years | 789 | 417 | 284 |
| Later than 5 years | 835 | 315 | 158 |

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

**2.22 EMPLOYEE BENEFITS**

**a. Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Company's financial statements as at March 31, 2017 and March 31, 2016:

*(In ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Change in benefit obligations** | | |
| Benefit obligations at the beginning | 826 | 755 |
| Service cost | 111 | 106 |
| Interest expense | 61 | 55 |
| Curtailment gain | (3) | - |
| Transfer of obligation | (1) | (34) |
| Remeasurements - Actuarial (gains)/ losses | 61 | 10 |
| Benefits paid | (76) | (66) |
| **Benefit obligations at the end** | **979** | **826** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning | 828 | 781 |
| Interest income | 69 | 59 |
| Transfer of assets | - | (43) |
| Remeasurements- Return on plan assets excluding amounts included in interest income | 11 | 7 |
| Contributions | 203 | 90 |
| Benefits paid | (76) | (66) |
| **Fair value of plan assets at the end** | **1,035** | **828** |
| Funded status | 56 | 2 |

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expenses.

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Service cost | 111 | 106 |
| Net interest on the net defined benefit liability/asset | (8) | (4) |
| Curtailment gain | (3) | - |
| **Net gratuity cost** | **100** | **102** |

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| **Remeasurements of the net defined benefit liability/ (asset)** | | |
| Actuarial (gains) / losses | 61 | 10 |
| (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset) | (11) | (7) |
| | **50** | **3** |

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| (Gain)/loss from change in demographic assumptions | - | - |
| (Gain)/loss from change in financial assumptions | 49 | - |
| | **49** | **0** |

The weighted-average assumptions used to determine benefit obligations as at March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

| Particulars | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Discount rate | 6.9% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% |

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are set out below:

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Discount rate | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% |
| Weighted average duration of defined benefit obligation | 6.1 years | 6.4 years |

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

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹57 crore.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 was ₹80 crore and ₹66 crore respectively.

The Company expects to contribute ₹85 crore to the gratuity trusts during the fiscal 2018.

Maturity profile of defined benefit obligation:

*(In ₹ crore)*

| | |
|---|---|
| Within 1 year | 133 |
| 1-2 year | 141 |
| 2-3 year | 149 |
| 3-4 year | 163 |
| 4-5 year | 174 |
| 5-10 years | 863 |

**b. Superannuation**

The Company contributed ₹151 crore and ₹227 crore to the Superannuation trust during the year ended March 31, 2017 and March 31, 2016.

**c. Provident fund**

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2017 and March 31, 2016 and April 1, 2015, respectively.

The details of fund and plan asset position are given below:

*(In ₹ crore)*

| Particulars | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Plan assets at period end, at fair value | 4,459 | 3,808 | 2,912 |
| Present value of benefit obligation at period end | 4,459 | 3,808 | 2,912 |
| **Asset recognized in balance sheet** | - | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | As at | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Government of India (GOI) bond yield | 6.90% | 7.80% | 7.80% |
| Remaining term to maturity of portfolio | 6 years | 7 years | 7 years |
| Expected guaranteed interest rate- First year: | 8.60% | 8.75% | 8.75% |
| - Thereafter: | 8.60% | 8.60% | 8.60% |

The Company contributed ₹378 crore and ₹345 crore during the year ended March 31, 2017 and March 31, 2016.

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

Employee benefits cost include:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Salaries and bonus* | 30,315 | 27,534 |
| Defined contribution plans | 151 | 227 |
| Defined benefit plans | 478 | 446 |
| | **30,944** | **28,207** |

** Includes stock compensation expense of ₹107 crore for the year ended March 31, 2017 ( ₹7 crore for the year ended March 31, 2016.) (Refer note 2.12).*

**2.23 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNING PER SHARE**

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Basic earnings per equity share - weighted average number of equity shares outstanding | 2,296,944,664 | 2,296,944,664 |
| Effect of dilutive common equivalent shares - share options outstanding | 215,006 | - |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | 229,71,59,670 | 229,69,44,664 |

For the year ended March 31, 2017, 77,942 number of options to purchase equity shares had an anti-dilutive effect. For the year ended March 31, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

**2.24 CONTINGENT LIABILITIES AND COMMITMENTS** (TO THE EXTENT NOT PROVIDED FOR)

*(In ₹ crore)*

| **Particulars** | As at | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| **Contingent liabilities :** | | | |
| Claims against the Company, not acknowledged as debts(1) | 1,902 | 188 | 167 |
| [Net of amount paid to statutory authorities ₹4,694 crore (*₹4,386 crore* )] | | | |
| **Commitments :** | | | |
| Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits) | 1,094 | 1,295 | 1,272 |
| Other Commitment* | 37 | - | - |

**Uncalled capital pertaining to investments*

(1) Claims against the company not acknowledged as debts as on March 31, 2017 include demand from the Indian Income tax authorities for payment of tax of ₹ 6,122 crores (₹ 4,135 crores), including interest of ₹ 1,885 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, fiscal 2011, fiscal 2012 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before 1st April 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore.

The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

**2.25 RELATED PARTY TRANSACTIONS**

List of related parties:

| **Name of subsidiaries** | **Country** | Holding as at | | |
|---|---|---|---|---|
| | | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Infosys BPO Limited (Infosys BPO) | India | 99.98% | 99.98% | 99.98% |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | 100% | 100% | 100% |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | 100% | 100% | 100% |
| Infosys Technologies (Sweden) AB. (Infosys Sweden) | Sweden | 100% | 100% | 100% |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | 100% | 100% | 100% |
| Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) | Brazil | 100% | 100% | 100% |
| Infosys Public Services, Inc. USA (Infosys Public Services) | U.S. | 100% | 100% | 100% |
| Infosys Americas Inc., (Infosys Americas) | U.S. | 100% | 100% | 100% |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (1) | Czech Republic | 99.98% | 99.98% | 99.98% |
| Infosys Poland Sp Z.o.o (formerly Infosys BPO (Poland) Sp Z.o.o)(1) | Poland | 99.98% | 99.98% | 99.98% |
| Infosys BPO S.DE R.L. DE.C.V (1)(17) | Mexico | - | - | - |
| Infosys McCamish Systems LLC (1) | U.S. | 99.98% | 99.98% | 99.98% |
| Portland Group Pty Ltd(1) | Australia | 99.98% | 99.98% | 99.98% |
| Portland Procurement Services Pty Ltd(5) | Australia | - | - | - |
| Infosys BPO Americas LLC.(1)(16) | U.S. | 99.98% | - | - |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) (2) | Australia | 100% | 100% | 100% |
| EdgeVerve Systems Limited (EdgeVerve) (7) | India | 100% | 100% | 100% |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | 100% | 100% | 100% |
| Lodestone Management Consultants Inc. (3) | U.S. | 100% | 100% | 100% |
| Infosys Management Consulting Pty Limited ( formerly Lodestone Management Consultants Pty Limited)(3) | Australia | 100% | 100% | 100% |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) (3) | Switzerland | 100% | 100% | 100% |
| Lodestone Augmentis AG (6)(18) | Switzerland | - | 100% | 100% |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (3)(20) | Switzerland | - | 100% | 100% |
| Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (4) | Belgium | 99.90% | 99.90% | 99.90% |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (3) | Germany | 100% | 100% | 100% |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (21) | Singapore | 100% | 100% | 100% |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (3) | France | 100% | 100% | 100% |
| Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (3) | Czech Republic | 100% | 100% | 100% |
| Lodestone Management Consultants GmbH (3) | Austria | 100% | 100% | 100% |
| Lodestone Management Consultants Co., Ltd. (3) | China | 100% | 100% | 100% |
| Infy Consulting Company Limited (formerly Lodestone Management Consultants Ltd.) (3) | U.K. | 100% | 100% | 100% |
| Infy Consulting B.V. (Lodestone Management Consultants B.V.) (3) | Netherlands | 100% | 100% | 100% |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (4) | Brazil | 99.99% | 99.99% | 99.99% |
| Infosys Consulting Sp. Z.o.o. (formerly Lodestone Management Consultants Sp. z o.o.) (3) | Poland | 100% | 100% | 100% |

| | | | | |
|---|---|---|---|---|
| Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)] | Portugal | 100% | 100% | 100% |
| S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(3)] | Romania | 100% | 100% | 100% |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(3)] | Argentina | 100% | 100% | 100% |
| Infosys Canada Public Services Ltd.[(8)] | Canada | - | - | - |
| Infosys Nova Holdings LLC. (Infosys Nova)[(9)] | U.S. | 100% | 100% | 100% |
| Panaya Inc. (Panaya) [(10)] | U.S. | 100% | 100% | 100% |
| Panaya Ltd.[(11)] | Israel | 100% | 100% | 100% |
| Panaya GmbH[(11)] | Germany | 100% | 100% | 100% |
| Panaya Pty Ltd[(11)(19)] | Australia | - | - | - |
| Panaya Japan Co. Ltd.[(11)] | Japan | 100% | 100% | 100% |
| Skava Systems Pvt. Ltd. (Skava Systems)[(12)] | India | 100% | 100% | - |
| Kallidus Inc. (Kallidus)[(13)] | U.S. | 100% | 100% | - |
| Noah Consulting LLC (Noah) [(14)] | U.S. | 100% | 100% | - |
| Noah Information Management Consulting Inc. (Noah Canada) [(15)] | Canada | 100% | 100% | - |

*(1) Wholly owned subsidiary of Infosys BPO.*
*(2) Under liquidation*
*(3) Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
*(4) Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
*(5) Wholly owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.*
*(6) Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
*(7) Incorporated effective February 14, 2014 (Refer note 2.5.3)*
*(8) Wholly owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014*
*(9) Incorporated effective January 23, 2015*
*(10) On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.*
*(11) Wholly owned subsidiary of Panaya Inc*
*(12) On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems (Refer note 2.5.2)*
*(13) On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. (Refer note 2.5.2)*
*(14) On November 16, 2015, Infosys acquired 100% of the membership interests in Noah (Refer note 2.5.1)*
*(15) Wholly owned subsidiary of Noah*
*(16) Incorporated effective November 20, 2015*
*(17) Liquidated effective March 15, 2016*
*(18) Liquidated effective October 5, 2016*
*(19) Liquidated effective November 16, 2016*
*(20) Liquidated effective December 21, 2016*
*(21) Wholly owned subsidiary of Infosys*

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

| **Name of Associates** | **Country** | **Holding as at** | | |
|---|---|---|---|---|
| | | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| DWA Nova LLC[(1)] | U.S. | 16% | 16% | 20% |

*(1) Associate of Infosys Nova Holdings LLC.*

**List of other related parties**

| **Particulars** | **Country** | **Nature of relationship** |
|---|---|---|
| Infosys Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Provident Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Science Foundation | India | Controlled trust |
| Infosys Limited Employees' Welfare Trust | India | Controlled trust |
| Infosys Employee Benefits Trust | India | Controlled trust |

Refer notes 2.22 for information on transactions with post-employment benefit plans mentioned above.

**List of key management personnel**
**Whole time directors**

U.B. Pravin Rao
Dr. Vishal Sikka

**Non-whole-time directors**
K.V.Kamath ( resigned effective June 5, 2015)
Prof. Jeffrey S. Lehman
R. Seshasayee
Ravi Venkatesan
Kiran Mazumdar Shaw
Carol M. Browner (resigned effective November 23, 2015)
Prof. John W. Etchemendy
Roopa Kudva
Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)
D. N. Prahlad (appointed effective October 14, 2016)

**Executive Officers**
M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)
David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)
Rajiv Bansal, Chief Financial Officer ( till October 12, 2015)
Mohit Joshi , President (effective October 13, 2016)
Rajesh K. Murthy, President (effective October 13, 2016)
Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)
Sandeep Dadlani, President (effective October 13, 2016)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

**Company Secretary**
A.G.S. Manikantha (appointed effective June 22, 2015)

The details of amounts due to or due from related parties as at March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

*(In ₹ crore)*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Investment in debentures** | | | |
| EdgeVerve[2] | 2,129 | 2,549 | - |
| | 2,129 | 2,549 | - |
| **Trade receivables** | | | |
| Infosys China | 41 | 29 | 16 |
| Infosys Mexico | 2 | 6 | 1 |
| Infosys Brasil | 1 | 1 | 5 |
| Infosys BPO | 5 | 5 | 1 |
| Infy Consulting Company Ltd. | 73 | 8 | 26 |
| EdgeVerve | - | - | 14 |
| Infosys Public Services | 61 | 153 | 246 |
| Infosys Sweden | 1 | 28 | - |
| Kallidus | 6 | - | - |
| Infosys McCamish Systems LLC | 1 | - | - |
| Panaya Ltd | 44 | 14 | - |
| | 235 | 244 | 309 |
| **Loans**[1] | | | |
| Infy Consulting Company Ltd. | - | - | 6 |
| Infosys Sweden | - | 24 | - |
| Infosys Technologies China | 69 | 67 | - |
| EdgeVerve | - | - | 18 |
| | 69 | 91 | 24 |
| **Prepaid and other financial assets** | | | |
| Infosys BPO | 5 | 5 | 1 |
| Infosys Public Services | - | 8 | 4 |
| EdgeVerve | - | 3 | 14 |
| Panaya | 56 | 43 | - |
| Infosys Consulting SAS | 3 | 6 | 3 |
| Infosys Consulting GmbH | 1 | 1 | 1 |
| Infosys China | 1 | - | - |
| Infy Consulting Company Ltd. | 4 | 1 | 20 |
| Infosys Consulting AG | 1 | - | - |
| Infy Consulting B.V. | 1 | - | - |
| Infosys Consulting Pte Ltd. | 1 | - | - |
| | 73 | 67 | 43 |
| **Unbilled revenues** | | | |
| Infosys Consulting SAS | - | - | 1 |
| EdgeVerve | 45 | 20 | - |
| Kallidus | 2 | - | - |
| Infosys McCamish Systems LLC | - | - | 5 |
| | 47 | 20 | 6 |
| **Trade payables** | | | |
| Infosys China | 10 | 10 | 10 |
| Infosys BPO | 33 | 6 | - |
| Infosys (Czech Republic) Limited s.r.o. | 3 | 2 | - |
| Portland Group Pty Ltd | - | - | 1 |
| Infosys Mexico | 2 | 2 | 1 |
| Infosys Sweden | 5 | 8 | 5 |
| Infosys Management Consulting Pty Limited | 8 | 16 | 10 |
| Infosys Consulting Pte Ltd. | 4 | 7 | 8 |
| Infy Consulting Company Ltd. | 9 | 83 | 65 |
| Infosys Brasil | 1 | - | 2 |
| Noah Consulting LLC | 17 | - | - |
| Panaya Ltd. | 1 | 9 | - |
| Infosys Public Services | 3 | 2 | - |
| Kallidus | 35 | - | - |
| Infosys Poland Sp Z.o.o | 1 | - | - |
| Noah Information Management Consulting Inc. | 3 | - | - |
| | 135 | 145 | 102 |
| **Other financial liabilities** | | | |
| Infosys BPO | 2 | 27 | 16 |
| Infosys McCamish Systems LLC | - | - | 2 |
| Infosys Consulting AG | - | 1 | 1 |
| Infy Consulting Company Ltd. | - | 1 | 1 |
| EdgeVerve | - | - | 9 |
| Panaya Ltd. | - | 1 | - |
| Infosys Public Services | - | 7 | 4 |
| Infosys Consulting Holding AG | 10 | - | - |
| Infosys Consulting GmbH | 1 | - | - |
| Infosys Mexico | 1 | 1 | - |
| | 14 | 38 | 33 |
| **Accrued expenses** | | | |
| Infosys BPO | - | 1 | (1) |
| Kallidus Inc | - | 18 | - |
| Panaya Ltd | 3 | - | - |
| Noah Consulting, LLC | - | 10 | - |
| EdgeVerve | - | - | 37 |
| | 3 | 29 | 36 |
| **Rental Deposit given for shared services** | | | |
| Infosys BPO | - | 21 | 21 |
| **Rental Deposit taken for shared services** | | | |
| Infosys BPO | - | 27 | 27 |

[1] The above loans were given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 6% per annum, each and is repayable within a period of one year and at anytime within four years from the date of grant for Infosys China and Infosys Sweden respectively.

[2] At an interest rate of 8.5% per annum.

| Particulars | Maximum amount outstanding during | |
|---|---|---|
| | 2017 | 2016 |
| **Loans and advances in the nature of loans given to subsidiaries :** | | |
| Infosys China | 72 | 68 |
| EdgeVerve | - | 110 |
| Kallidus Inc | - | 10 |
| Infosys Sweden | 25 | 24 |
| Infosys Consulting Holding AG | - | 6 |

The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in note 2.21, for the year ended March 31, 2017 and March 31, 2016 are as follows:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| **Capital transactions:** | | |
| **Financing transactions** | | |
| **Equity** | | |
| EdgeVerve | - | 850 |
| Infosys China | 67 | - |
| Infosys Sweden | 76 | - |
| Infosys Shanghai | 180 | 258 |
| Infosys Consulting Pte Ltd | 10 | - |
| Noah Consulting LLC | 71 | - |
| | 404 | 1,108 |
| **Debenture given/ (repaid)** | | |
| EdgeVerve | (420) | 2,549 |
| | (420) | 2,549 |
| **Loans (net of repayment)[(1)]** | | |
| Kallidus | - | - |
| Infosys Sweden | (1) | 23 |
| Infosys China | 3 | 68 |
| EdgeVerve | - | (18) |
| Infy Consulting Company Limited | - | (6) |
| | 2 | 67 |
| **Cash paid under business transfer** | | |
| EdgeVerve | - | 335 |
| | - | 335 |
| **Revenue transactions:** | | |
| Purchase of services | | |
| Infosys China | 120 | 126 |
| Infosys Management Consulting Pty Limited | 125 | 130 |
| Infy Consulting Company Limited | 697 | 882 |
| Infosys Consulting Pte Ltd. | 36 | 104 |
| Portland Group Pty Ltd | 3 | 2 |
| Infosys (Czech Republic) Limited s.r.o. | 31 | 17 |
| Infosys BPO | 391 | 341 |
| Infosys Sweden | 72 | 79 |
| Infosys Mexico | 22 | 11 |
| Infosys Public Services | 22 | 11 |
| Panaya Ltd. | 50 | 20 |
| Infosys Brasil | 8 | 10 |
| Infosys Poland Sp Z.o.o | 4 | - |
| Kallidus | 75 | 18 |
| Noah Consulting, LLC | 135 | 10 |
| Noah Information Management Consulting Inc. | 4 | - |
| | 1,795 | 1,761 |
| **Purchase of shared services including facilities and personnel** | | |
| Panaya Ltd. | 2 | - |
| Infosys BPO | 19 | 18 |
| | 21 | 18 |
| **Interest income** | | |
| Infosys China | 4 | - |
| Infosys Sweden | 1 | 1 |
| EdgeVerve | 197 | 62 |
| | 202 | 63 |
| **Sale of services** | | |
| Infosys China | 15 | 11 |
| Infosys Mexico | 31 | 37 |
| Infy Consulting Company Limited | 75 | 30 |
| Infosys Brasil | 12 | 7 |
| Infosys BPO | 58 | 69 |
| McCamish Systems LLC | 1 | 3 |
| Infosys Sweden | 17 | 27 |
| EdgeVerve | 303 | - |
| Kallidus | 6 | - |
| Infosys Public Services | 893 | 900 |
| | 1,411 | 1,084 |
| **Sale of shared services including facilities and personnel** | | |
| EdgeVerve | 40 | 143 |
| Panaya Ltd. | 32 | 15 |
| Infy Consulting Company Limited | 3 | 5 |
| Infosys Public Services | 1 | - |
| Infosys BPO | 46 | 42 |
| Infy Consulting B.V | 1 | - |
| Infosys Consulting SAS | 2 | 1 |
| | 125 | 206 |

[(1)] Loan outstanding (including accrued interest) given to Infosys Sweden is converted to equity during the year ended March 31, 2017.

**Transactions with key management personnel**

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

*(In ₹ crore)*

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)(3)(4)(5)] | 84 | 101 |
| Commission and other benefits to non-executive/independent directors | 10 | 9 |
| Total | 94 | 110 |

[(1)] *Includes stock compensation expense of ₹36 crore for the year ended March 31, 2017 ( ₹7 crore for the year ended March 31, 2016) towards key managerial personnel. Refer note 2.12*

[(2)] *Year ended March 31, 2017 includes ₹6 crore payable under severance agreement to David D. Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016*

[(3)] *Year ended March 31, 2016 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

*(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million (approximately ₹29 crore) to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million (approximately ₹28 crore at current exchange rate) at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million (approximately ₹29 crore) as variable pay for the year ended March 31, 2016.*

[(5)] *On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U.B. Pravin Rao, whole-time director and COO.*

### 2.26 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the company during the year is ₹ 290 crore.

b) Amount spent during the year on:

*in ₹ crore*

| Sl. No. | Particulars | In Cash | Yet to be paid in Cash | Total |
|---|---|---|---|---|
| (i) | Construction / acquisition of any asset | 75 | - | 75 |
| (ii) | On purposes other than (i) above | 215 | - | 215 |

### 2.27 DISCLSOURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

*in ₹*

| Particulars | SBNs* | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 232,000 | 352,117 | 584,117 |
| (+) Permitted receipts | - | 561,236 | 561,236 |
| (-) Permitted payments | (98,000) | (765,438) | (863,438) |
| (-) Amount deposited in Banks | (134,000) | - | (134,000) |
| **Closing cash in hand as on December 30, 2016** | **-** | **147,915** | **147,915** |

** For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.*

**2.28 SEGMENT REPORTING**

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

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

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

**Business segments**
**Year ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenue from operations** | **15,735** | **6,086** | **13,999** | **10,280** | **7,065** | **4,901** | **1,223** | **59,289** |
| | *14,846* | *5,434* | *12,124* | *9,411* | *6,392* | *4,736* | *1,040* | *53,983* |
| Identifiable operating expenses | 8,408 | 3,136 | 6,931 | 5,127 | 3,607 | 2,595 | 788 | 30,592 |
| | *7,582* | *2,855* | *5,745* | *4,615* | *3,204* | *2,367* | *583* | *26,951* |
| Allocated expenses | 3,036 | 1,180 | 2,713 | 1,994 | 1,369 | 952 | 236 | 11,480 |
| | *3,079* | *1,143* | *2,550* | *1,979* | *1,344* | *996* | *218* | *11,309* |
| **Segment operating income** | **4,291** | **1,770** | **4,355** | **3,159** | **2,089** | **1,354** | **199** | **17,217** |
| | ***4,185*** | ***1,436*** | ***3,829*** | ***2,817*** | ***1,844*** | ***1,373*** | ***239*** | ***15,723*** |
| Unallocable expenses | | | | | | | | 1,341 |
| | | | | | | | | *1,129* |
| **Operating profit** | | | | | | | | **15,876** |
| | | | | | | | | ***14,594*** |
| Other income, net | | | | | | | | 3,062 |
| | | | | | | | | *3,006* |
| **Profit before income taxes** | | | | | | | | **18,938** |
| | | | | | | | | ***17,600*** |
| Income tax expense | | | | | | | | 5,120 |
| | | | | | | | | *4,907* |
| **Net profit** | | | | | | | | **13,818** |
| | | | | | | | | ***12,693*** |
| Depreciation and amortization | | | | | | | | 1,331 |
| | | | | | | | | *1,115* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 10 |
| | | | | | | | | *14* |

**Geographic segments**

**Year ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenue from operations** | **38,578** | **13,019** | **1,798** | **5,894** | **59,289** |
| | *35,638* | *11,775* | *1,274* | *5,296* | *53,983* |
| Identifiable operating expenses | 20,337 | 6,664 | 786 | 2,805 | 30,592 |
| | *18,052* | *5,868* | *568* | *2,463* | *26,951* |
| Allocated expenses | 7,479 | 2,523 | 345 | 1,133 | 11,480 |
| | *7,493* | *2,471* | *255* | *1,090* | *11,309* |
| **Segment operating income** | **10,762** | **3,832** | **667** | **1,956** | **17,217** |
| | ***10,093*** | ***3,436*** | ***451*** | ***1,743*** | ***15,723*** |
| Unallocable expenses | | | | | 1,341 |
| | | | | | *1,129* |
| **Operating profit** | | | | | **15,876** |
| | | | | | ***14,594*** |
| Other income, net | | | | | 3,062 |
| | | | | | *3,006* |
| **Profit before income taxes** | | | | | **18,938** |
| | | | | | ***17,600*** |
| Income tax expense | | | | | 5,120 |
| | | | | | *4,907* |
| **Net profit** | | | | | **13,818** |
| | | | | | ***12,693*** |
| Depreciation and amortization | | | | | 1,331 |
| | | | | | *1,115* |
| Non-cash expenses other than depreciation and amortization | | | | | 10 |
| | | | | | *14* |

**Significant clients**

No client individually accounted for more than 10% of the revenues in the year ended March 31, 2017 and March 31, 2016.

**2.29 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS**

*(In ₹ crore)*

| Particulars | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|
| **Revenue from operations** | 59,289 | 53,983 |
| Cost of sales | 37,057 | 32,294 |
| **Gross Profit** | **22,232** | **21,689** |
| Operating expenses | | |
| Selling and marketing expenses | 2,728 | 2,695 |
| General and administration expenses | 3,628 | 4,400 |
| Total operating expenses | 6,356 | 7,095 |
| **Operating profit** | **15,876** | **14,594** |
| Other income, net | 3,062 | 3,006 |
| **Profit before tax** | **18,938** | **17,600** |
| Tax expense: | | |
| Current tax | 5,068 | 4,898 |
| Deferred tax | 52 | 9 |
| **Profit for the period** | **13,818** | **12,693** |
| **Other comprehensive income** | | |
| *Items that will not be reclassified subsequently to profit or loss* | | |
| Remeasurement of the net defined benefit liability/asset | (42) | (2) |
| Equity instruments through other comprehensive income | (5) | - |
| *Items that will be reclassified subsequently to profit or loss* | | |
| Fair value changes on cash flow hedges, net | 39 | - |
| Fair value changes on investments, net | (10) | - |
| **Total other comprehensive income, net of tax** | **(18)** | **(2)** |
| **Total comprehensive income for the period** | **13,800** | **12,691** |

*As per our report of even date attached*

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

Infosys Limited
CIN : L85110KA1981PLC013115
Regd. Office: Electronics City, Hosur Road, Bengaluru 560 100, India.
Website: www.infosys.com; Email: investors@infosys.com; Telephone: 91 80 2852 0261; Fax: 91 80 2852 0362

**Audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and year ended March 31, 2017 prepared in compliance with the Indian Accounting Standard (Ind-AS)**

*(in ₹ crore, except per equity share data)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| | Audited | Audited | Audited | Audited | Audited |
| **Revenue from operations** | **17,120** | **17,273** | **16,550** | **68,484** | **62,441** |
| Other income, net | 746 | 820 | 772 | 3,080 | 3,123 |
| **Total Income** | **17,866** | **18,093** | **17,322** | **71,564** | **65,564** |
| **Expenses** | | | | | |
| Employee benefit expenses | 9,309 | 9,420 | 9,024 | 37,659 | 34,406 |
| Deferred consideration pertaining to acquisition | - | - | - | - | 149 |
| Cost of technical sub-contractors | 1,000 | 975 | 925 | 3,833 | 3,531 |
| Travel expenses | 474 | 502 | 595 | 2,235 | 2,263 |
| Cost of software packages and others | 478 | 461 | 330 | 1,597 | 1,274 |
| Communication expenses | 149 | 145 | 117 | 549 | 449 |
| Consultancy and professional charges | 229 | 165 | 213 | 763 | 779 |
| Depreciation and amortisation expenses | 446 | 433 | 419 | 1,703 | 1,459 |
| Other expenses | 823 | 838 | 707 | 3,244 | 2,511 |
| **Total expenses** | **12,908** | **12,939** | **12,330** | **51,583** | **46,821** |
| **Profit before non-controlling interest / share in net profit / (loss) of associate** | **4,958** | **5,154** | **4,992** | **19,981** | **18,743** |
| Share in net profit/(loss) of associate and others | (25) | - | (1) | (30) | (3) |
| **Profit before tax** | **4,933** | **5,154** | **4,991** | **19,951** | **18,740** |
| Tax expense: | | | | | |
| Current tax | 1,249 | 1,468 | 1,426 | 5,653 | 5,318 |
| Deferred tax | 81 | (22) | (32) | (55) | (67) |
| **Profit for the period** | **3,603** | **3,708** | **3,597** | **14,353** | **13,489** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of the net defined benefit liability/asset | 20 | (8) | (3) | (45) | (12) |
| Equity instruments through other comprehensive income | (5) | - | - | (5) | - |
| | **15** | **(8)** | **(3)** | **(50)** | **(12)** |
| *Items that will be reclassified subsequently to profit or loss* | | | | | |
| Fair value changes on derivatives designated as cash flow hedges, net | 11 | 26 | - | 39 | - |
| Exchange differences on translation of foreign operations | (197) | (47) | 96 | (257) | 303 |
| Fair value changes on investments | (10) | - | - | (10) | - |
| | **(196)** | **(21)** | **96** | **(228)** | **303** |
| **Total other comprehensive income, net of tax** | **(181)** | **(29)** | **93** | **(278)** | **291** |
| **Total comprehensive income for the period** | **3,422** | **3,679** | **3,690** | **14,075** | **13,780** |
| Paid up share capital (par value ₹5/- each, fully paid) | 1,144 | 1,144 | 1,144 | 1,144 | 1,144 |
| Other equity | 67,838 | 60,600 | 60,600 | 67,838 | 60,600 |
| **Earnings per equity share (par value ₹5/- each)** | | | | | |
| Basic (₹) | 15.77 | 16.22 | 15.74 | 62.80 | 59.02 |
| Diluted (₹) | 15.76 | 16.22 | 15.74 | 62.77 | 59.02 |

***Notes:***

1. The audited consolidated financial statements for the quarter and year ended March 31, 2017 have been taken on record by the Board of Directors at its meeting held on April 13, 2017. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited consolidated financial statements. The consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2. The Group has adopted all the Ind-AS on April 1, 2016 with the transition date as April 1, 2015, and the adoption was carried out in accordance with Ind-AS 101-First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

3. **Capital Allocation Policy**

The Board reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow* of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any.

2. In addition to the above, the Board has identified an amount of upto ₹13,000 crore ($2 billion)** to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

Further announcements in this regard will be made, as appropriate, in due course.

* Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS
** USD/INR exchange rate as on March 31, 2017
Dividend payout includes Dividend Distribution Tax

This announcement contains insider information

4. The Board, at its meeting held on April 13, 2017, appointed Ravi Venkatesan, Independent Director as the Co- Chairman of the Board. Ravi Venkatesan, who has been on the Board of Infosys since April, 2011 has made valuable contribution to the development of the strategic direction of the Company during his tenure.

5. Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka, Managing Director and CEO is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 Mn which will vest over time, subject to continued service. He is also eligible for an annual grant of performance based equity and stock options of $5 Mn, subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the Nominations and Remuneration Committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 of RSU's of fair value amounting to $2 Mn.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders.

The Nomination and Remuneration Committee of the Board of Directors of Infosys Limited at its meeting held on April 13, 2017, based on fiscal 2017 performance, approved the grant of 37,100 RSU and 73,600 stock options with effect from May 2, 2017, to few eligible and identified employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (2015 plan). These RSUs and stock options shall vest over a period of 4 years from the date of grant and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

**6. Information on dividends for the quarter and year ended March 31, 2017**

An interim dividend of ₹11/- per equity share was declared on October 14, 2016 and paid on October 26, 2016. The interim dividend declared in the previous year was ₹ 30 (not adjusted for bonus issues) per equity share. The Board of Directors recommended a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The payment is subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company, to be held on June 24, 2017. The book closure date for the purpose of the Annual General Meeting and payment of final dividend is June 3, 2017. The final dividend declared in the previous year was ₹14.25/- per equity share.

*(in ₹)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| **Dividend per share (par value ₹5/- each)** | | | | | |
| Interim dividend | - | - | - | 11.00 | 10.00 |
| Final dividend | 14.75 | - | 14.25 | 14.75 | 14.25 |

**7. Consolidated statement of assets and liabilities**

*(in ₹ crore)*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 9,751 | 8,637 |
| Capital work-in-progress | 1,365 | 960 |
| Goodwill | 3,652 | 3,764 |
| Other Intangible assets | 776 | 985 |
| Investment in associate | 71 | 103 |
| Financial assets: | | |
| Investments | 6,382 | 1,714 |
| Loans | 29 | 25 |
| Other financial assets | 309 | 286 |
| Deferred tax assets (net) | 540 | 536 |
| Income tax assets (net) | 5,716 | 5,230 |
| Other non-current assets | 1,059 | 1,357 |
| **Total non-current assets** | **29,650** | **23,597** |
| | | |
| **Current assets** | | |
| Financial assets | | |
| Investments | 9,970 | 75 |
| Trade receivables | 12,322 | 11,330 |
| Cash and cash equivalents | 22,625 | 32,697 |
| Loans | 272 | 303 |
| Other financial assets | 5,980 | 5,190 |
| Other current assets | 2,536 | 2,158 |
| **Total current assets** | **53,705** | **51,753** |
| **Total assets** | **83,355** | **75,350** |
| | | |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity share capital | 1,144 | 1,144 |
| Other equity | 67,838 | 60,600 |
| **Total equity attributable to equity holders of the Company** | **68,982** | **61,744** |
| Non-controlling interests | - | - |
| **Total equity** | **68,982** | **61,744** |
| | | |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Other financial liabilities | 70 | 69 |
| Deferred tax liabilities (net) | 207 | 252 |
| Other non-current liabilities | 83 | 46 |
| **Total non-current liabilities** | **360** | **367** |
| | | |
| **Current liabilities** | | |
| Financial liabilities | | |
| Trade payables | 367 | 386 |
| Others financial liabilities | 6,349 | 6,302 |
| Other current liabilities | 3,007 | 2,629 |
| Provisions | 405 | 512 |
| Income tax liabilities (net) | 3,885 | 3,410 |
| **Total current liabilities** | **14,013** | **13,239** |
| **Total equity and liabilities** | **83,355** | **75,350** |

*The disclosure is an extract of the audited Consolidated Balance Sheet as at March 31, 2017 and March 31, 2016 prepared in compliance with the Indian Accounting Standards (Ind-AS).*

**8. Reconciliation of the Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS**

*(in ₹ crore)*

| Particulars | Note | Quarter ended March 31, 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind-AS |
| Revenue from operations | | 16,550 | - | 16,550 |
| Other income, net | | 778 | (6) | 772 |
| **Total Income** | | **17,328** | **(6)** | **17,322** |
| **Expenses** | | | | |
| Employee benefit expenses | 1.1 | 9,027 | (3) | 9,024 |
| Cost of technical sub-contractors | | 925 | - | 925 |
| Travel expenses | | 595 | - | 595 |
| Cost of software packages and others | | 330 | - | 330 |
| Communication expenses | | 117 | - | 117 |
| Consultancy and professional charges | | 213 | - | 213 |
| Depreciation and amortisation expenses | 1.3 | 355 | 64 | 419 |
| Other expenses | 1.2 | 703 | 4 | 707 |
| **Total expenses** | | **12,265** | **65** | **12,330** |
| **Profit before non-controlling interest / share in profit/(loss) of associate** | | **5,063** | **(71)** | **4,992** |
| Share in net profit/(loss) of associate | | (1) | - | (1) |
| **Profit before tax** | | **5,062** | **(71)** | **4,991** |
| Tax expense: | | | | |
| Current tax | 1.4 | 1,425 | 1 | 1,426 |
| Deferred tax | 1.5 | (16) | (16) | (32) |
| **Profit for the period** | | **3,653** | **(56)** | **3,597** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability / asset | 1.1 | - | (3) | (3) |
| | | - | (3) | (3) |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Exchange differences on translation of foreign operations | 1.6 | 32 | 64 | 96 |
| | | 32 | 64 | 96 |
| **Total other comprehensive income, net of tax** | | **32** | **61** | **93** |
| **Total comprehensive income for the period** | | **3,685** | **5** | **3,690** |

*This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated July 05, 2016 on account of implementation of Ind-AS by listed companies.*

**Explanations for reconciliation of Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS**

(1.1) a. As per Ind-AS 19 Employee Benefits, actuarial gain and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

b. Adjustments reflect unamortized negative past service cost arising on modification of the gratuity plan in an earlier period. Ind-AS 19 requires such gains and losses to be adjusted to retained earnings.

(1.2) Adjustments reflect the impact of discounting pertaining to contingent consideration payable for business combinations.

(1.3) Adjustment reflects the impact of amortization of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS.

(1.4) Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind-AS.

(1.5) The reduction in deferred tax expense is on account of the reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.

(1.6) Under Ind-AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

**Reconciliation of equity as previously reported under IGAAP to Ind-AS**

*(in ₹ crore)*

| Particulars | Note | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind-AS |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 8,637 | - | 8,637 |
| Capital work-in-progress | | 960 | - | 960 |
| Goodwill | 1.1 | 4,476 | (712) | 3,764 |
| Other intangible assets | 1.1 | 67 | 918 | 985 |
| Investment in associate | | 103 | - | 103 |
| Financial assets | | | | |
| Investments | 1.2 | 1,714 | - | 1,714 |
| Loans | | 25 | - | 25 |
| Other financial assets | | 286 | - | 286 |
| Deferred tax assets (net) | 1.3 | 533 | 3 | 536 |
| Income tax assets (net) | | 5,230 | - | 5,230 |
| Other non-current assets | | 1,357 | - | 1,357 |
| **Total non-current assets** | | **23,388** | **209** | **23,597** |
| **Current assets** | | | | |
| Financial assets | | | | |
| Investments | 1.2 | 75 | - | 75 |
| Trade receivables | | 11,330 | - | 11,330 |
| Cash and cash equivalents | | 32,697 | - | 32,697 |
| Loans | | 303 | - | 303 |
| Other financial assets | | 5,190 | - | 5,190 |
| Other current assets | | 2,158 | - | 2,158 |
| **Total current assets** | | **51,753** | **-** | **51,753** |
| **Total assets** | | **75,141** | **209** | **75,350** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | | 1,144 | - | 1,144 |
| Other equity | 1.7 | 56,682 | 3,918 | 60,600 |
| **Total equity attributable to equity holders of the Company** | | **57,826** | **3,918** | **61,744** |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **57,826** | **3,918** | **61,744** |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| Other financial liabilities | 1.4 | 80 | (11) | 69 |
| Deferred tax liabilities (net) | 1.3 | - | 252 | 252 |
| Other non-current liabilities | | 46 | - | 46 |
| **Total non-current liabilities** | | **126** | **241** | **367** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Trade payables | | 386 | - | 386 |
| Other financial liabilities | 1.4 | 6,309 | (7) | 6,302 |
| Other current liabilities | 1.5 | 2,633 | (4) | 2,629 |
| Provisions | 1.6 | 4,451 | (3,939) | 512 |
| Income tax liabilities (net) | | 3,410 | - | 3,410 |
| **Total current liabilities** | | **17,189** | **(3,950)** | **13,239** |
| **Total equity and liabilities** | | **75,141** | **209** | **75,350** |

*This reconciliation statement has been provided in accordance with circular CIR/CFD/FAC/62/2016 issued by SEBI dated July 05, 2016 on account of implementation of Ind-AS by listed companies.*

**Explanations for the reconciliation of Consolidated Balance Sheet as previously reported under IGAAP to Ind-AS**

(1.1) Goodwill and Intangible assets

Intangible assets and deferred tax asset/liabilities in relation to business combinations which were included within Goodwill under IGAAP, have been recognized separately under Ind-AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect to amortization expenses and exchange gains and losses.

(1.2) Investments

Tax free bonds are carried at amortized cost both under Ind-AS and IGAAP. Investment in equity instruments are carried at fair value through Other Comprehensive Income in Ind-AS compared to being carried at cost under IGAAP.

(1.3) Deferred taxes
Deferred taxes in relation to business combinations have been recognized under Ind-AS.

(1.4) Other financial liabilities
Adjustments include the impact of discounting the contingent consideration payable for acquisitions under Ind-AS.

(1.5) Other liabilities
Adjustments that reflect unamortized negative past service cost arising on modification of the gratuity plan in an earlier period. Ind-AS 19 - Employee Benefits require such gains and losses to be adjusted to retained earnings.

(1.6) Provisions
Adjustments reflect final dividend (including corporate dividend tax), declared and approved post reporting period.

(1.7) Other equity

a. Adjustments to retained earnings and other comprehensive income have been made in accordance with Ind-AS, for the above mentioned line items.
b. In addition, as per Ind-AS 19, actuarial gain and losses are recognized in other comprehensive income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

**9. Audited financial results of Infosys Limited (Standalone Information)**

*(in ₹ crore)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| Revenue from operations | 14,920 | 14,949 | 14,158 | 59,289 | 53,983 |
| Profit before tax | 4,783 | 4,883 | 4,705 | 18,938 | 17,600 |
| Profit for the period | 3,562 | 3,599 | 3,391 | 13,818 | 12,693 |

Note: The audited results of Infosys Limited for the above mentioned periods are available on our website, www.infosys.com and on the Stock Exchange website www.nseindia.com and www.bseindia.com. The information above has been extracted from the audited standalone financial statements as stated.

**10. Segment reporting (Consolidated - Audited)**

*(in ₹ crore)*

| Particulars | Quarter ended March 31, | Quarter ended December 31, | Quarter ended March 31, | Year ended March 31, | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2016 | 2017 | 2016 |
| **Revenue by business segment** | | | | | |
| Financial Services (FS) | 4,655 | 4,663 | 4,522 | 18,555 | 17,024 |
| Manufacturing (MFG) | 1,918 | 1,893 | 1,748 | 7,507 | 6,948 |
| Energy & utilities, Communication and Services (ECS) | 3,963 | 3,885 | 3,635 | 15,430 | 13,547 |
| Retail, Consumer packaged goods and Logistics (RCL) | 2,710 | 2,821 | 2,727 | 11,225 | 10,226 |
| Life Sciences, Healthcare and Insurance (HILIFE) | 2,148 | 2,196 | 2,083 | 8,437 | 8,090 |
| Hi-Tech | 1,211 | 1,250 | 1,327 | 5,122 | 4,891 |
| All other segments | 515 | 565 | 508 | 2,208 | 1,715 |
| **Total** | **17,120** | **17,273** | **16,550** | **68,484** | **62,441** |
| **Less:** Inter-segment revenue | - | - | - | - | - |
| **Net revenue from operations** | **17,120** | **17,273** | **16,550** | **68,484** | **62,441** |
| **Segment profit before tax, depreciation and non-controlling interests:** | | | | | |
| Financial Services (FS) | 1,328 | 1,320 | 1,249 | 5,209 | 4,839 |
| Manufacturing (MFG) | 472 | 455 | 426 | 1,848 | 1,560 |
| Energy & utilities, Communication and Services (ECS) | 1,120 | 1,123 | 1,108 | 4,431 | 4,029 |
| Retail, Consumer packaged goods and Logistics (RCL) | 784 | 837 | 767 | 3,249 | 2,840 |
| Life Sciences, Healthcare and Insurance (HILIFE) | 596 | 632 | 626 | 2,308 | 2,265 |
| Hi-Tech | 291 | 324 | 364 | 1,277 | 1,301 |
| All other segments | 70 | 78 | 105 | 292 | 259 |
| **Total** | **4,661** | **4,769** | **4,645** | **18,614** | **17,093** |
| **Less:** Other unallocable expenditure | 449 | 435 | 425 | 1,713 | 1,473 |
| **Add:** Unallocable other income | 746 | 820 | 772 | 3,080 | 3,123 |
| **Add:** Share in net profit/(loss) of associate and others | (25) | - | (1) | (30) | (3) |
| **Profit before tax and non-controlling interests** | **4,933** | **5,154** | **4,991** | **19,951** | **18,740** |

***Notes on segment information***

***Business segments***

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

***Segmental capital employed***

Assets and liabilities used in the Company's business are not identified to any of the reportable segments, as these are used interchangeably between segments. The Management believes that it is not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

By order of the Board
for Infosys Limited

Bengaluru, India
April 13, 2017

**Dr. Vishal Sikka**
*Chief Executive Officer and Managing Director*

**The Board has also taken on record the unaudited condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and year ended March 31, 2017, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:**

*(in US$ million, except per equity share data)*

| **Particulars** | **Quarter ended March 31,** | **Quarter ended December 31,** | **Quarter ended March 31,** | **Year ended March 31,** | |
|---|---|---|---|---|---|
| | **2017** | **2016** | **2016** | **2017** | **2016** |
| Revenues | 2,569 | 2,551 | 2,446 | 10,208 | 9,501 |
| Cost of sales | 1,614 | 1,601 | 1,516 | 6,446 | 5,950 |
| Gross profit | 955 | 950 | 930 | 3,762 | 3,551 |
| Net profit | 543 | 547 | 533 | 2,140 | 2,052 |
| Earnings per equity share | | | | | |
| Basic | 0.24 | 0.24 | 0.23 | 0.94 | 0.90 |
| Diluted | 0.24 | 0.24 | 0.23 | 0.94 | 0.90 |
| Total assets | 12,854 | 11,870 | 11,378 | 12,854 | 11,378 |
| Cash and cash equivalents including current investments | 5,027 | 4,487 | 4,946 | 5,027 | 4,946 |

Certain statements in this release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2016. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this result is April 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

**INFOSYS LIMITED AND SUBSIDIARIES**

*In ₹ crore*

| Consolidated Balance Sheets as at | Note | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2.4 | 9,751 | 8,637 | 7,685 |
| Capital work-in-progress | | 1,365 | 960 | 776 |
| Goodwill | 2.5 | 3,652 | 3,764 | 3,091 |
| Other intangible assets | 2.5 | 776 | 985 | 638 |
| Investment in associate | 2.25 | 71 | 103 | 93 |
| Financial Assets: | | | | |
| Investments | 2.6 | 6,382 | 1,714 | 1,305 |
| Loans | 2.7 | 29 | 25 | 31 |
| Other financial assets | 2.8 | 309 | 286 | 173 |
| Deferred tax assets (net) | 2.17 | 540 | 536 | 536 |
| Income tax assets (net) | 2.17 | 5,716 | 5,230 | 4,089 |
| Other non-current assets | 2.11 | 1,059 | 1,357 | 698 |
| **Total non-current assets** | | **29,650** | **23,597** | **19,115** |
| **Current assets** | | | | |
| Financial Assets: | | | | |
| Investments | 2.6 | 9,970 | 75 | 874 |
| Trade receivables | 2.9 | 12,322 | 11,330 | 9,713 |
| Cash and cash equivalents | 2.10 | 22,625 | 32,697 | 30,367 |
| Loans | 2.7 | 272 | 303 | 222 |
| Other financial assets | 2.8 | 5,980 | 5,190 | 4,527 |
| Other Current Assets | 2.11 | 2,536 | 2,158 | 1,541 |
| **Total current assets** | | **53,705** | **51,753** | **47,244** |
| **Total assets** | | **83,355** | **75,350** | **66,359** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 2.13 | 1,144 | 1,144 | 572 |
| Other equity | | 67,838 | 60,600 | 54,198 |
| **Total equity attributable to equity holders of the Company** | | 68,982 | 61,744 | 54,770 |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **68,982** | **61,744** | **54,770** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial Liabilities | | | | |
| Other financial liabilities | 2.14 | 70 | 69 | - |
| Deferred tax liabilities (net) | 2.17 | 207 | 252 | 159 |
| Other non-current liabilities | 2.15 | 83 | 46 | 47 |
| **Total non-current liabilities** | | **360** | **367** | **206** |
| **Current liabilities** | | | | |
| Financial Liabilities | | | | |
| Trade payables | | 367 | 386 | 140 |
| Other financial liabilities | 2.14 | 6,349 | 6,302 | 5,983 |
| Other current liabilities | 2.15 | 3,007 | 2,629 | 1,964 |
| Provisions | 2.16 | 405 | 512 | 478 |
| Income tax liabilities (net) | 2.17 | 3,885 | 3,410 | 2,818 |
| **Total current liabilities** | | **14,013** | **13,239** | **11,383** |
| **Total equity and liabilities** | | **83,355** | **75,350** | **66,359** |

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

*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED AND SUBSIDIARIES**

*in ₹ crore, except equity share and per equity share data*

| **Consolidated Statement of Profit and Loss** | | **Three months ended March 31,** | | **Year ended March 31,** | |
|---|---|---|---|---|---|
| | **Note** | **2017** | **2016** | **2017** | **2016** |
| Revenue from operations | 2.18 | 17,120 | 16,550 | 68,484 | 62,441 |
| Other income, net | 2.19 | 746 | 772 | 3,080 | 3,123 |
| **Total income** | | **17,866** | **17,322** | **71,564** | **65,564** |
| **Expenses** | | | | | |
| Employee benefit expenses | 2.20 | 9,309 | 9,024 | 37,659 | 34,406 |
| Deferred consideration pertaining to acquisition | | - | - | - | 149 |
| Cost of technical sub-contractors | | 1,000 | 925 | 3,833 | 3,531 |
| Travel expenses | | 474 | 595 | 2,235 | 2,263 |
| Cost of software packages and others | 2.20 | 478 | 330 | 1,597 | 1,274 |
| Communication expenses | | 149 | 117 | 549 | 449 |
| Consultancy and professional charges | | 229 | 213 | 763 | 779 |
| Depreciation and amortisation expenses | 2.4 and 2.5 | 446 | 419 | 1,703 | 1,459 |
| Other expenses | 2.20 | 823 | 707 | 3,244 | 2,511 |
| **Total expenses** | | **12,908** | **12,330** | **51,583** | **46,821** |
| **PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | | **4,958** | **4,992** | **19,981** | **18,743** |
| Share in net loss of associate and others | | (25) | (1) | (30) | (3) |
| **PROFIT BEFORE TAX** | | **4,933** | **4,991** | **19,951** | **18,740** |
| Tax expense: | | | | | |
| Current tax | 2.17 | 1,249 | 1,426 | 5,653 | 5,318 |
| Deferred tax | 2.17 | 81 | (32) | (55) | (67) |
| **PROFIT FOR THE PERIOD** | | **3,603** | **3,597** | **14,353** | **13,489** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of the net defined benefit liability/asset | | 20 | (3) | (45) | (12) |
| Equity instruments through other comprehensive income | | (5) | - | (5) | - |
| | | **15** | **(3)** | **(50)** | **(12)** |
| *Items that will be reclassified subsequently to profit or loss* | | | | | |
| Fair value changes on derivatives designated as cash flow hedge, net | 2.12 | 11 | - | 39 | - |
| Exchange differences on translation of foreign operations | | (197) | 96 | (257) | 303 |
| Fair value changes on investments | | (10) | - | (10) | - |
| | | **(196)** | **96** | **(228)** | **303** |
| **Total other comprehensive income, net of tax** | | **(181)** | **93** | **(278)** | **291** |
| **Total comprehensive income for the period** | | **3,422** | **3,690** | **14,075** | **13,780** |
| **Profit attributable to:** | | | | | |
| Owners of the company | | 3,603 | 3,597 | 14,353 | 13,489 |
| Non-controlling interests | | - | - | - | - |
| | | **3,603** | **3,597** | **14,353** | **13,489** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the company | | 3,422 | 3,690 | 14,075 | 13,780 |
| Non-controlling interests | | - | - | - | - |
| | | **3,422** | **3,690** | **14,075** | **13,780** |
| **EARNINGS PER EQUITY SHARE** | | | | | |
| Equity shares of par value ₹5/- each | | | | | |
| Basic (₹) | | 15.77 | 15.74 | 62.80 | 59.02 |
| Diluted (₹) | | 15.76 | 15.74 | 62.77 | 59.02 |
| Weighted average equity shares used in computing earnings per equity share | 2.23 | | | | |
| Basic | | 228,56,54,881 | 228,56,20,957 | 228,56,39,447 | 228,56,16,160 |
| Diluted | | 228,66,52,003 | 228,57,50,316 | 228,63,96,745 | 228,57,18,894 |

*The accompanying notes form an integral part of the consolidated interim financial statements*

*As per our report of even date attached*

*for* B S R & Co. LLP

*Chartered Accountants*

Firm's Registration Number:101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R.Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and*
*Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and*
*Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

*In ₹ crore*

| Particulars | | OTHER EQUITY | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | RESERVES & SURPLUS | | | | | | | Other comprehensive income | | | | |
| | Equity Share capital # | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Other reserves(2) | Equity instruments through Other comprehensive income | Exchange differences on translating the financial statements of a foreign operation | Cash flow hedge reserve | Other items of other comprehensive income | Total equity attributable to equity holders of the Company |
| **Balance as of April 1, 2015** | **572** | **2,784** | **41,606** | **54** | **9,336** | **2** | **-** | **4** | **-** | **411** | **-** | **1** | **54,770** |
| **Changes in equity for the year March 31, 2016** | | | | | | | | | | | | | |
| Increase in share capital on account of bonus issue# (refer note 2.13) | 572 | - | - | - | - | - | - | - | - | - | - | - | 572 |
| Amounts utilized for bonus issue (refer note 2.13)# | - | (572) | - | - | - | - | - | - | - | - | - | - | (572) |
| Excersice of stock options | - | 1 | - | - | - | (1) | - | - | - | - | - | - | - |
| Transfer to general reserve | - | - | (1,217) | - | 1,217 | - | - | - | - | - | - | - | - |
| Transfer to other reserve | - | - | (1) | - | - | - | - | 1 | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (591) | - | - | - | 591 | - | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 591 | - | - | - | (591) | - | - | - | - | - | - |
| Share based payments to employees (refer note 2.13) | - | - | - | - | - | 7 | - | - | - | - | - | - | 7 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17) | - | - | - | - | - | - | - | - | - | - | - | (12) | (12) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,814) | - | - | - | - | - | - | - | - | - | (6,814) |
| Profit for the period | - | - | 13,489 | - | - | - | - | - | - | - | - | - | 13,489 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | - | 304 | - | - | 304 |
| **Balance as of March 31, 2016** | **1,144** | **2,213** | **47,063** | **54** | **10,553** | **8** | **-** | **5** | **-** | **715** | **-** | **(11)** | **61,744** |

**Consolidated Statements of Changes in Equity (contd.)**

*In ₹ crore*

| Particulars | Equity Share capital # | OTHER EQUITY: RESERVES & SURPLUS: Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Other reserves(2) | Other comprehensive income: Equity instruments through Other comprehensive income | Exchange differences on translating the financial statements of a foreign operation | Cash flow hedge reserve | Other items of other comprehensive income | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as of April 1, 2016** | **1,144** | **2,213** | **47,063** | **54** | **10,553** | **8** | **-** | **5** | **-** | **715** | **-** | **(11)** | **61,744** |
| **Changes in equity for the year March 31, 2017** | | | | | | | | | | | | | |
| Share based payments to employees (refer to note 2.13) | - | - | - | - | - | 114 | - | - | - | - | - | - | 114 |
| Income tax benefit arising on exercise of stock options | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 |
| Excersice of stock options (refer to note 2.13) | - | 3 | - | - | - | (3) | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,952) | - | - | - | - | - | - | - | - | - | (6,952) |
| Transfer to general reserve | - | - | (1,582) | - | 1,582 | - | - | - | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (953) | - | - | - | 953 | - | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 953 | - | - | - | (953) | - | - | - | - | - | - |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17) | - | - | - | - | - | - | - | - | - | - | - | (45) | (45) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | (5) | - | - | - | (5) |
| Fair value changes on investments , net of tax effect | - | - | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax (refer to note 2.12) | - | - | - | - | - | - | - | - | - | - | 39 | - | 39 |
| Profit for the period | - | - | 14,353 | - | - | - | - | - | - | - | - | - | 14,353 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | - | (257) | - | - | (257) |
| **Balance as of March 31, 2017** | **1,144** | **2,216** | **52,882** | **54** | **12,135** | **120** | **-** | **5** | **(5)** | **458** | **39** | **(66)** | **68,982** |

# *net of treasury shares*

*The non controlling interest for each of the above periods is less than ₹1 crore*

(1) *The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.*

(2) *Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.*

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

*As per our report of even date attached*

*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED AND SUBSIDIARIES**

*In ₹ crore*

| Consolidated Statements of Cash Flows | Year ended March 31, 2017 | 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit for the period | 14,353 | 13,489 |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Income tax expense | 5,598 | 5,251 |
| Depreciation and amortization | 1,703 | 1,459 |
| Interest and dividend income | (2,668) | (2,697) |
| Impairment loss on financial assets | 132 | (52) |
| Exchange differences on translation of assets and liabilities | 38 | 71 |
| Deferred consideration pertaining to acquisition | - | 149 |
| Other adjustments | 184 | 169 |
| **Changes in assets and liabilities** | | |
| Trade receivables and unbilled revenue | (1,743) | (1,654) |
| Loans, other financial assets and other assets | (683) | (1,134) |
| Trade payables | (19) | 242 |
| Other financial liabilities, other liabilities and provisions | 289 | 600 |
| ***Cash generated from operations*** | **17,184** | **15,893** |
| Income taxes paid | (5,653) | (5,865) |
| ***Net cash generated by operating activities*** | **11,531** | **10,028** |
| **Cash flows from investing activities** | | |
| Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors | (2,760) | (2,723) |
| Loans to employees | 27 | (75) |
| Deposits placed with corporation | (164) | (142) |
| Interest and dividend received on investments | 2,753 | 2,383 |
| Payment for acquisition of business, net of cash acquired | - | (747) |
| Payment of contingent consideration for acquisition of business | (36) | - |
| Payments to acquire financial assets | | |
| Preference and equity securities | (68) | (82) |
| Tax free bonds and government bonds | (322) | (302) |
| Liquid mutual funds and fixed maturity plan securities | (54,215) | (24,171) |
| Non convertible debentures | (3,956) | - |
| Certificates of deposit | (7,823) | - |
| Others | (26) | (22) |
| Proceeds on sale of financial assets | | |
| Tax free bonds and government bonds | 7 | - |
| Liquid mutual funds and fixed maturity plan securities | 52,041 | 24,980 |
| ***Net cash used in investing activities*** | **(14,542)** | **(901)** |
| **Cash flows from financing activities:** | | |
| Payment of dividends (including corporate dividend tax) | (6,939) | (6,813) |
| ***Net cash used in financing activities*** | **(6,939)** | **(6,813)** |
| **Net decrease in cash and cash equivalents** | (9,950) | 2,314 |
| **Cash and cash equivalents at the beginning of the period** | 32,697 | 30,367 |
| Effect of exchange rate changes on cash and cash equivalents | (122) | 16 |
| **Cash and cash equivalents at the end of the period** | **22,625** | **32,697** |
| **Supplementary information:** | | |
| Restricted cash balance | 572 | 492 |

*The accompanying notes form an integral part of the consolidated interim financial statements*

*As per our report of even date attached*
*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| Supreet Sachdev | R. Seshasayee | Dr. Vishal Sikka | U. B. Pravin Rao |
| *Partner* | *Chairman* | *Chief Executive Officer and Managing Director* | *Chief Operating Officer and Whole-time Director* |
| Membership No. 205385 | | | |

| | | | |
|---|---|---|---|
| Bengaluru | Roopa Kudva | M. D. Ranganath | A.G.S Manikantha |
| April 13, 2017 | *Director* | *Chief Financial Officer* | *Company Secretary* |

## INFOSYS LIMITED AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

**1. Company Overview and Significant Accounting Policies**

**1.1 Company overview**

Infosys is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The Company has its primary listings on the BSE Limited and National Stock Exchange in India. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on April 13, 2017

**1.2 Basis of preparation of financial statements**

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

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year-to-date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in these financial statements.

**1.3 Basis of consolidation**

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries as disclosed in Note 2.25. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

**1.4 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**1.5 Critical accounting estimates**

**a. Revenue recognition**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17.

**c. Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**d. Property, plant and equipment**

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

**e. Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**1.6 Revenue recognition**

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The Company presents revenues net of value-added taxes in its statement of profit and loss

**1.7 Property, plant and equipment**

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

| | |
|---|---|
| Building [1] | 22-25 years |
| Plant and machinery [1] | 5 years |
| Office equipment | 5 years |
| Computer equipment [1] | 3-5 years |
| Furniture and fixtures [1] | 5 years |
| Vehicles[1] | 5 years |

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**1.8 Business combinations**

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

**1.9 Goodwill**

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of profit and loss. Goodwill is measured at cost less accumulated impairment losses.

**1.10 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

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

**1.11 Financial instruments**

**1.11.1 Initial recognition**

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

**1.11.2 Subsequent measurement**

**a. Non-derivative financial instruments**

***(i) Financial assets carried at amortised cost***

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

***(iv) Financial liabilities***

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

**b. Derivative financial instruments**

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

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

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

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

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

**(ii) Cash flow hedge**

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

**c. Share capital and treasury shares**

**(i) Ordinary Shares**

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

**(ii) Treasury Shares**

When any entity within the Group purchases the Company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**1.11.3 Derecognition of financial instruments**

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

**1.12 Fair value of financial instruments**

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

For all other financial instruments the carrying amounts approximates fair value due to the short maturity of those instruments.

**1.13 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of profit and loss and is not reversed in the subsequent period.

**(ii) Intangible assets and property, plant and equipment**

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

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

**1.14 Provisions**

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

**a. Post sales client support**

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

**b. Onerous contracts**

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

**1.15 Foreign currency**

Functional currency

The functional currency of Infosys, Infosys BPO, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai, Infosys Lodestone, Infosys Americas, Infosys Nova, Panaya, Kallidus and Noah are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

*Transactions and translations*

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

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

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

**1.16 Earnings per equity share**

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

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

**1.17 Income taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

**1.18 Employee benefits**

**1.18.1 Gratuity**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of profit and loss.

**1.18.2 Superannuation**

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

### 1.18.3 Provident fund

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

### 1.18.4 Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### 1.19 Share-based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

### 1.20 Cash Flow Statement

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

### 1.21 Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

### 1.22 Other income

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

### 1.23 Leases

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

### 1.24 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### 1.25 Recent accounting pronouncements

#### 1.25.1 Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

**2 Notes to the consolidated financial statements for the three months and year ended March 31, 2017**

**2.1 First-time adoption of Ind-AS**

These consolidated interim financial statements of Infosys Limited and its subsidiaries for the three months and year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the three months and year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Consolidated Balance sheet and Consolidated Statement of profit and loss, is set out in note 2.2.1 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1

**2.1.1 Exemptions availed on first time adoption of Ind-AS 101**

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions

***(a) Business Combination***

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the group has applied the standard for all acquisitions completed after April 1, 2007, which coincides with the group's date of transition to IFRS.

For all such acquisitions,

- Intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103
- deferred taxes have been recorded on intangible assets, wherever applicable
- goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity
- retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

***(b) Share-based payment transaction***

The group is allowed to apply Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date. The group has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants under the 2015 plan (Formerly 2011 plan). Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.

The excess of stock compensation expense measured using fair value over the cost recognized under IGAAP using intrinsic value has been adjusted in 'Share Options Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

**(c) Designation of previously recognized financial instruments**

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'FVOCI' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Group has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

**INFOSYS LIMITED AND SUBSIDIARIES**

**2.2 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the three months and year ended March 31, 2016

**2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS**

*In ₹ crore*

| Particulars | Note | Opening Balance Sheet as at April 1, 2015 | | | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 7,685 | - | 7,685 | 8,637 | - | 8,637 |
| Capital work-in-progress | | 776 | - | 776 | 960 | - | 960 |
| Goodwill | (a) | 3,595 | (504) | 3,091 | 4,476 | (712) | 3,764 |
| Other Intangible assets | (a) | 66 | 572 | 638 | 67 | 918 | 985 |
| Investment in associate | | 93 | - | 93 | 103 | - | 103 |
| Financial Assets: | | | | | | | |
| Investments | (b) | 1,305 | - | 1,305 | 1,714 | - | 1,714 |
| Loans | | 31 | - | 31 | 25 | - | 25 |
| Other financial assets | | 173 | - | 173 | 286 | - | 286 |
| Deferred tax assets (net) | (c) | 536 | - | 536 | 533 | 3 | 536 |
| Income Tax assets (net) | | 4,089 | - | 4,089 | 5,230 | - | 5,230 |
| Other non-current assets | | 698 | - | 698 | 1,357 | - | 1,357 |
| **Total non-current assets** | | *19,047* | *68* | *19,115* | *23,388* | *209* | *23,597* |
| **Current assets** | | | | | | | |
| Financial Assets: | | | | | | | |
| Investments | (b) | 872 | 2 | 874 | 75 | - | 75 |
| Trade Receivables | | 9,713 | - | 9,713 | 11,330 | - | 11,330 |
| Cash and cash equivalents | | 30,367 | - | 30,367 | 32,697 | - | 32,697 |
| Loans | | 222 | - | 222 | 303 | - | 303 |
| Other financial assets | | 4,527 | - | 4,527 | 5,190 | - | 5,190 |
| Other Current Assets | | 1,541 | - | 1,541 | 2,158 | - | 2,158 |
| **Total current assets** | | *47,242* | *2* | *47,244* | *51,753* | - | *51,753* |
| **Total assets** | | ***66,289*** | ***70*** | ***66,359*** | ***75,141*** | ***209*** | ***75,350*** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity Share capital | | 572 | - | 572 | 1,144 | - | 1,144 |
| Other equity | (g) | 50,164 | 4,034 | 54,198 | 56,682 | 3,918 | 60,600 |
| **Total equity attributable to equity holders of the Company** | | *50,736* | *4,034* | *54,770* | *57,826* | *3,918* | *61,744* |
| Non-controlling interests | | - | - | - | - | - | - |
| **Total equity** | | *50,736* | *4,034* | *54,770* | *57,826* | *3,918* | *61,744* |
| **Non-current liabilities** | | | | | | | |
| Financial Liabilities | | | | | | | |
| Other financial liabilities | (d) | - | - | - | 80 | (11) | 69 |
| Deferred tax liabilities (net) | (c) | - | 159 | 159 | - | 252 | 252 |
| Other non-current liabilities | (e) | 50 | (3) | 47 | 46 | - | 46 |
| **Total non-current liabilities** | | *50* | *156* | *206* | *126* | *241* | *367* |
| **Current liabilities** | | | | | | | |
| Financial Liabilities | | | | | | | |
| Trade Payables | | 140 | - | 140 | 386 | - | 386 |
| Other financial liabilities | (d) | 6,021 | (38) | 5,983 | 6,309 | (7) | 6,302 |
| Other current liabilities | (e) | 1,968 | (4) | 1,964 | 2,633 | (4) | 2,629 |
| Provisions | (f) | 4,556 | (4,078) | 478 | 4,451 | (3,939) | 512 |
| Income tax liabilities (net) | | 2,818 | - | 2,818 | 3,410 | - | 3,410 |
| **Total current liabilities** | | *15,503* | *(4,120)* | *11,383* | *17,189* | *(3,950)* | *13,239* |
| **Total equity and liabilities** | | ***66,289*** | ***70*** | ***66,359*** | ***75,141*** | ***209*** | ***75,350*** |

**Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to IND AS**

***(a) Goodwill and Intangible assets***

Intangible assets and deferred tax asset/liabilities in relation to business combinations which were included within Goodwill under IGAAP, have been recognized separately under Ind-AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortisation expenses and exchange gains and losses.

***(b) Investments***

Tax free bonds are carried at amortised cost both under Ind AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.

***(c) Deferred taxes***

Deferred taxes in relation to business combinations have been recognised under Ind-AS

***(d) Other financial liabilities***

Adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind AS

***(e) Other liabilities***

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 - Employee Benefits requires such gains and losses to be adjusted to retained earnings. Also reflects adjustments for interim dividend (including corporate dividend tax), declared and approved by the board, post reporting period.

***(f) Provisions***

Adjustments reflect final dividend (including corporate dividend tax), declared and approved post reporting period.

***(g) Other equity***

1. Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.
2. In addition, as per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

**2.2.2 Reconciliation Statement of Profit and loss as previously reported under IGAAP to IND AS**

*in ₹ crore*

| Particulars | Note | Three months ended March 31, 2016 | | | Year ended March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| Revenue from operations | | 16,550 | - | 16,550 | 62,441 | - | 62,441 |
| Other income, net | | 778 | (6) | 772 | 3,128 | (5) | 3,123 |
| **Total Income** | | **17,328** | **(6)** | **17,322** | **65,569** | **(5)** | **65,564** |
| **Expenses** | | | | | | | |
| Employee benefit expenses | (h) | 9,027 | (3) | 9,024 | 34,418 | (12) | 34,406 |
| Deferred consideration pertaining to acquisition | (i) | - | - | - | 110 | 39 | 149 |
| Cost of technical sub-contractors | | 925 | - | 925 | 3,531 | - | 3,531 |
| Travel expenses | | 595 | - | 595 | 2,263 | - | 2,263 |
| Cost of software packages and others | | 330 | - | 330 | 1,274 | - | 1,274 |
| Communication expenses | | 117 | - | 117 | 449 | - | 449 |
| Consultancy and professional charges | | 213 | - | 213 | 779 | - | 779 |
| Depreciation and amortisation expenses | (j) | 355 | 64 | 419 | 1,266 | 193 | 1,459 |
| Other expenses | (i) | 703 | 4 | 707 | 2,497 | 14 | 2,511 |
| **Total expenses** | | **12,265** | **65** | **12,330** | **46,587** | **234** | **46,821** |
| **PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | | **5,063** | **(71)** | **4,992** | **18,982** | **(239)** | **18,743** |
| Share in net profit/(loss) of associate | | (1) | - | (1) | (3) | - | (3) |
| **PROFIT BEFORE TAX** | | **5,062** | **(71)** | **4,991** | **18,979** | **(239)** | **18,740** |
| Tax expense: | | | | | | | |
| Current tax | (k) | 1,425 | 1 | 1,426 | 5,315 | 3 | 5,318 |
| Deferred tax | (l) | (16) | (16) | (32) | (14) | (53) | (67) |
| **PROFIT FOR THE PERIOD** | | **3,653** | **(56)** | **3,597** | **13,678** | **(189)** | **13,489** |
| **Other comprehensive income** | | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | | | |
| Remeasurement of the net defined benefit liability/asset | (h) | - | (3) | (3) | - | (12) | (12) |
| Equity instruments through other comprehensive income | | - | - | - | - | - | - |
| | | - | (3) | (3) | - | (12) | (12) |
| *Items that will be reclassified subsequently to profit or loss* | | | | | | | |
| Fair Value changes on cash flow hedges, net | | - | - | - | - | - | - |
| Exchange differences on translation of foreign operations | (m) | 32 | 64 | 96 | 81 | 222 | 303 |
| | | 32 | 64 | 96 | 81 | 222 | 303 |
| **Total other comprehensive income, net of tax** | | **32** | **61** | **93** | **81** | **210** | **291** |
| **Total comprehensive income for the period** | | **3,685** | **5** | **3,690** | **13,759** | **21** | **13,780** |
| **Profit attributable to:** | | | | | | | |
| Owners of the company | | 3,653 | (56) | 3,597 | 13,678 | (189) | 13,489 |
| Non-controlling interests | | - | - | - | - | - | - |
| | | **3,653** | **(56)** | **3,597** | **13,678** | **(189)** | **13,489** |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the company | | 3,685 | 5 | 3,690 | 13,759 | 21 | 13,780 |
| Non-controlling interests | | - | - | - | - | - | - |
| | | **3,685** | **5** | **3,690** | **13,759** | **21** | **13,780** |

**Explanations for Reconciliation of Profit and loss as previously reported under IGAAP to IND AS**

(h) 1. As per Ind-AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

2. Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

(i) Adjustments reflect impact of discounting pertaining to deferred and contingent consideration payable for business combinations

(j) Adjustment reflects impact of amortisation of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS

(k) Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind AS

(l) The reduction in deferred tax expense is on account of reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.

(m) Under Ind-AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

**2.2.3 Cash flow statement**

There were no significant reconciliation items between cash flows prepared under IGAAP and those prepared under Ind AS.

**2.3 Business combinations**

**Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million (approximately ₹216 crore), contingent consideration of upto $5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto $32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 39 | - | 39 |
| Intangible assets – technical know-how | - | 27 | 27 |
| Intangible assets – trade name | - | 27 | 27 |
| Intangible assets - customer contracts and relationships | - | 119 | 119 |
| | **39** | **173** | **212** |
| Goodwill | | | 30 |
| **Total purchase price** | | | **242** |

**Includes cash and cash equivalents acquired of ₹18 crore*

Goodwill of ₹4 crore is tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹29 crore and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| Component | Consideration |
|---|---|
| Cash paid | 216 |
| Fair value of contingent consideration | 26 |
| **Total purchase price** | **242** |

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During the year ended March 31, 2016, based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ended December 31, 2016, the entire contingent consideration was reversed in the statement of profit and loss.

The retention bonus is treated as a post-acquisition employee remuneration expense as per Ind AS 103. Post-acquisition employee remuneration expense of ₹14 crore and ₹95 crore has been recorded in the statement of profit and loss for the three months and year ended March 31, 2017, respectively.

The transaction costs of ₹11 crore related to the acquisition was recognised under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

**Finacle and Edge Services**

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company had undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2017, EdgeVerve had repaid ₹420 crore by redeeming proportionate number of debentures.

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

**Kallidus Inc. (d.b.a Skava)**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million (approximately ₹578 crore) and a contingent consideration of up to $20 million (approximately ₹128 crore on acquisition date).

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 35 | – | 35 |
| Intangible assets – technology | – | 130 | 130 |
| Intangible assets – trade name | – | 14 | 14 |
| Intangible assets - customer contracts and relationships | – | 175 | 175 |
| Deferred tax liabilities on intangible assets | – | (128) | (128) |
| | **35** | **191** | **226** |
| Goodwill | | | 452 |
| **Total purchase price** | | | **678** |

**Includes cash and cash equivalents acquired of ₹29 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹57 crore and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| Component | Consideration |
|---|---|
| Cash paid | 578 |
| Fair value of contingent consideration | 100 |
| **Total purchase price** | **678** |

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the year ended March 31, 2017 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of March 31, 2017 and March 31, 2016 is ₹91 crore and ₹132 crore, respectively, on an undiscounted basis.

The transaction costs of ₹12 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

**Panaya**

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a leading provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹1,398 crore.

Panaya's CloudQuality™ suite positions Infosys to bring automation to several of its service lines via an agile SaaS model, and helps mitigate risk, reduce costs and shorten time to market for clients. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

The purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

*(In ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 9 | – | 9 |
| Net current assets * | 38 | – | 38 |
| Intangible assets – technology | – | 243 | 243 |
| Intangible assets – trade name | – | 21 | 21 |
| Intangible assets - customer contracts and relationships | – | 82 | 82 |
| Intangible assets – non compete agreements | – | 26 | 26 |
| Deferred tax liabilities on intangible assets | – | (99) | (99) |
| | **47** | **273** | **320** |
| Goodwill | | | 1,078 |
| Total purchase price | | | **1,398** |

** Includes cash and cash equivalents acquired of ₹116 crore.*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹58 crore and the amounts have been largely collected.

The fair value of total cash consideration as at the acquisition date was ₹1,398 crore.

The transaction costs of ₹22 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2015.

**Infosys Consulting Holding AG (formerly Lodestone Holding AG)**

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of ₹ 1,18 crore and an additional consideration of upto ₹608 crore, which the company refers to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

This transaction was treated as post acquisition employee remuneration expense as per Ind AS 103. For the three months and year ended March 31, 2016, a post-acquisition employee remuneration expense of Nil and ₹149 crore, respectively is recorded in the statement of profit and loss. The liability towards post-acquisition employee remuneration expense was settled during the year ended March 31, 2016.

## 2.4 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2017:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings (1) | Plant and machinery | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **1,013** | **671** | **6,907** | **2,029** | **916** | **4,466** | **1,687** | **32** | **17,721** |
| Additions | 82 | - | 399 | 75 | 12 | 144 | 86 | 1 | 799 |
| Deletions | - | - | - | (2) | (5) | (64) | (74) | (2) | (147) |
| Translation difference | - | - | (27) | (1) | (1) | (6) | (6) | - | (41) |
| **Gross carrying value as of March 31, 2017** | **1,095** | **671** | **7,279** | **2,101** | **922** | **4,540** | **1,693** | **31** | **18,332** |
| **Accumulated depreciation as of January 1, 2017** | **-** | **(26)** | **(2,375)** | **(1,289)** | **(574)** | **(2,955)** | **(1,104)** | **(18)** | **(8,341)** |
| Depreciation | - | (1) | (65) | (69) | (29) | (167) | (63) | (1) | (395) |
| Accumulated depreciation on deletions | - | - | - | 3 | 4 | 64 | 73 | 2 | 146 |
| Translation difference | - | - | - | 2 | - | 5 | 2 | - | 9 |
| **Accumulated depreciation as of March 31, 2017** | **-** | **(27)** | **(2,440)** | **(1,353)** | **(599)** | **(3,053)** | **(1,092)** | **(17)** | **(8,581)** |
| **Carrying value as of March 31, 2017** | **1,095** | **644** | **4,839** | **748** | **323** | **1,487** | **601** | **14** | **9,751** |
| **Carrying value as of January 1, 2017** | **1,013** | **645** | **4,532** | **740** | **342** | **1,511** | **583** | **14** | **9,380** |

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2016:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings (1) | Plant and machinery | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **959** | **650** | **6,241** | **1,690** | **786** | **3,865** | **1,324** | **33** | **15,548** |
| Acquisition through Business Combination | - | - | - | - | - | - | - | - | - |
| Additions | 13 | - | 84 | 69 | 52 | 328 | 117 | 2 | 665 |
| Deletions | - | - | - | - | (1) | (127) | - | (7) | (135) |
| Translation difference | - | - | - | - | 2 | 6 | 3 | 1 | 12 |
| **Gross carrying value as of March 31, 2016** | **972** | **650** | **6,325** | **1,759** | **839** | **4,072** | **1,444** | **29** | **16,090** |
| **Accumulated depreciation as of January 1, 2016** | **-** | **(20)** | **(2,144)** | **(1,040)** | **(480)** | **(2,577)** | **(940)** | **(19)** | **(7,220)** |
| Accumuated Depreciation on acquired assets | - | - | - | - | - | - | - | - | - |
| Depreciation | - | (2) | (57) | (61) | (27) | (161) | (45) | (1) | (354) |
| Accumulated depreciation on deletions | - | - | - | 1 | - | 126 | - | 3 | 130 |
| Translation difference | - | - | - | - | (2) | (6) | (1) | - | (9) |
| **Accumulated depreciation as of March 31, 2016** | **-** | **(22)** | **(2,201)** | **(1,100)** | **(509)** | **(2,618)** | **(986)** | **(17)** | **(7,453)** |
| **Carrying value as of March 31, 2016** | **972** | **628** | **4,124** | **659** | **330** | **1,454** | **458** | **12** | **8,637** |
| **Carrying value as of January 1, 2016** | **959** | **630** | **4,097** | **650** | **306** | **1,288** | **384** | **14** | **8,328** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings (1) | Plant and machinery (2) | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **972** | **650** | **6,325** | **1,759** | **839** | **4,072** | **1,444** | **29** | **16,090** |
| Additions | 123 | 21 | 981 | 349 | 138 | 800 | 379 | 8 | 2,799 |
| Deletions | - | - | - | (4) | (52) | (315) | (113) | (6) | (490) |
| Translation difference | - | - | (27) | (3) | (3) | (17) | (17) | - | (67) |
| **Gross carrying value as of March 31, 2017** | **1,095** | **671** | **7,279** | **2,101** | **922** | **4,540** | **1,693** | **31** | **18,332** |
| **Accumulated depreciation as of April 1, 2016** | **-** | **(22)** | **(2,201)** | **(1,100)** | **(509)** | **(2,618)** | **(986)** | **(17)** | **(7,453)** |
| Depreciation | - | (5) | (239) | (261) | (119) | (678) | (210) | (5) | (1,517) |
| Accumulated depreciation on deletions | - | - | - | 4 | 27 | 230 | 92 | 5 | 358 |
| Translation difference | - | - | - | 4 | 2 | 13 | 12 | - | 31 |
| **Accumulated depreciation as of March 31, 2017** | **-** | **(27)** | **(2,440)** | **(1,353)** | **(599)** | **(3,053)** | **(1,092)** | **(17)** | **(8,581)** |
| **Carrying value as of March 31, 2017** | **1,095** | **644** | **4,839** | **748** | **323** | **1,487** | **601** | **14** | **9,751** |
| **Carrying value as of April 1, 2016** | **972** | **628** | **4,124** | **659** | **330** | **1,454** | **458** | **12** | **8,637** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings [1] | Plant and machinery | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **931** | **633** | **5,881** | **1,427** | **676** | **3,347** | **1,179** | **34** | **14,108** |
| Acquisitions through business combinations (Refer note 2.3) | - | - | - | - | 1 | 2 | 1 | - | **4** |
| Additions | 41 | 17 | 444 | 333 | 166 | 1,103 | 265 | 6 | **2,375** |
| Deletions | - | - | - | (1) | (6) | (396) | (8) | (12) | **(423)** |
| Translation difference | - | - | - | - | 2 | 16 | 7 | 1 | **26** |
| **Gross carrying value as of March 31, 2016** | **972** | **650** | **6,325** | **1,759** | **839** | **4,072** | **1,444** | **29** | **16,090** |
| **Accumulated depreciation as of April 1, 2015** | **-** | **(16)** | **(1,982)** | **(881)** | **(412)** | **(2,287)** | **(826)** | **(19)** | **(6,423)** |
| Acquisitions through business combinations | - | - | - | - | (1) | (1) | - | - | **(2)** |
| Depreciation | - | (6) | (219) | (220) | (100) | (553) | (161) | (5) | **(1,264)** |
| Accumulated depreciation on deletions | - | - | - | 1 | 5 | 237 | 4 | 7 | **254** |
| Translation difference | - | - | - | - | (1) | (14) | (3) | - | **(18)** |
| **Accumulated depreciation as of March 31, 2016** | **-** | **(22)** | **(2,201)** | **(1,100)** | **(509)** | **(2,618)** | **(986)** | **(17)** | **(7,453)** |
| **Carrying value as of March 31, 2016** | **972** | **628** | **4,124** | **659** | **330** | **1,454** | **458** | **12** | **8,637** |
| **Carrying value as of April 1, 2015** | **931** | **617** | **3,899** | **546** | **264** | **1,060** | **353** | **15** | **7,685** |

*Notes: [1] Buildings include ₹ 250/- being the value of 5 shares of ₹ 50/- each in Mittal Towers Premises Co-operative Society Limited.*

*(2) Includes CSR spend amounting to ₹25 crore for the year ending March 31, 2017*

Gross carrying value of lease hold land represents amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

The aggregate depreciation has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

## 2.5 GOODWILL AND OTHER INTANGIBLE ASSETS

Following is a summary of changes in the carrying amount of goodwill:

*In ₹ crore*

| | As of March 31, 2017 | As of March 31, 2016 |
|---|---|---|
| **Carrying value at the beginning** | 3,764 | 3,091 |
| Goodwill on Kallidus d.b.a Skava acquisition *(Refer note 2.3)* | - | 452 |
| Goodwill on Noah acquisition *(Refer note 2.3)* | - | 30 |
| Translation differences | (112) | 191 |
| **Carrying value at the end** | **3,652** | **3,764** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The following table gives the break up of allocation of goodwill to operating segments as at April 1, 2015

*In ₹ crore*

| **Segment** | **As at April 1, 2015** |
|---|---|
| Financial services | 663 |
| Insurance | 367 |
| Manufacturing | 656 |
| Energy, Communication and Services | 318 |
| Resources and utilities | 141 |
| Retail, Consumer packaged goods and Logistics | 473 |
| Life Sciences and Healthcare | 193 |
| Growth Markets | 280 |
| **Total** | **3,091** |

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in Ind AS 108, Operating Segments. Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2017 and March 31, 2016

*(In ₹ crore)*

| **Segment** | **As of March 31, 2017** | **As of March 31, 2016** |
|---|---|---|
| Financial services | 826 | 851 |
| Manufacturing | 409 | 423 |
| Retail, Consumer packaged goods and Logistics | 556 | 573 |
| Life Sciences, Healthcare and Insurance | 638 | 656 |
| Energy & Utilities, Communication and Services | 765 | 789 |
| | 3,194 | 3,292 |
| Operating segments without significant goodwill | 458 | 472 |
| **Total** | **3,652** | **3,764** |

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGU's which are represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava has been allocated to the groups of CGU's which are represented by a majority of the entity's operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & Utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, March 31, 2016 and April 1, 2015 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

(in %)

| | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Long term growth rate | 8-10 | 8-10 | 8-10 |
| Operating margins | 17-20 | 17-20 | 17-20 |
| Discount rate | 14.4 | 14.2 | 13.9 |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2017:

*In ₹ crore*

| | **Customer related** | **Software related** | **Sub-contracting rights related** | **Intellectual property rights related** | **Land use-rights related** | **Brand or Trademark Related** | **Others** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **777** | **424** | **21** | **1** | **69** | **94** | **64** | **1,450** |
| Additions during the period | - | - | - | - | - | - | - | - |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | (27) | (19) | - | - | (3) | (4) | (2) | (55.00) |
| **Gross carrying value as of March 31, 2017** | **750** | **405** | **21** | **1** | **66** | **90** | **62** | **1,395** |
| **Accumulated amortization as of January 1, 2017** | **(371)** | **(106)** | **(21)** | **(1)** | **(7)** | **(48)** | **(35)** | **(589)** |
| Amortization expense | (22) | (20) | - | - | - | (4) | (5) | (51) |
| Deletion during the period | - | - | - | - | - | - | - | - |
| Translation differences | 11 | 5 | - | - | - | 3 | 2 | 21 |
| **Accumulated amortization as of March 31, 2017** | **(382)** | **(121)** | **(21)** | **(1)** | **(7)** | **(49)** | **(38)** | **(619)** |
| **Carrying value as of January 1, 2017** | **406** | **318** | **-** | **-** | **62** | **46** | **29** | **861** |
| **Carrying value as of March 31, 2017** | **368** | **284** | **-** | **-** | **59** | **41** | **24** | **776** |

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2016:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **764** | **411** | **21** | **1** | **72** | **92** | **63** | **1,424** |
| Additions during the period | - | 2 | - | - | - | - | - | 2 |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | 11 | 1 | - | - | - | 1 | - | 13 |
| **Gross carrying value as of March 31, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| **Accumulated amortization as of January 1, 2016** | **(253)** | **(50)** | **(21)** | **(1)** | **(6)** | **(34)** | **(19)** | **(384)** |
| Amortization expense | (47) | (11) | - | - | - | (3) | (4) | (65) |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation differences | (3) | (1) | - | - | - | (1) | - | (5) |
| **Accumulated amortization as of March 31, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| **Carrying value as of January 1, 2016** | **511** | **361** | **-** | **-** | **66** | **58** | **44** | **1,040** |
| **Carrying value as of March 31, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| Additions during the period | - | - | - | - | - | - | - | **-** |
| Deletions during the period | - | - | - | - | - | - | - | **-** |
| Translation difference | (25) | (9) | - | - | (6) | (3) | (1) | **(44)** |
| **Gross carrying value as of March 31, 2017** | **750** | **405** | **21** | **1** | **66** | **90** | **62** | **1,395** |
| **Accumulated amortization as of April 1, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| Amortization expense | (91) | (63) | - | - | (1) | (14) | (17) | (186) |
| Deletion during the period | - | - | - | - | - | - | - | - |
| Translation differences | 12 | 4 | - | - | - | 3 | 2 | 21 |
| **Accumulated amortization as of March 31, 2017** | **(382)** | **(121)** | **(21)** | **(1)** | **(7)** | **(49)** | **(38)** | **(619)** |
| **Carrying value as of April 1, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Carrying value as of March 31, 2017** | **368** | **284** | **-** | **-** | **59** | **41** | **24** | **776** |
| **Estimated Useful Life** *(in years)* | 3-10 | 5-8 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-6 | 3-6 | - | - | 44 | 1-8 | 1-4 | |

During the quarter ended December 31, 2016, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the three months and year ended March 31, 2017 is higher by ₹9 crore and ₹19 crore, respectively due to the revision.

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

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **448** | **261** | **21** | **11** | **71** | **49** | **34** | **895** |
| Additions through business combinations (*Refer Note 2.3*) | 294 | 130 | - | - | - | 41 | 27 | 492 |
| Additions | - | 2 | - | - | - | - | - | 2 |
| Deletions | - | - | - | (10) | - | - | - | (10) |
| Translation difference | 33 | 21 | - | - | 1 | 3 | 2 | 60 |
| **Gross carrying value as of March 31, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| **Accumulated amortization as of April 1, 2015** | **(162)** | **(21)** | **(21)** | **(11)** | **(5)** | **(28)** | **(9)** | **(257)** |
| Amortization expense | (132) | (40) | - | - | (1) | (9) | (13) | (195) |
| Deletions during the period | - | - | - | 10 | - | - | - | 10 |
| Translation differences | (9) | (1) | - | - | - | (1) | (1) | (12) |
| **Accumulated amortization as of March 31, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| **Carrying value as of April 1, 2015** | **286** | **240** | **-** | **-** | **66** | **21** | **25** | **638** |
| **Carrying value as of March 31, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Estimated Useful Life** *(in years)* | 3-10 | 8-10 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-7 | 7-9 | - | - | 45 | 2-9 | 2-5 | |

The amortization expense has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

Research and development expense recognized in net profit in the consolidated statement of profit and loss for the three months ended March 31, 2017 and March 31, 2016 is ₹193 crore and ₹202 crore respectively, and ₹789 crore and ₹712 crore, for the year ended March 31, 2017 and March 31, 2016 respectively.

## 2.6 INVESTMENTS

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| **Unquoted** | | | |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.1*) | | | |
| Preference securities | 144 | 92 | - |
| Equity instruments | 15 | 1 | 1 |
| | **159** | **93** | **1** |
| **Investments carried at fair value through profit and loss** (*refer note 2.6.1*) | | | |
| Convertible promissory note | 10 | - | - |
| Others | 35 | 22 | - |
| | **45** | **22** | **-** |
| **Quoted** | | | |
| **Investment carried at amortized cost** *(refer note 2.6.2)* | | | |
| Tax free bonds | 1,898 | 1,599 | 1,300 |
| Government Bonds | - | - | 4 |
| | **1,898** | **1,599** | **1,304** |
| **Investments carried at fair value through profit and loss** (*refer note 2.6.3*) | | | |
| Fixed maturity plan securities | 407 | - | - |
| | **407** | **-** | **-** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4*) | | | |
| Non convertible debentures | 3,873 | - | - |
| | **3,873** | **-** | **-** |
| **Total non-current investments** | **6,382** | **1,714** | **1,305** |
| **Current** | | | |
| **Unquoted** | | | |
| **Investments carried at fair value through profit or loss** *(refer note 2.6.3)* | | | |
| Liquid mutual fund units | 1,803 | 68 | 842 |
| | **1,803** | **68** | **842** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4*) | | | |
| Certificate of Deposits | 7,905 | - | - |
| | **7,905** | **-** | **-** |
| **Quoted** | | | |
| **Investment carried at amortized cost** *(refer note 2.6.2)* | | | |
| Government Bonds | 9 | 7 | - |
| | **9** | **7** | **-** |
| **Investments carried at fair value through profit or loss** *(refer note 2.6.3)* | | | |
| Fixed maturity plan securities | 151 | - | 32 |
| | **151** | **-** | **32** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4*) | | | |
| Non convertible debentures | 102 | - | - |
| | **102** | **-** | **-** |
| **Total current investments** | **9,970** | **75** | **874** |
| **Total investments** | **16,352** | **1,789** | **2,179** |
| Aggregate amount of quoted investments | 6,440 | 1,606 | 1,336 |
| Market value of quoted investments (including interest accrued) | 6,701 | 1,703 | 1,376 |
| Aggregate amount of unquoted investments (including investment in associates) | 9,983 | 286 | 936 |
| Aggregate amount of impairment made for non-current unquoted investments (including associates) | 24 | 6 | 6 |
| Investment carried at amortized cost | 1,907 | 1,606 | 1,304 |
| Investments carried at fair value through other comprehensive income | 12,039 | 93 | 1 |
| Investments carried at fair value through profit or loss | 2,406 | 90 | 874 |

### 2.6.1 Details of Investments

The details of investments in preference, equity and other instruments at March 31, 2017 and March 31, 2016 are as follows:

*in ₹ crore, except otherwise stated*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| *Preference securities* | | |
| Airviz Inc. | 9 | 13 |
| 2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each | | |
| ANSR Consulting | 10 | 9 |
| 52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each | | |
| Whoop Inc | 15 | 20 |
| 16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each | | |
| CloudEndure Ltd. | 37 | 13 |
| 12,79,645 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each | | |
| Nivetti Systems Private Limited | 10 | 10 |
| 2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each | | |
| Waterline Data Science, Inc | 24 | 27 |
| 39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each | | |
| Trifacta Inc. | 26 | - |
| 11,80,358 (Nil) Preferred Stock | | |
| Cloudyn Software Ltd | 13 | - |
| 27,022 (Nil) Preferred Series B-3 shares, fully paid up, par value ILS 0.01 each | | |
| *Equity Instrument* | | |
| OnMobile Systems Inc., USA | - | - |
| 21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each | | |
| Merasport Technologies Private Limited | - | - |
| 2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each | | |
| Global Innovation and Technology Alliance | 1 | 1 |
| 15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each | | |
| Unsilo A/S | 14 | - |
| 69,894 (Nil) Equity Shares, fully paid up, par value DKK 1 each | | |
| *Others* | | |
| Stellaris Venture Partners India I | 3 | - |
| Vertex Ventures US Fund L.L.P | 32 | 22 |
| *Convertible promissory note* | | |
| Tidalscale | 10 | - |
| | **204** | **115** |

### 2.6.2 Details of Investments in tax free bonds and government bonds

The balances held in tax free bonds as at March 31, 2017 and March 31, 2016 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | Face Value ₹ | Units | Amount | Units | Amount |
| 7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026 | 10,00,000/- | 470 | 50 | - | - |
| 7.16% Power Finance Corporation Ltd. Bonds 17JUL2025 | 10,00,000/- | 1,000 | 107 | - | - |
| 7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023 | 1,000/- | 20,00,000 | 201 | 20,00,000 | 201 |
| 7.28% Indian Railway Finance Corporation Limited 21DEC2030 | 1,000/- | 4,22,800 | 42 | 4,22,800 | 42 |
| 7.28% National Highways Authority of India Bonds 18SEP2030 | 10,00,000/- | 3,300 | 343 | 2,000 | 200 |
| 7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028 | 1,000/- | 21,00,000 | 211 | 21,00,000 | 211 |
| 7.35% National Highways Authority of India Bonds 11JAN2031 | 1,000/- | 5,71,396 | 57 | 5,71,396 | 57 |
| 7.93% Rural Electrification Corporation Limited Bonds 27MAR2022 | 1,000/- | 2,00,000 | 21 | 2,00,000 | 21 |
| 8.00% Indian Railway Finance Corporation Limited Bonds 2022 | 1,000/- | 1,50,000 | 15 | 1,50,000 | 15 |
| 8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027 | 1,000/- | 5,00,000 | 53 | 5,00,000 | 53 |
| 8.20% Power Finance Corporation Limited Bonds 2022 | 1,000/- | 5,00,000 | 50 | 5,00,000 | 51 |
| 8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028 | 10,00,000/- | 1,000 | 100 | 1,000 | 100 |
| 8.30% National Highways Authority of India Bonds 25JAN2027 | 1,000/- | 5,00,000 | 53 | 5,00,000 | 53 |
| 8.35% National Highways Authority of India Bonds 22NOV2023 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028 | 10,00,000/- | 2,000 | 200 | 2,000 | 200 |
| 8.46% Power Finance Corporation Limited Bonds 30AUG2028 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028 | 10,00,000/- | 450 | 45 | 450 | 45 |
| 8.54% Power Finance Corporation Limited Bonds 16NOV2028 | 1,000/- | 5,00,000 | 50 | 5,00,000 | 50 |
| | | **74,55,416** | **1,898** | **74,52,646** | **1,599** |

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | Face Value | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | PHP | Units | Amount | Units | Amount |
| Fixed Rate Treasury Notes 1.62 PCT MAT DATE 7 SEPT 2016 | 100 | - | - | 50,000 | 1 |
| Fixed Rate Treasury Notes 2.20 PCT MAT DATE 25 APR 2016 | 100 | - | - | 60,000 | 1 |
| Fixed Rate Treasury Notes 1.00 PCT MAT DATE 25 APR 2016 | 100 | - | - | 200,000 | 3 |
| Treasury Notes PHY6972FWG18 MAT Date 22 Feb 2017 | 100 | - | - | 160,000 | 2 |
| Treasury Notes PHY6972FWQ99 MAT Date 07 June 2017 | 100 | 340,000 | 4 | - | - |
| Treasury Notes PIBl1217C056 MAT DATE 14 Mar 2018 | 100 | 400,000 | 5 | - | - |
| | | **740,000** | **9** | **470,000** | **7** |

### 2.6.3 Details of Investments in liquid mutual fund units and Fixed Maturity Plans

The balances held in liquid mutual fund units as at March 31, 2017 and March 31, 2016 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| Birla Sun Life Cash Plus Growth Direct Plan | 14,522,491 | 380 | - | - |
| Birla Sun Life Cash Manager- Regular Plan | - | - | 389,089 | 14 |
| BSL Cash Manager - Growth | 266,264 | 11 | - | - |
| ICICI Prudential Liquid - Direct Plan - Daily Dividend | - | - | 1,607,064 | 16 |
| ICICI Prudential Liquid Direct Plan Growth | 10,388,743 | 250 | - | - |
| IDFC Cash Fund Growth (Direct Plan) | 1,265,679 | 250 | - | - |
| Kotak Low Duration Fund Direct Growth (Ultra Short Term) | 1,502,564 | 305 | - | - |
| L&T Liquid Fund Direct Plan Growth | 672,806 | 150 | - | - |
| Reliance Liquid Fund Cash Plan | 28,305 | 7 | 2 | - |
| Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option | 882,465 | 350 | 207,283 | 31 |
| Reliance Money Manage Fund | - | - | 32,925 | 7 |
| SBI Premier Liquid Fund Direct Plan Growth | 391,909 | 100 | - | - |
| | **29,921,226** | **1,803** | **2,236,363** | **68** |

The balances held in Fixed Maturity Plans as at March 31, 2017 is as follows:

| Particulars | As at March 31, 2017 | |
|---|---|---|
| | Units | Amount |
| Birla Sun Life Fixed Term Plan -Series OD 1145 Days -GR direct | 60,000,000 | 61 |
| Birla Sun Life Fixed Term Plan -series OE 1153 days -GR direct | 25,000,000 | 25 |
| HDFC FMP 1155D Feb 2017-Direct Growth Series 37 | 38,000,000 | 38 |
| HDFC FMP 1169D Feb 2017 -Direct-Quarterly Dividend -Series 37 | 45,000,000 | 45 |
| ICICI FMP Series 80-1194 D Plan F Div | 55,000,000 | 55 |
| ICICI Prudential Fixed maturity Plan Series 80-1187 Days Plan G direct Plan | 42,000,000 | 42 |
| ICICI Prudential Fixed Maturity Plan series 80-1253 Days Plan J Direct Plan | 30,000,000 | 30 |
| IDFC Fixed Term Plan Series 129 direct Plan-Growth 1147 Days | 10,000,000 | 10 |
| IDFC Fixed Term Plan Series 131 direct Plan-Growth 1139 Days | 15,000,000 | 15 |
| Kotak FMP Series 199 Direct -Growth | 35,000,000 | 36 |
| Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan | 50,000,000 | 50 |
| Reliance Yearly Interval Fund Series -1-Direct Plan-Growth Plan | 106,906,898 | 151 |
| | **511,906,898** | **558** |

### 2.6.4 Details of Investments in Non convertible debentures and Certificate of Deposits

The balances held in non convertible debenture units as at March 31, 2017 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| 7.48% Housing Development Finance Corporation Ltd 18NOV2019 | 10,000,000/- | 50 | 52 |
| 7.58% LIC Housing Finance Ltd 11JUN2020 | 1,000,000/- | 500 | 51 |
| 7.58% LIC Housing Finance Ltd 28FEB2020 | 1,000,000/- | 1,000 | 100 |
| 7.59% LIC Housing Finance Ltd 14OCT2021 | 1,000,000/- | 3,000 | 309 |
| 7.75% LIC Housing Finance Ltd 27AUG2021 | 1,000,000/- | 1,250 | 129 |
| 7.79% LIC Housing Finance Ltd 19JUN2020 | 1,000,000/- | 500 | 52 |
| 7.80% Housing Development Finance Corporation Ltd 11NOV2019 | 10,000,000/- | 150 | 155 |
| 7.81% LIC Housing Finance Ltd 27APR2020 | 1,000,000/- | 2,000 | 208 |
| 7.95% Housing Development Finance Corporation Ltd 23SEP2019 | 10,000,000/- | 50 | 53 |
| 8.02% LIC Housing Finance Ltd 18FEB2020 | 1,000,000/- | 500 | 51 |
| 8.26% Housing Development Finance Corporation Ltd 12AUG2019 | 10,000,000/- | 100 | 106 |
| 8.34% Housing Development Finance Corporation Ltd 06MAR2019 | 10,000,000/- | 200 | 217 |
| 8.37% LIC Housing Finance Ltd 03OCT2019 | 1,000,000/- | 2,000 | 218 |
| 8.37% LIC Housing Finance Ltd 10MAY2021 | 1,000,000/- | 500 | 55 |
| 8.43% IDFC Bank Limited 30JAN2018 | 1,000,000/- | 1,000 | 102 |
| 8.46% Housing Development Finance Corporation Ltd 11MAR2019 | 10,000,000/- | 50 | 54 |
| 8.47% LIC Housing Finance Ltd 21JAN2020 | 1,000,000/- | 500 | 52 |
| 8.49% Housing Development Finance Corporation Ltd 27APR2020 | 5,000/- | 900 | 49 |
| 8.50% Housing Development Finance Corporation Ltd 31AUG2020 | 10,000,000/- | 100 | 108 |
| 8.54% IDFC Bank Limited 30MAY2018 | 1,000,000/- | 1,500 | 182 |
| 8.59% Housing Development Finance Corporation Ltd 14JUN2019 | 10,000,000/- | 50 | 51 |
| 8.60% LIC Housing Finance Ltd 22JUL2020 | 1,000,000/- | 1,000 | 108 |
| 8.60% LIC Housing Finance Ltd 29JUL2020 | 1,000,000/- | 1,750 | 190 |
| 8.61% LIC Housing Finance Ltd 11DEC2019 | 1,000,000/- | 1,000 | 104 |
| 8.66% IDFC Bank Limited 27DEC2018 | 1,000,000/- | 400 | 49 |
| 8.66% IDFC Bank Limited 25JUN2018 | 1,000,000/- | 1,520 | 184 |
| 8.72% Housing Development Finance Corporation Ltd 15APR2019 | 10,000,000/- | 75 | 77 |
| 8.75% Housing Development Finance Corporation Ltd 13JAN2020 | 500,000/- | 5,000 | 260 |
| 8.75% LIC Housing Finance Ltd 14JAN2020 | 1,000,000/- | 1,070 | 112 |
| 8.75% LIC Housing Finance Ltd 21DEC2020 | 1,000,000/- | 1,000 | 104 |
| 8.97% LIC Housing Finance Ltd 29OCT2019 | 1,000,000/- | 500 | 53 |
| 9.45% Housing Development Finance Corporation Ltd 21AUG2019 | 1,000,000/- | 3,000 | 327 |
| 9.65% Housing Development Finance Corporation Ltd 19JAN2019 | 1,000,000/- | 500 | 53 |
| | | **32,715** | **3,975** |

The balances held in Certificate of Deposits as at March 31, 2017 is as follows:

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| Andhra Bank | 1,00,000/- | 35,000 | 344 |
| Axis Bank | 1,00,000/- | 305,600 | 2,914 |
| Corporation Bank | 1,00,000/- | 33,500 | 327 |
| DBS Bank | 1,00,000/- | 5,000 | 49 |
| ICICI Bank Limited | 1,00,000/- | 42,500 | 413 |
| IDFC Bank | 1,00,000/- | 140,000 | 1,328 |
| IndusInd Bank | 1,00,000/- | 106,400 | 1,011 |
| Kotak Bank | 1,00,000/- | 85,500 | 813 |
| Vijaya Bank | 1,00,000/- | 14,000 | 137 |
| Yes Bank | 1,00,000/- | 60,000 | 569 |
| | | **827,500** | **7,905** |

## 2.7 LOANS

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non Current** | | | |
| Unsecured, considered good | | | |
| Other loans | | | |
| Loans to employees | 29 | 25 | 31 |
| | **29** | **25** | **31** |
| Unsecured, considered doubtful | | | |
| Loans to employees | 24 | 19 | 12 |
| | **53** | **44** | **43** |
| Less: Allowance for doubtful loans to employees | 24 | 19 | 12 |
| | **29** | **25** | **31** |
| **Current** | | | |
| Unsecured, considered good | | | |
| Other loans | | | |
| Loans to employees | 272 | 303 | 222 |
| | **272** | **303** | **222** |
| **Total Loans** | **301** | **328** | **253** |

## 2.8 OTHER FINANCIAL ASSETS

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non Current** | | | |
| Security deposits [1] | 86 | 78 | 68 |
| Rental deposits [1] | 175 | 146 | 47 |
| Restricted deposits[1] | 48 | 62 | 58 |
| | **309** | **286** | **173** |
| **Current** | | | |
| Security deposits [1] | 10 | 7 | 4 |
| Rental deposits [1] | 9 | 13 | 24 |
| Restricted deposits [1] | 1,416 | 1,238 | 1,100 |
| Unbilled revenues [1] | 3,648 | 3,029 | 2,845 |
| Interest accrued but not due [1] | 576 | 762 | 444 |
| Foreign currency forward and options contracts [2] [3] | 284 | 116 | 101 |
| Others [1] | 37 | 25 | 9 |
| | **5,980** | **5,190** | **4,527** |
| **Total Financial Assets** | **6,289** | **5,476** | **4,700** |
| [1] Financial assets carried at amortized cost | 6,005 | 5,360 | 4,599 |
| [2] Financial assets carried at fair value through other comprehensive income | 52 | - | - |
| [3] Financial assets carried at fair value through profit or loss | 232 | 116 | 101 |

Restricted deposits represents deposits with financial institutions to settle employee-related obligations as and when they arise during the normal course of business.
Other assets primarily represent travel advances and other recoverables.

## 2.9 TRADE RECEIVABLES [1]

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Current** | | | |
| Unsecured | | | |
| Considered good | 12,322 | 11,330 | 9,713 |
| Considered doubtful | 318 | 289 | 366 |
| | 12,640 | 11,619 | 10,079 |
| Less: Allowances for credit loss | 318 | 289 | 366 |
| | **12,322** | **11,330** | **9,713** |
| [1] *Includes dues from companies where directors are interested* | 1 | 1 | 6 |

## 2.10 CASH AND CASH EQUIVALENTS

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with banks | | | |
| In current and deposit accounts | 14,889 | 27,420 | 26,195 |
| Cash on hand | - | - | - |
| Others | | | |
| Deposits with financial institutions | 7,736 | 5,277 | 4,172 |
| | **22,625** | **32,697** | **30,367** |
| *Balances with banks in unpaid dividend accounts* | 17 | 5 | 3 |
| *Deposit with more than 12 months maturity* | 6,954 | 404 | 311 |
| *Balances with banks held as margin money deposits against guarantees* | 404 | 342 | 185 |

Cash and cash equivalents as of March 31, 2017, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹572 crore, ₹492 crore and ₹364 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

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

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Current accounts** | | |
| ANZ Bank, Taiwan | 3 | 13 |
| Axis Bank, India | 1 | 1 |
| Banamex Bank, Mexico | 2 | 5 |
| Banamex Bank, Mexico (U.S. Dollar account) | 8 | 3 |
| Bank of America, Mexico | 54 | 21 |
| Bank of America, USA | 1,030 | 681 |
| Bank Zachodni WBK S.A, Poland | 4 | 3 |
| Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan | - | 1 |
| Barclays Bank, UK | 1 | 19 |
| Bank Leumi, Israel (US Dollar account) | 2 | 17 |
| Bank Leumi, Israel | 11 | 10 |
| BNP Paribas Bank, Norway | 17 | - |
| China Merchants Bank, China | 9 | 8 |
| Citibank N.A, China | 61 | 65 |
| Citibank N.A., China (U.S. Dollar account) | 11 | 72 |
| Citibank N.A., Costa Rica | 5 | 2 |
| Citibank N.A., Australia | 19 | 72 |
| Citibank N.A., Brazil | 30 | 5 |
| Citibank N.A., Dubai | 1 | 1 |
| Citibank N.A., Hungary | 3 | - |
| Citibank N.A., India | 3 | 1 |
| Citibank N.A., Japan | 12 | 15 |
| Citibank N.A., New Zealand | 10 | 6 |
| Citibank N.A., Portugal | 2 | 2 |
| Citibank N.A., Singapore | 2 | 3 |
| Citibank N.A., South Korea | 1 | - |
| Citibank N.A., South Africa | 9 | 5 |
| Citibank N.A., South Africa (Euro account) | 1 | 1 |
| Citibank N.A., Philippines, (U.S. Dollar account) | 1 | 1 |
| Citibank N.A., USA | 78 | 60 |
| Citibank N.A., EEFC (U.S. Dollar account) | 1 | - |
| Commerzbank, Germany | 18 | 19 |
| Crédit Industriel et Commercial Bank, France | - | 4 |
| Deutsche Bank, India | 12 | 8 |
| Deutsche Bank, Philippines | 5 | 13 |
| Deutsche Bank, Philippines (U.S. Dollar account) | 4 | 1 |
| Deutsche Bank, Poland | 12 | 5 |
| Deutsche Bank, Poland (Euro account) | 4 | - |
| Deutsche Bank, EEFC (Australian Dollar account) | 38 | 2 |
| Deutsche Bank, EEFC (Euro account) | 25 | 32 |
| Deutsche Bank, EEFC (Swiss Franc account) | 2 | 5 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 76 | 96 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 10 | 9 |
| Deutsche Bank, Belgium | 10 | 59 |

| | | |
|---|---|---|
| Deutsche Bank, Malaysia | 7 | 9 |
| Deutsche Bank, Czech Republic | 8 | 14 |
| Deutsche Bank, Czech Republic (Euro account) | 7 | 1 |
| Deutsche Bank, Czech Republic (U.S. Dollar account) | 30 | 28 |
| Deutsche Bank, France | 8 | 10 |
| Deutsche Bank, Germany | 48 | 17 |
| Deutsche Bank, Netherlands | 2 | 6 |
| Deutsche Bank, Russia | 3 | 2 |
| Deutsche Bank, Russia (U.S. Dollar account) | 1 | 1 |
| Deutsche Bank, Singapore | 6 | 4 |
| Deutsche Bank, Spain | - | 1 |
| Deutsche Bank, Switzerland | 9 | 1 |
| Deutsche Bank, Switzerland (U.S. Dollar account) | 1 | - |
| Deutsche Bank, United Kingdom | 26 | 170 |
| Deutsche Bank, USA | 12 | - |
| HSBC Bank, Brazil | 1 | 5 |
| HSBC Bank, Hong Kong | 1 | 1 |
| ICICI Bank, India | 53 | 72 |
| ICICI Bank, EEFC (Euro account) | 1 | - |
| ICICI Bank, EEFC (U.S. Dollar account) | 5 | 10 |
| ICICI Bank, EEFC (United Kingdom Pound Sterling account) | 1 | - |
| ING Bank, Belgium | 2 | 3 |
| Nordbanken, Sweden | 33 | 15 |
| Punjab National Bank, India | 6 | 4 |
| Raiffeisen Bank, Czech Republic | 4 | 5 |
| Raiffeisen Bank, Romania | 4 | 4 |
| Royal Bank of Canada, Canada | 83 | 78 |
| Santander Bank, Argentina | 1 | - |
| State Bank of India, India | 7 | 8 |
| Silicon Valley Bank, USA | 4 | 5 |
| Silicon Valley Bank, (Euro account) | 19 | 65 |
| Silicon Valley Bank, (United Kingdom Pound Sterling account) | 2 | 19 |
| Union Bank of Switzerland AG | 3 | 15 |
| Union Bank of Switzerland AG, (Euro account) | 4 | 12 |
| Union Bank of Switzerland AG, (Australian Dollar account) | - | 2 |
| Union Bank of Switzerland AG, (U.S. Dollar account) | - | 28 |
| Union Bank of Switzerland AG, (United Kingdom Pound Sterling account) | - | 4 |
| Wells Fargo Bank N.A., USA | 33 | 23 |
| Westpac, Australia | 1 | 6 |
| | **2,044** | **1,994** |

*in ₹ crore*

| **Particulars** | **As at** | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Deposit accounts** | | |
| Andhra Bank | - | 948 |
| Axis Bank | 1,175 | 1,340 |
| Bank BGZ BNP Paribas S.A | 183 | - |
| Bank of India | - | 77 |
| Barclays Bank | 825 | - |
| Canara Bank | 84 | 2,115 |
| Central Bank of India | - | 1,538 |
| Citibank | 165 | 125 |
| Corporation Bank | - | 1,285 |
| Deutsche Bank, Poland | 71 | 237 |
| HDFC Bank | 469 | 2,650 |
| HSBC Bank | 500 | - |
| ICICI Bank | 4,644 | 4,049 |
| IDBI Bank | 1,750 | 1,900 |
| IDFC Bank | 200 | - |
| Indian Overseas Bank | - | 1,250 |
| Indusind Bank | 191 | 250 |
| Jammu & Kashmir Bank | - | 25 |
| Kotak Mahindra Bank Limited | 535 | 537 |
| National Australia Bank Limited | - | 1 |
| Oriental Bank of Commerce | - | 1,967 |
| Punjab National Bank | - | 18 |
| South Indian Bank | 450 | 23 |
| Standard Chartered Bank | 500 | - |
| State Bank of India | - | 2,310 |
| Syndicate Bank | 49 | 1,266 |
| Union Bank of India | - | 140 |
| Vijaya Bank | - | 304 |
| Yes Bank | 633 | 724 |
| | **12,424** | **25,079** |
| **Unpaid dividend accounts** | | |
| Axis Bank - Unpaid dividend account | 2 | 2 |
| HDFC Bank - Unpaid dividend account | 2 | 1 |
| ICICI Bank - Unpaid dividend account | 13 | 2 |
| | **17** | **5** |

| | | |
|---|---|---|
| **Margin money deposits against guarantees** | | |
| Canara Bank | 177 | 132 |
| Citibank | 2 | 3 |
| ICICI Bank | 225 | 150 |
| State Bank of India | - | 57 |
| | **404** | **342** |
| **Deposits with financial institutions** | | |
| HDFC Limited | 7,036 | 5,277 |
| LIC Housing Finance Limited | 700 | - |
| | **7,736** | **5,277** |
| **Total cash and cash equivalents** | **22,625** | **32,697** |

**2.11 OTHER ASSETS**

*in ₹ crore*

| **Particulars** | | **As at** | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| **Non Current** | | | |
| Capital advances | 600 | 933 | 664 |
| Advances other than capital advances | | | |
| Prepaid gratuity (*refer note 2.22.1* ) | 79 | 4 | 27 |
| Deferred Contract Cost | 284 | 333 | - |
| Prepaid expenses | 96 | 87 | 7 |
| | **1,059** | **1,357** | **698** |
| **Current** | | | |
| Advances other than capital advances | | | |
| Payment to vendors for supply of goods | 131 | 110 | 79 |
| Others | | | |
| Withholding taxes and others | 1,886 | 1,799 | 1,364 |
| Prepaid expenses | 441 | 201 | 98 |
| Deferred Contract Cost | 78 | 48 | - |
| | **2,536** | **2,158** | **1,541** |
| **Total Other Assets** | **3,595** | **3,515** | **2,239** |

Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Withholding taxes and others primarily consist of input tax credits.

## 2.12 FINANCIAL INSTRUMENTS

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value | |
|---|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | | |
| **Assets:** | | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 22,625 | - | - | - | - | 22,625 | 22,625 | |
| Investments (Refer Note 2.6) | | | | | | | | |
| Equity and preference securities | - | - | | 159 | - | 159 | 159 | |
| Tax free bonds and government bonds | 1,907 | - | - | - | - | 1,907 | 2,168 | * |
| Liquid mutual fund units | - | - | 1,803 | - | - | 1,803 | 1,803 | |
| Non convertible debentures | - | - | - | - | 3,975 | 3,975 | 3,975 | |
| Certificate of Deposits | | | | | 7,905 | 7,905 | 7,905 | |
| Convertible promissory note | - | - | 10 | - | - | 10 | 10 | |
| Other investments | | | 35 | | | 35 | 35 | |
| Fixed maturity plan securities | - | - | 558 | - | - | 558 | 558 | |
| Trade receivables (Refer Note 2.9) | 12,322 | - | - | - | - | 12,322 | 12,322 | |
| Loans (Refer Note 2.7) | 301 | - | - | - | - | 301 | 301 | |
| Other financials assets (Refer Note 2.8) | 6,005 | - | 232 | - | 52 | 6,289 | 6,289 | |
| **Total** | **43,160** | **-** | **2,638** | **159** | **11,932** | **57,889** | | |
| **Liabilities:** | | | | | | | | |
| Trade payables | 367 | - | - | - | - | 367 | 367 | |
| Other financial liabilities (Refer Note 2.14) | 4,973 | - | 87 | - | - | 5,060 | 5,060 | |
| **Total** | **5,340** | **-** | **87** | **-** | **-** | **5,427** | | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value | |
|---|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | | |
| **Assets:** | | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 32,697 | - | - | - | - | 32,697 | 32,697 | |
| Investments (Refer Note 2.6) | | | | | | | | |
| Equity, preference and other securities | - | - | 22 | 93 | - | 115 | 115 | |
| Tax free bonds and government bonds | 1,606 | - | - | - | - | 1,606 | 1,703 | * |
| Liquid mutual fund units | - | - | 68 | - | - | 68 | 68 | |
| Trade receivables (Refer Note 2.9) | 11,330 | - | - | - | - | 11,330 | 11,330 | |
| Loans (Refer Note 2.7) | 328 | - | - | - | - | 328 | 328 | |
| Other financials assets (Refer Note 2.8) | 5,360 | - | 116 | - | - | 5,476 | 5,476 | |
| **Total** | **51,321** | **-** | **206** | **93** | **-** | **51,620** | | |
| **Liabilities:** | | | | | | | | |
| Trade payables | 386 | - | - | - | - | 386 | 386 | |
| Other financial liabilities (Refer Note 2.14) | 4,908 | - | 122 | - | - | 5,030 | 5,030 | |
| **Total** | **5,294** | **-** | **122** | **-** | **-** | **5,416** | | |

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value | |
|---|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | | |
| **Assets:** | | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 30,367 | - | - | - | - | 30,367 | 30,367 | |
| Investments (Refer Note 2.6) | | | | | | | | |
| Equity , preference and other securities | - | - | - | 1 | - | 1 | 1 | |
| Tax free bonds and government bonds | 1,304 | - | - | - | - | 1,304 | 1,344 | * |
| Liquid mutual funds | - | - | 842 | - | - | 842 | 842 | |
| Fixed maturity plan securities | - | - | 32 | - | - | 32 | 32 | |
| Trade receivables (Refer Note 2.9) | 9,713 | - | - | - | - | 9,713 | 9,713 | |
| Loans (Refer Note 2.7) | 253 | - | - | - | - | 253 | 253 | |
| Other financials assets (Refer Note 2.8) | 4,599 | - | 101 | - | - | 4,700 | 4,700 | |
| **Total** | **46,236** | **-** | **975** | **1** | **-** | **47,212** | | |
| **Liabilities:** | | | | | | | | |
| Trade payables | 140 | - | - | - | - | 140 | 140 | |
| Other financial liabilities (Refer Note 2.14) | 4,911 | - | 3 | - | - | 4,914 | 4,914 | |
| **Total** | **5,051** | **-** | **3** | **-** | **-** | **5,054** | | |

** Changes in fair values including interest accrued*

**Fair value hierarchy**
**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
**Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

*(In ₹ crore)*

| | As of March 31, 2017 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual funds (Refer Note 2.6) | 1,803 | 1,803 | - | - |
| Investments in tax free bonds (Refer Note 2.6) | 2,159 | 282 | 1,877 | - |
| Investments in government bonds (Refer Note 2.6) | 9 | 9 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 15 | - | - | 15 |
| Investments in preference securities (Refer Note 2.6) | 144 | - | - | 144 |
| Investments in non convertible debentures (Refer Note 2.6) | 3,975 | 3,371 | 604 | - |
| Investments in certificate of deposits (Refer Note 2.6) | 7,905 | - | 7,905 | - |
| Investments in fixed maturity plan securities (Refer Note 2.6) | 558 | - | 558 | - |
| Investments in convertible promissory note (Refer Note 2.6) | 10 | - | - | 10 |
| Others (Refer Note 2.6) | 35 | - | - | 35 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 284 | - | 284 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.14)* | 85 | - | - | 85 |

**Discounted $14 million (approximately ₹91 crore) at 14.2%*

During the year ended March 31, 2017, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

*(In ₹ crore)*

| | As of March 31, 2016 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.6) | 68 | 68 | - | - |
| Investments in bonds (Refer Note 2.6) | 1,696 | 369 | 1,327 | - |
| Investments in government bonds (Refer Note 2.6) | 7 | 7 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.6) | 92 | - | - | 92 |
| Others (Refer Note 2.6) | 22 | - | - | 22 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 116 | - | 116 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 5 | - | 5 | - |
| Liability towards contingent consideration (Refer note 2.14)* | 117 | - | - | 117 |

**Discounted $20 million (approximately ₹132 crore) at 13.7%*

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

*(In ` crore)*

| | As of April 1, 2015 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.6) | 842 | 842 | - | - |
| Investments in fixed maturity plan securities (Refer Note 2.6) | 32 | - | 32 | - |
| Investments in bonds (Refer Note 2.6) | 1,340 | 604 | 736 | - |
| Investments in government bonds (Refer Note 2.6) | 4 | 4 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 1 | - | - | 1 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 101 | - | 101 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 3 | - | 3 | - |

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rate and passage of time.
The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposits is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The amount invested and fair value of unquoted equity and preference securities of March 31, 2017 is ₹161 crore and ₹159 crore, respectively. The fair value is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

**Financial risk management**

**Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group’s operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,334 | 131 | 36 | 183 | 700 | 2,384 |
| Trade receivables | 8,345 | 1,244 | 775 | 561 | 702 | 11,627 |
| Other financial assets (including loans) | 2,862 | 535 | 372 | 159 | 403 | 4,331 |
| Trade payables | (115) | (32) | (13) | (5) | (158) | (323) |
| Other financial liabilities | (2,129) | (406) | (211) | (211) | (547) | (3,504) |
| **Net assets / (liabilities)** | **10,297** | **1,472** | **959** | **687** | **1,100** | **14,515** |

The following table analyzes foreign exchange risk from financial instruments as of March 31, 2016:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,124 | 167 | 202 | 171 | 601 | 2,265 |
| Trade receivables | 7,558 | 1,280 | 721 | 598 | 696 | 10,853 |
| Other financial assets (including loans) | 1,967 | 405 | 216 | 124 | 337 | 3,049 |
| Trade payables | (126) | (75) | (73) | (4) | (76) | (354) |
| Other financial liabilities | (2,430) | (369) | (197) | (243) | (558) | (3,797) |
| **Net assets / (liabilities)** | **8,093** | **1,408** | **869** | **646** | **1,000** | **12,016** |

For the three months ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%. and 0.49%, respectively.

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

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

The following table gives details in respect of outstanding foreign currency forward and option contracts:

| | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | In million | In ₹ crore | In million | In ₹ crore |
| **Derivatives designated as cash flow hedges** | | | | |
| **Forward contracts** | | | | |
| In Euro | 95 | 658 | - | - |
| In United Kingdom Pound Sterling | 40 | 324 | - | - |
| In Australian dollars | 130 | 644 | - | - |
| **Option Contracts** | | | | |
| In Euro | 40 | 277 | - | - |
| **Other derivatives** | | | | |
| **Forward contracts** | | | | |
| In U.S. dollars | 526 | 3,411 | 510 | 3,379 |
| In Euro | 114 | 786 | 100 | 750 |
| In United Kingdom Pound Sterling | 75 | 609 | 65 | 623 |
| In Australian dollars | 35 | 174 | 55 | 281 |
| In Swiss Franc | 10 | 65 | 25 | 173 |
| In Singapore dollars | 5 | 23 | - | - |
| In Swedish Krona | 50 | 36 | - | - |
| **Option Contracts** | | | | |
| In U.S. dollars | 195 | 1,265 | 125 | 828 |
| In Euro | 25 | 173 | - | - |
| In United Kingdom Pound Sterling | 30 | 243 | - | - |
| In Canadian dollars | 13 | 65 | - | - |
| **Total forwards and options** | | **8,753** | | **6,034** |

The foreign exchange forward and option contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Not later than one month | 2,303 | 1,577 |
| Later than one month and not later than three months | 4,316 | 3,420 |
| Later than three months and not later than one year | 2,134 | 1,037 |
| | **8,753** | **6,034** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the three months and year ended March 31, 2017: *(In ₹ crore)*

| | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning of the period | 28 | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 73 | 121 |
| Amount reclassified to revenue during the period | (59) | (69) |
| Tax impact on above | (3) | (13) |
| Balance at the end of the period | **39** | **39** |

The group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(In ₹ crore)*

| | As of | | As of | |
|---|---|---|---|---|
| | March 31, 2017 | | March 31, 2016 | |
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognized financial asset/liability | 285 | (3) | 124 | (13) |
| Amount set off | (1) | 1 | (8) | 8 |
| **Net amount presented in balance sheet** | **284** | **(2)** | **116** | **(5)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,322 crore and ₹11,330 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,648 crore and ₹3,029 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| | Three months ended March 31 | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Revenue from top customer | 3.3 | 3.6 | 3.4 | 3.6 |
| Revenue from top five customers | 12.2 | 13.7 | 12.6 | 13.8 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the three months and year ended March 31, 2017 was ₹57 crore and ₹132 crore, respectively. The reversal of provision of allowance for lifetime expected credit loss on customer balances for the three months and year ended March 31, 2016 was ₹27 crore and ₹52 crore, respectively.

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Balance at the beginning | 362 | 326 | 289 | 366 |
| Impairment loss recognized / (reversed) | 57 | (27) | 132 | (52) |
| Amounts written off | - | (13) | (1) | (33) |
| Translation differences | (8) | 3 | (9) | 8 |
| **Balance at the end** | **411** | **289** | **411** | **289** |

The Company's credit period generally ranges from 30-60 days.

*(In ₹crore except otherwise stated)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Trade receivables | 12,322 | 11,330 |
| Unbilled revenues | 3,648 | 3,029 |
| Days Sales Outstanding- DSO (days) | 68 | 66 |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificate of deposits, quoted bonds issued by government and quasi government organizations and non convertible debentures.

**Liquidity risk**

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

As of March 31, 2017, the Group had a working capital of ₹39,692 crore including cash and cash equivalents of ₹22,625 crore and current investments of ₹9,970 crore. As of March 31, 2016, the Group had a working capital of ₹38,514 crore including cash and cash equivalents of ₹32,697 crore and current investments of ₹75 crore.

As of March 31, 2017 and March 31, 2016, the outstanding employee compensated absenses were ₹1,359,crore and ₹1,341 crore, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

*(In ₹ crore)*

| **Particulars** | **Less than 1 year** | **1-2 years** | **2-4 years** | **4-7 years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 367 | - | - | - | 367 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14) | 4,943 | 31 | - | - | 4,974 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14 | 45 | 46 | - | - | 91 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(In ₹ crore)*

| **Particulars** | **Less than 1 year** | **1-2 years** | **2-4 years** | **4-7 years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 386 | - | - | - | 386 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14) | 4,875 | 25 | 9 | - | 4,909 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14 | 86 | 46 | - | - | 132 |

**2.13 EQUITY**

**SHARE CAPITAL**

*in ₹ crore, except as otherwise stated*

| **Particulars** | **As at March 31 2017** | **March 31, 2016** | **April 1, 2015** |
|---|---|---|---|
| Authorized | | | |
| Equity shares, ₹5/- par value | | | |
| 240,00,00,000 (240,00,00,000[3]) equity shares | 1,200 | 1,200 | 600 |
| Issued, Subscribed and Paid-Up | | | |
| Equity shares, ₹5/- par value [1] | 1,144 | 1,144 | 572 |
| 228,56,55,150 (228,56,21,088[3]) equity shares fully paid-up[2] | | | |
| | **1,144** | **1,144** | **572** |

Forfeited shares amounted to ₹1,500/- (₹1,500/-)

[1] *Refer note 2.23 for details of basic and diluted shares*

[2] *Net of treasury shares 112,89,514 (113,23,576)*

[3] *Represents number of shares as of March 31, 2016*

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

**In the period of five years immediately preceding March 31 2017:**

The Company has allotted 114,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares.

The Board has increased dividend pay-out ratio from up to 40% to up to 50% of post-tax consolidated profits effective fiscal 2015.

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2017 and the total appropriation was ₹3,923 crore (excluding dividend on treasury shares), including corporate dividend tax. *(Refer note 2.2.1 for impact on transition to Ind AS)*

The amount of per share dividend recognized as distributions to equity shareholders during the year ended March 31, 2016 was ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue).

The board of directors in their meeting on October 14, 2016 declared an interim dividend of ₹11/- per equity share, which resulted in cash outflow of ₹3,029 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately ₹4,061 crore (excluding dividend paid on treasury shares), including corporate dividend tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out below :

| **Name of the shareholder** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **% held** | **Number of shares** | **% held** |
| Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership) | 38,33,17,937 | 16.69 | 38,53,17,937 | 16.78 |
| Life Insurance Corporation of India | 16,14,36,123 | 7.03 | 13,22,74,300 | 5.76 |

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out below:

*in ₹ crore, except as stated otherwise*

| **Particulars** | **As at March 31, 2017** | | **As at March 31, 2016** | |
|---|---|---|---|---|
| | **Number of shares** | **Amount** | **Number of shares** | **Amount** |
| Number of shares at the beginning of the period | 2,285,621,088 | 1,144 | 1,142,805,132 | 572 |
| Add: Bonus shares issued (including bonus on treasury shares) | - | - | 1,148,472,332 | 574 |
| Add: Shares issued on exercise of employee stock options | 34,062 | - | 10,824 | - |
| Less: Increase in treasury shares consequent to bonus issue | - | - | 5,667,200 | 2 |
| Number of shares at the end of the period | **2,285,655,150** | **1,144** | **2,285,621,088** | **1,144** |

**Employee Stock Option Plan (ESOP):**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

Further on November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

Additionally, on February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 1,12,89,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹3 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value \$2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. \$2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to Dr. Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and remuneration committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2017 is set out below:

| Particulars | Three months ended March 31, 2017 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)** | | | | |
| Outstanding at the beginning* | 2,030,758 | 5 | 221,505 | 5 |
| Granted | - | - | 1,878,025 | 5 |
| Forfeited and expired | 23,410 | 5 | 61,540 | 5 |
| Exercised | 3,420 | 5 | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** | **2,003,928** | **5** |
| Exercisable at the end | - | - | - | - |
| | | | | |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | | | |
| Outstanding at the beginning | 309,650 | 998 | - | - |
| Granted | - | - | 309,650 | 998 |
| Forfeited and expired | - | - | - | - |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **309,650** | **998** | **309,650** | **998** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer above note 2.13)*

| Particulars | Three months ended March 31, 2017 | | Year ended March 31, 2017 | |
|---|---|---|---|---|
| | Shares arising out of options | Weighted average exercise price ($) | Shares arising out of options | Weighted average exercise price ($) |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | | | |
| Outstanding at the beginning | 975,130 | 0.07 | - | - |
| Granted | - | - | 996,665 | 0.07 |
| Forfeited and expired | 17,685 | 0.07 | 39,220 | 0.07 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **957,445** | **0.07** | **957,445** | **0.07** |
| Exercisable at the end | - | - | - | - |
| | | | | |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | | | |
| Outstanding at the beginning | 896,200 | 15.26 | - | - |
| Granted | - | - | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 | 8,200 | 15.26 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **888,000** | **15.26** | **888,000** | **15.26** |
| Exercisable at the end | - | - | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2016 is set out below:

| Particulars | Three months ended March 31, 2016 | | Year ended March 31, 2016 | |
|---|---|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)** | | | | |
| Outstanding at the beginning* | 223,213 | 5 | 108,268 | 5 |
| Granted | - | - | 124,061 | 5 |
| Forfeited and expired | - | - | - | - |
| Exercised* | 1,708 | 5 | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** | **221,505** | **5** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer above note 2.13)*

During the three months ended March 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972/-

During the year ended March 31, 2017 and March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084/- and ₹1,088/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017:

| Range of exercise prices per share (₹) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price (₹) |
| **2015 Plan: ADS and IES** | | | |
| 0 - 5 (RSU) | 2,961,373 | 1.88 | 5.00 |
| 900 - 1100 (ESOP) | 1,197,650 | 7.09 | 1,026.50 |
| | **4,159,023** | **3.38** | **299.16** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017-Equity Shares-RSU | Fiscal 2017-Equity shares ESOP | Fiscal 2017-ADS-RSU | Fiscal 2017-ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017-Equity Shares-RSU | Fiscal 2017-ADS-RSU | Fiscal 2016-ADS-RSU | Fiscal 2015-ADS-RSU |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

The company recorded an employee stock compensation expense in the statement of profit and loss for the three months ended March 31, 2017 and March 31, 2016 is ₹45 crore and ₹2 crore respectively, and ₹117 crore and ₹7 crore, for the year ended March 31, 2017 and March 31, 2016 respectively. The cash settled stock compensation expense for the three months and year ended March 31, 2017 was ₹1 crore and ₹3 crore.

**2.14 OTHER FINANCIAL LIABILITIES**

*in ₹ crore*

| Particulars | As at March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Others | | | |
| Accrued compensation to employees [(1)] | 30 | 33 | - |
| Payable for acquisition of business (refer note 2.3) [(2)] | | | |
| Contingent consideration | 40 | 36 | - |
| | **70** | **69** | **-** |
| **Current** | | | |
| Unpaid dividends [(1)] | 17 | 5 | 3 |
| Others | | | |
| Accrued compensation to employees [(1)] | 1,881 | 2,265 | 2,106 |
| Accrued expenses [(1)] | 2,585 | 2,189 | 1,984 |
| Retention monies [(1)] | 220 | 80 | 53 |
| Payable for acquisition of business | | | |
| Deferred consideration (refer note 2.3) [(1)] | - | - | 487 |
| Contingent consideration (refer note 2.3) [(2)] | 45 | 81 | - |
| Client deposits [(1)] | 32 | 28 | 27 |
| Payable by controlled trusts [(1)] | 145 | 167 | 177 |
| Compensated absences | 1,359 | 1,341 | 1,069 |
| Foreign currency forward and options contracts [(2)] | 2 | 5 | 3 |
| Capital creditors [(1)] | 48 | 81 | 43 |
| Other payables [(1)] | 15 | 60 | 31 |
| | **6,349** | **6,302** | **5,983** |
| **Total Financial Liabilities** | **6,419** | **6,371** | **5,983** |
| [(1)] Financial liability carried at amortized cost | 4,973 | 4,908 | 4,911 |
| [(2)] Financial liability carried at fair value through profit and loss | 87 | 122 | 3 |
| Contingent consideration on undiscounted basis | 91 | 132 | - |

**2.15 OTHER LIABILITIES**

*in ₹ crore*

| Particulars | As at March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Others | | | |
| Deferred income - government grant on land use rights | 41 | 46 | 47 |
| Deferred income | 42 | - | - |
| | **83** | **46** | **47** |
| **Current** | | | |
| Unearned revenue | 1,777 | 1,332 | 1,052 |
| Other | | | |
| Withholding taxes and others | 1,226 | 1,296 | 904 |
| Accrued gratuity (refer note 2.22.1) | 1 | - | 7 |
| Tax on dividend | - | - | - |
| Deferred rent | 2 | - | - |
| Deferred income - government grant on land use rights | 1 | 1 | 1 |
| | **3,007** | **2,629** | **1,964** |

**2.16 PROVISIONS**

*in ₹ crore*

| Particulars | As at March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| **Current** | | | |
| Others | | | |
| Post-sales client support and warranties and others | 405 | 512 | 478 |
| **Total** | **405** | **512** | **478** |

**Provision for post-sales client support and warranties and others**

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

*in ₹ crore*

| Particulars | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning | 412 | 512 |
| Provision recognized/(reversed) | 23 | 94 |
| Provision utilized | (12) | (195) |
| Exchange difference | (18) | (6) |
| Balance at the end | **405** | **405** |

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

## 2.17 INCOME TAXES

Income tax expense in the consolidated statement of profit and loss comprises:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Current taxes | 1,249 | 1,426 | 5,653 | 5,318 |
| Deferred taxes | 81 | (32) | (55) | (67) |
| **Income tax expense** | **1,330** | **1,394** | **5,598** | **5,251** |

Income tax expense for the three months ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) of ₹91 crore and ₹69 crore, respectively, pertaining to prior periods.

Income tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) of ₹152 crore and ₹309 crore, respectively, pertaining to prior periods.

Entire deferred income tax for the three months and year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Profit before income taxes | 4,933 | 4,991 | 19,951 | 18,740 |
| Enacted tax rates in India | 34.61% | 34.61% | 34.61% | 34.61% |
| Computed expected tax expense | 1,707 | 1,727 | 6,905 | 6,486 |
| Tax effect due to non-taxable income for Indian tax purposes | (433) | (496) | (1,982) | (1,758) |
| Overseas taxes | 137 | 205 | 750 | 715 |
| Tax provision (reversals), overseas and domestic | (91) | (69) | (152) | (309) |
| Effect of exempt non-operating income | (8) | (32) | (65) | (83) |
| Effect of unrecognized deferred tax assets | 32 | 42 | 93 | 62 |
| Effect of differential overseas tax rates | 35 | 1 | 64 | 3 |
| Effect of non-deductible expenses | (47) | 18 | 26 | 194 |
| Additional deduction on research and development expense | (14) | (7) | (56) | (60) |
| Others | 12 | 5 | 15 | 1 |
| **Income tax expense** | **1,330** | **1,394** | **5,598** | **5,251** |

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

During the year ended March 31, 2017, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR.

During year ended March 31, 2016 Infosys had claimed weighted tax deduction on eligible research and development till July 31, 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from August 1, 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

The foreign expense is due to income taxes payable overseas principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India had provided for export of software from the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of March 31, 2017, the Company has provided for branch profit tax of ₹327 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹7 crore movement on account of exchange rate during the year ended March 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,309 crore and ₹4,195 crore as of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

*In ₹ crore*

| | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Income tax assets | 5,716 | 5,230 | 4,089 |
| Current income tax liabilities | 3,885 | 3,410 | 2,818 |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** | **1,271** |

The gross movement in the current income tax asset/ (liability) for the three months and year ended March 31, 2017 and March 31, 2016 is as follows:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net current income tax asset/ (liability) at the beginning | 1,454 | 1,783 | 1,820 | 1,271 |
| Translation differences | - | (12) | - | - |
| Income tax paid | 1,628 | 1,475 | 5,653 | 5,865 |
| Current income tax expense (Refer Note 2.17) | (1,249) | (1,426) | (5,653) | (5,318) |
| Income tax benefit arising on exercise of stock options | - | - | 1 | - |
| Income tax on other comprehensive income | (2) | - | 10 | 2 |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** | **1,831** | **1,820** |

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

*In ₹ crore*

| | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Deferred income tax assets** | | | |
| Property, plant and equipment | 138 | 178 | 241 |
| Computer software | 40 | 50 | 51 |
| Accrued compensation to employees | 57 | 68 | 48 |
| Trade receivables | 136 | 89 | 111 |
| Compensated absences | 374 | 389 | 299 |
| Post sales client support | 97 | 77 | 74 |
| Intangibles | 22 | 4 | - |
| Others | 143 | 55 | 31 |
| **Total deferred income tax assets** | **1,007** | **910** | **855** |
| **Deferred income tax liabilities** | | | |
| Intangible asset | (206) | (252) | (159) |
| Temporary difference related to branch profits | (327) | (334) | (316) |
| Others | (141) | (40) | (3) |
| **Total deferred income tax liabilities** | **(674)** | **(626)** | **(478)** |
| Deferred income tax assets after set off | **540** | **536** | **536** |
| Deferred income tax liabilities after set off | **(207)** | **(252)** | **(159)** |

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

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

*In ₹ crore*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Deferred income tax assets to be recovered after 12 months | 529 | 409 |
| Deferred income tax assets to be recovered within 12 months | 478 | 501 |
| **Total deferred income tax assets** | **1,007** | **910** |
| Deferred income tax liabilities to be settled after 12 months | (312) | (446) |
| Deferred income tax liabilities to be settled within 12 months | (362) | (180) |
| **Total deferred income tax liabilities** | **(674)** | **(626)** |

In assessing the reliability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the three months and year ended March 31, 2017 and March 31, 2016, is as follows:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net deferred income tax asset at the beginning | 396 | 251 | 284 | 377 |
| Addition through business combination (Refer note 2.3) | - | - | - | (128) |
| Translation differences | 21 | 1 | 7 | (32) |
| Credits / (charge) relating to temporary differences (Refer Note 2.17 above) | (81) | 32 | 55 | 67 |
| Temporary differences on other comprehensive income | (3) | - | (13) | - |
| **Net deferred income tax asset at the end** | **333** | **284** | **333** | **284** |

The charge relating to temporary differences during the year ended March 31, 2017 are primarily on account of property plant and equipment and compensated absences partially offset by trade receivables and post sales client support. The credits relating to temporary differences during the year ended March 31, 2016 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables.

**2.18 REVENUE FROM OPERATIONS**

*in ₹ crore*

| Particulars | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| Income from software services | 16,593 | 16,059 | 66,383 | 60,528 |
| Income from software products | 527 | 491 | 2,101 | 1,913 |
| | **17,120** | **16,550** | **68,484** | **62,441** |

**2.19 OTHER INCOME**

*in ₹ crore*

| Particulars | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| Interest received on financial assets carried at amortized cost: | | | | |
| Bonds and government bonds | 34 | 31 | 128 | 113 |
| Deposit with Bank and others | 410 | 609 | 2,233 | 2,521 |
| Interest received on financial assets carried at Fair Value through other comprehensive income: | | | | |
| Non convertible debentures | 160 | - | 190 | - |
| Income received on investment carried at Fair Value through Profit or Loss | | | | |
| Dividend received on liquid mutual fund units | - | 9 | 29 | 64 |
| Gains/(losses) on liquid mutual fund units | 66 | - | 119 | - |
| Exchange gains/ (losses) on foreign currency forward and options contracts | 290 | 58 | 591 | 29 |
| Exchange gains/ (losses) on translation of other assets and liabilities | (262) | 16 | (359) | 140 |
| Others | 48 | 49 | 149 | 256 |
| | **746** | **772** | **3,080** | **3,123** |

**2.20 EXPENSES**

*in ₹ crore*

| Particulars | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| *Employee benefit expenses* | | | | |
| Salaries including bonus | 9,013 | 8,795 | 36,557 | 33,549 |
| Contribution to provident and other funds | 194 | 165 | 770 | 648 |
| Share based payments to employees *(Refer note 2.13)* | 45 | 2 | 117 | 7 |
| Staff welfare | 57 | 62 | 215 | 202 |
| | **9,309** | **9,024** | **37,659** | **34,406** |
| *Cost of software packages and others* | | | | |
| For own use | 218 | 196 | 795 | 740 |
| Third party items bought for service delivery to clients | 260 | 134 | 802 | 534 |
| | **478** | **330** | **1,597** | **1,274** |
| *Other expenses* | | | | |
| Repairs and maintenance | 331 | 301 | 1,242 | 1,014 |
| Power and fuel | 46 | 52 | 228 | 217 |
| Brand and marketing | 76 | 75 | 342 | 198 |
| Operating lease payments | 134 | 98 | 491 | 360 |
| Rates and taxes | 30 | 29 | 148 | 109 |
| Consumables | 9 | 10 | 40 | 41 |
| Insurance | 16 | 17 | 56 | 60 |
| Provision for post-sales client support and warranties | 16 | 22 | 80 | 8 |
| Commission to non-whole time directors | 2 | 2 | 10 | 9 |
| Impairment loss recognized / (reversed) on financial assets | 58 | (24) | 140 | (46) |
| Auditor's remuneration | | | | |
| Statutory audit fees | 2 | 2 | 7 | 7 |
| Taxation matters | - | - | - | - |
| Other services | - | - | - | - |
| Reimbursement of expenses | - | - | - | - |
| Contributions towards Corporate Social responsibility | 44 | 45 | 230 | 216 |
| Others | 59 | 78 | 230 | 318 |
| | **823** | **707** | **3,244** | **2,511** |

**2.21 LEASES**

The lease rentals charged during the period is as under:

*in ₹ crore*

| Particulars | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| Lease rentals recognized during the period | 134 | 98 | 491 | 360 |

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

*In ₹ crore*

| Future minimum lease payable | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Not later than 1 year | 462 | 372 | 168 |
| Later than 1 year and not later than 5 years | 1,217 | 873 | 395 |
| Later than 5 years | 945 | 442 | 168 |

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

**2.22 EMPLOYEE BENEFITS**

**2.22.1 Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of March 31, 2017 and March 31, 2016:

*(In ₹ crore)*

| Particulars | As of March 31, 2017 | As of March 31, 2016 |
|---|---|---|
| **Change in benefit obligations** | | |
| Benefit obligations at the beginning | 944 | 816 |
| Service cost | 129 | 118 |
| Interest expense | 69 | 61 |
| Addition through business combination | - | 1 |
| Remeasurements - Actuarial (gains)/ losses | 67 | 23 |
| Curtailment gain | (3) | - |
| Benefits paid | (89) | (75) |
| **Benefit obligations at the end** | **1,117** | **944** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning | 947 | 836 |
| Interest income | 79 | 66 |
| Remeasurements- Return on plan assets excluding amounts included in interest income | 12 | 9 |
| Contributions | 246 | 111 |
| Benefits paid | (89) | (75) |
| **Fair value of plan assets at the end** | **1,195** | **947** |
| Funded status | 78 | 3 |
| Prepaid gratuity benefit | 79 | 4 |
| Accrued gratuity | (1) | (1) |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in the statement of profit and loss under employee benefit expense:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Service cost | 32 | 29 | 129 | 118 |
| Net interest on the net defined benefit liability/asset | (6) | (1) | (10) | (5) |
| Curtailment gain | - | - | (3) | - |
| **Net gratuity cost** | **26** | **28** | **116** | **113** |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in the statement of other comprehensive income:

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Remeasurements of the net defined benefit liability/ (asset)** | | | | |
| Actuarial (gains) / losses | (14) | 6 | 67 | 23 |
| (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset) | (8) | (3) | (12) | (9) |
| | **(22)** | **3** | **55** | **14** |

*(In ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| (Gain)/loss from change in demographic assumptions | - | - | - | - |
| (Gain)/loss from change in financial assumptions | (18) | 5 | 56 | - |
| | **(18)** | **5** | **56** | **-** |

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

| Particulars | As of March 31, 2017 | As of March 31, 2016 | As of April 1, 2015 |
|---|---|---|---|
| Discount rate | 6.9% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% |

The weighted-average assumptions used to determine net periodic benefit cost for the three months and year ended March 31, 2017 and March 31, 2016 are set out below:

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Discount rate | 7.8% | 7.8% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% | 8.0% |
| Weighted average duration of defined benefit obligation | 6.1 years | 6.4 years | 6.1 years | 6.4 years |

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

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹57 crore.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees Gratuity Fund Trust, respectively. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months ended March 31, 2017 and March 31, 2016 were ₹30 crore and ₹19 crore and ₹91 crore and ₹75 crore, for year ended March 31, 2017 and March 31, 2016 respectively.

The Group expects to contribute ₹100 crore to the gratuity trusts during the fiscal 2018.

Maturity profile of defined benefit obligation:

*(in ₹ crore)*

| | |
|---|---:|
| Within 1 year | 159 |
| 1-2 year | 165 |
| 2-3 year | 171 |
| 3-4 year | 186 |
| 4-5 year | 198 |
| 5-10 years | 958 |

**2.22.2 Superannuation**

The group contributed ₹43 crore and ₹61 crore to the superannuation plan during the three months ended March 31, 2017 and March 31, 2016, respectively and ₹168 crore and ₹234 crore during the year ended March 31, 2017 and March 31, 2016, respectively. The same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

**2.22.3 Provident fund**

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively.

The details of fund and plan asset position are given below:

*(in ₹ crore)*

| **Particulars** | **As of** | | |
|---|---:|---:|---:|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Plan assets at period end, at fair value | 4,459 | 3,808 | 2,912 |
| Present value of benefit obligation at period end | 4,459 | 3,808 | 2,912 |
| **Asset recognized in balance sheet** | - | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Government of India (GOI) bond yield | 6.90% | 7.80% | 7.80% |
| Remaining term to maturity of portfolio | 6 years | 7 years | 7 years |
| Expected guaranteed interest rate - First year: | 8.60% | 8.75% | 8.75% |
| - Thereafter: | 8.60% | 8.60% | 8.60% |

The Group contributed ₹117 crore and ₹105 crore to the provident fund during the three months ended March 31, 2017 and March 31, 2016, respectively and ₹462 crore and ₹413 crore during the year ended March 31, 2017 and March 31, 2016 respectively. The same has been recognized in the statement of profit and loss under the head employee benefit expense.

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

**2.22.4 Employee benefit costs include:**

*(in ₹ crore)*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Salaries and bonus* | 9,123 | 8,830 | 36,913 | 33,646 |
| Defined contribution plans | 64 | 78 | 252 | 302 |
| Defined benefit plans | 122 | 116 | 494 | 458 |
| | **9,309** | **9,024** | **37,659** | **34,406** |

* *Includes stock compensation expense for three months ended March 2017 and March 2016 of ₹45 crore and ₹2 crore, respectively and ₹117 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016 respectively. Refer note 2.13*

## 2.23 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Basic earnings per equity share - weighted average number of equity shares outstanding[(1)(2)] | 228,56,54,881 | 228,56,20,957 | 228,56,39,447 | 228,56,16,160 |
| Effect of dilutive common equivalent shares - share options outstanding | 997,122 | 129,359 | 757,298 | 102,734 |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | **228,66,52,003** | **228,57,50,316** | **228,63,96,745** | **228,57,18,894** |

*[(1)] Excludes treasury shares*

*[(2)] adjusted for bonus issues. Refer note 2.13*

For the three months and year ended March 31, 2017, 259,526 and 112,190 number of options to purchase equity shares had an anti-dilutive effect. For the three months and year ended March 31, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

## 2.24 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Contingent liabilities :** | | | |
| Claims against the Company, not acknowledged as debts[(1)] | 1,997 | 284 | 264 |
| [Net of amount paid to statutory authorities ₹4,717 crore (*₹4,409 crore* )] | | | |
| **Commitments :** | | | |
| Estimated amount of contracts remaining to be executed on capital contracts and not provided for | 1,149 | 1,486 | 1,574 |
| (net of advances and deposits) | | | |
| Other Commitment* | 114 | 79 | - |

*Uncalled capital pertaining to investments*

Claims against the company not acknowledged as debts as on March 31, 2017 include demand from the Indian Income tax authorities for payment of tax of ₹6,122 crore (₹ 4,135 crore), including interest of ₹1,885 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, fiscal 2011, fiscal 2012 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

**2.25 RELATED PARTY TRANSACTIONS**

**List of related parties:**

| Name of subsidiaries | Country | Holdings as at | |
|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 |
| Infosys BPO Limited (Infosys BPO) | India | 99.98% | 99.98% |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | 100% | 100% |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | 100% | 100% |
| Infosys Technologies (Sweden) AB. (Infosys Sweden) | Sweden | 100% | 100% |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | 100% | 100% |
| Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) | Brazil | 100% | 100% |
| Infosys Public Services, Inc. USA (Infosys Public Services) | U.S. | 100% | 100% |
| Infosys Americas Inc., (Infosys Americas) | U.S. | 100% | 100% |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(1)] | Czech Republic | 99.98% | 99.98% |
| Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(1)] | Poland | 99.98% | 99.98% |
| Infosys BPO S.DE.R.L.DE.C.V[(1)(13)] | Mexico | - | - |
| Infosys McCamish Systems LLC [(1)] | U.S. | 99.98% | 99.98% |
| Portland Group Pty Ltd[(1)] | Australia | 99.98% | 99.98% |
| Infosys BPO Americas LLC.[(1)(12)] | U.S. | 99.98% | - |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)] | Australia | 100% | 100% |
| EdgeVerve Systems Limited (EdgeVerve) | India | 100% | 100% |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | 100% | 100% |
| Lodestone Management Consultants Inc. [(3)] | U.S. | 100% | 100% |
| Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(3)] | Australia | 100% | 100% |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(3)] | Switzerland | 100% | 100% |
| Lodestone Augmentis AG [(5)(14)] | Switzerland | - | 100% |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(3)(16)] | Switzerland | - | 100% |
| Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(4)] | Belgium | 99.90% | 99.90% |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(3)] | Germany | 100% | 100% |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(17)] | Singapore | 100% | 100% |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(3)] | France | 100% | 100% |
| Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(3)] | Czech Republic | 100% | 100% |
| Lodestone Management Consultants GmbH [(3)] | Austria | 100% | 100% |
| Lodestone Management Consultants Co., Ltd. [(3)] | China | 100% | 100% |
| Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(3)] | U.K. | 100% | 100% |
| Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(3)] | Netherlands | 100% | 100% |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(4)] | Brazil | 99.99% | 99.99% |
| Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [(3)] | Poland | 100% | 100% |
| Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)] | Portugal | 100% | 100% |
| S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(3)] | Romania | 100% | 100% |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(3)] | Argentina | 100% | 100% |
| Infosys Canada Public Services Ltd. [(6)] | Canada | - | - |
| Infosys Nova Holdings LLC. (Infosys Nova) | U.S. | 100% | 100% |
| Panaya Inc. (Panaya) | U.S. | 100% | 100% |
| Panaya Ltd. [(7)] | Israel | 100% | 100% |
| Panaya GmbH [(7)] | Germany | 100% | 100% |
| Panaya Pty Ltd. [(7)(15)] | Australia | - | - |
| Panaya Japan Co. Ltd. [(7)] | Japan | 100% | 100% |
| Skava Systems Pvt. Ltd. (Skava Systems) [(8)] | India | 100% | 100% |
| Kallidus Inc. (Kallidus) [(9)] | U.S. | 100% | 100% |
| Noah Consulting LLC (Noah) [(10)] | U.S. | 100% | 100% |
| Noah Information Management Consulting Inc. (Noah Canada) [(11)] | Canada | 100% | 100% |

(1) *Wholly owned subsidiary of Infosys BPO.*

(2) *Under liquidation*

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

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

(5) *Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*

(6) *Wholly owned subsidiary of Infosys Public Services, Inc.*

(7) *Wholly owned subsidiary of Panaya Inc*

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

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

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

(11) *Wholly owned subsidiary of Noah*

(12) *Incorporated effective November 20, 2015*

(13) *Liquidated effective March 15, 2016*

(14) *Liquidated effective October 5, 2016*

(15) *Liquidated effective November 16, 2016*

(16) *Liquidated effective December 21, 2016*

(17) *Wholly owned subsidiary of Infosys*

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

| Name of Associates | Country | Holdings as at | |
|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 |
| DWA Nova LLC[(1)] | U.S. | 16% | 16% |

[(1)] Associate of Infosys Nova Holding LLC

Share in net profit/(loss) of associate and others for the three months and year ended March 31, 2017 includes an impairment loss of ₹18 crore on investment in DWA Nova LLC.

**List of other related party**

| Particulars | Country | Nature of relationship |
|---|---|---|
| Infosys Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Provident Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys BPO Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| Infosys BPO Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| EdgeVerve Systems Limited Employees` Gratuity Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| EdgeVerve Systems Limited Employees` Superannuation Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| Infosys Limited Employees' Welfare Trust | India | Controlled trust |
| Infosys Employee Benefits Trust | India | Controlled trust |
| Infosys Science Foundation | India | Controlled trust |

Refer Notes 2.22 for information on transactions with post-employment benefit plans mentioned above.

**List of key management personnel**

**Whole time directors**
U. B. Pravin Rao
Dr. Vishal Sikka

**Non-whole-time directors**
K.V.Kamath ( resigned effective June 5, 2015)
Prof. Jeffrey S. Lehman
R. Seshasayee
Ravi Venkatesan
Kiran Mazumdar Shaw
Carol M. Browner (resigned effective November 23, 2015)
Prof. John W. Etchemendy
Roopa Kudva
Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)
D. N. Prahlad (appointed effective October 14, 2016)

**Executive Officers**
M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)
David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)
Rajiv Bansal, Chief Financial Officer (till October 12, 2015)
Mohit Joshi , President (effective October 13, 2016)
Rajesh K. Murthy, President (effective October 13, 2016)
Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)
Sandeep Dadlani, President (effective October 13, 2016)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

**Company Secretary**
A.G.S. Manikantha (appointed effective June 22, 2015)

**Transaction with key management personnel:**

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

in ₹ *crore*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)(3)(4)(5)] | 18 | 40 | 84 | 101 |
| Commission and other benefits to non-executive/independent directors | 3 | 2 | 11 | 10 |
| **Total** | **21** | **42** | **95** | **111** |

*(1) Includes stock compensation expense of ₹12 crore and ₹2 crore three months ended March 31, 2017 and March 31, 2016 ₹36 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016 towards key managerial personnel. Refer note 2.13*

*(2) Year ended March 31, 2017 includes ₹6 crore payable under severance agreement to David D. Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016.*

*(3) Year ended March 31, 2016 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

*(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million (approximately ₹29 crore) to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million (approximately ₹28 crore at current exchange rate) at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million (approximately ₹ crore) as variable pay for the year ended March 31, 2016.*

*(5) On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U.B. Pravin Rao, whole-time director and COO.*

## 2.26 SEGMENT REPORTING

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "management approach" as defined in INDAS 108, the Chief Operating Decision Maker (CODM) evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the group are primarily enterprises in Financial Services (FS), enterprises in Manufacturing (MFG), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Hi-tech (Hi-tech), enterprises in Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. The FS reportable segments has been aggregated to include the Financial Services operating segment and the Finacle operating segment because of the similarity of the economic characteristics. All other segments represents the operating segments of businesses in India, Japan and China and IPS. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India.

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

Assets and liabilities used in the group's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

**Business Segments**

Three months ended March 31, 2017 and *March 31, 2016* :

*in ₹ crore*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-Tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue from operations | 4,655 | 1,918 | 3,963 | 2,710 | 2,148 | 1,211 | 515 | **17,120** |
| | *4,522* | *1,748* | *3,635* | *2,727* | *2,083* | *1,327* | *508* | ***16,550*** |
| Identifiable operating expenses | 2,319 | 1,006 | 1,934 | 1,305 | 1,059 | 642 | 328 | 8,593 |
| | *2,215* | *891* | *1,631* | *1,288* | *943* | *636* | *278* | *7,882* |
| Allocated expenses | 1,008 | 440 | 909 | 621 | 493 | 278 | 117 | 3,866 |
| | *1,058* | *431* | *896* | *672* | *514* | *327* | *125* | *4,023* |
| Segmental operating income | **1,328** | **472** | **1,120** | **784** | **596** | **291** | **70** | **4,661** |
| | ***1,249*** | ***426*** | ***1,108*** | ***767*** | ***626*** | ***364*** | ***105*** | ***4,645*** |
| Unallocable expenses | | | | | | | | 449 |
| | | | | | | | | *425* |
| Other income, net | | | | | | | | 746 |
| | | | | | | | | *772* |
| Share in net profit/(loss) of associate and others | | | | | | | | (25) |
| | | | | | | | | *(1)* |
| Profit before tax | | | | | | | | **4,933** |
| | | | | | | | | ***4,991*** |
| Tax expense | | | | | | | | 1,330 |
| | | | | | | | | *1,394* |
| Profit for the period | | | | | | | | **3,603** |
| | | | | | | | | ***3,597*** |
| Depreciation and amortization | | | | | | | | 446 |
| | | | | | | | | *419* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 3 |
| | | | | | | | | *6* |

Year ended March 31, 2017 and *March 31, 2016* :

*in ₹ crore*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-Tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue from operations | 18,555 | 7,507 | 15,430 | 11,225 | 8,437 | 5,122 | 2,208 | 68,484 |
| | *17,024* | *6,948* | *13,547* | *10,226* | *8,090* | *4,891* | *1,715* | *62,441* |
| Identifiable operating expenses | 9,271 | 3,922 | 7,430 | 5,378 | 4,178 | 2,659 | 1,406 | 34,244 |
| | *8,199* | *3,684* | *6,196* | *4,878* | *3,841* | *2,391* | *1,035* | *30,224* |
| Allocated expenses | 4,075 | 1,737 | 3,569 | 2,598 | 1,951 | 1,186 | 510 | 15,626 |
| | *3,986* | *1,704* | *3,322* | *2,508* | *1,984* | *1,199* | *421* | *15,124* |
| Segmental operating income | **5,209** | **1,848** | **4,431** | **3,249** | **2,308** | **1,277** | **292** | **18,614** |
| | ***4,839*** | ***1,560*** | ***4,029*** | ***2,840*** | ***2,265*** | ***1,301*** | ***259*** | ***17,093*** |
| Unallocable expenses | | | | | | | | 1,713 |
| | | | | | | | | *1,473* |
| Other income, net | | | | | | | | 3,080 |
| | | | | | | | | *3,123* |
| Share in net profit/(loss) of associate and others | | | | | | | | (30) |
| | | | | | | | | *(3)* |
| Profit before tax | | | | | | | | **19,951** |
| | | | | | | | | ***18,740*** |
| Tax expense | | | | | | | | 5,598 |
| | | | | | | | | *5,251* |
| Profit for the period | | | | | | | | **14,353** |
| | | | | | | | | ***13,489*** |
| Depreciation and amortization | | | | | | | | 1,703 |
| | | | | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 10 |
| | | | | | | | | *14* |

**Geographic Segments**

Three months ended March 31, 2017 and *March 31, 2016* :

*in ₹ crore*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| Revenue from operations | **10,666** | **3,784** | **546** | **2,124** | ***17,120*** |
| | ***10,235*** | ***3,878*** | ***498*** | ***1,939*** | ***16,550*** |
| Identifiable operating expenses | 5,464 | 1,917 | 234 | 978 | ***8,593*** |
| | *4,954* | *1,845* | *207* | *876* | *7,882* |
| Allocated expenses | 2,441 | 864 | 107 | 454 | *3,866* |
| | *2,521* | *952* | *103* | *447* | *4,023* |
| Segmental operating income | **2,761** | **1,003** | **205** | **692** | **4,661** |
| | ***2,760*** | ***1,081*** | ***188*** | ***616*** | ***4,645*** |
| Unallocable expenses | | | | | 449 |
| | | | | | *425* |
| Other income, net | | | | | 746 |
| | | | | | *772* |
| Share in net profit/(loss) of associate and others | | | | | (25) |
| | | | | | *(1)* |
| Profit before tax | | | | | **4,933** |
| | | | | | ***4,991*** |
| Tax expense | | | | | 1,330 |
| | | | | | *1,394* |
| Profit for the period | | | | | **3,603** |
| | | | | | ***3,597*** |
| Depreciation and amortization | | | | | 446 |
| | | | | | *419* |
| Non-cash expenses other than depreciation and amortization | | | | | 3 |
| | | | | | *6* |

Year ended March 31, 2017 and *March 31, 2016* :

*in ₹ crore*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| Revenue from operations | **42,408** | **15,392** | **2,180** | **8,504** | **68,484** |
| | ***39,139*** | ***14,373*** | ***1,623*** | ***7,306*** | ***62,441*** |
| Identifiable operating expenses | 21,618 | 7,694 | 1,002 | 3,930 | 34,244 |
| | *19,283* | *6,966* | *711* | *3,264* | *30,224* |
| Allocated expenses | 9,799 | 3,548 | 442 | 1,837 | 15,626 |
| | *9,591* | *3,510* | *338* | *1,685* | *15,124* |
| Segmental operating income | **10,991** | **4,150** | **736** | **2,737** | **18,614** |
| | ***10,265*** | ***3,897*** | ***574*** | ***2,357*** | ***17,093*** |
| Unallocable expenses | | | | | 1,713 |
| | | | | | *1,473* |
| Other income, net | | | | | 3,080 |
| | | | | | *3,123* |
| Share in net profit/(loss) of associate and others | | | | | (30) |
| | | | | | *(3)* |
| Profit before tax | | | | | **19,951** |
| | | | | | ***18,740*** |
| Tax expense | | | | | 5,598 |
| | | | | | *5,251* |
| Profit for the period | | | | | **14,353** |
| | | | | | ***13,489*** |
| Depreciation and amortization | | | | | 1,703 |
| | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | 10 |
| | | | | | *14* |

**Significant clients**

No client individually accounted for more than 10% of the revenues in the three months and year ended March 31, 2017 and March 31, 2016.

**2.27 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

*in ₹ crore*

| Particulars | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue from operations | 17,120 | 16,550 | 68,484 | 62,441 |
| Cost of Sales | 10,770 | 10,262 | 43,253 | 39,098 |
| **GROSS PROFIT** | **6,350** | **6,288** | **25,231** | **23,343** |
| Operating expenses | | | | |
| Selling and marketing expenses | 889 | 909 | 3,591 | 3,431 |
| General and administration expenses | 1,249 | 1,159 | 4,739 | 4,292 |
| **Total operating expenses** | 2,138 | 2,068 | 8,330 | 7,723 |
| **OPERATING PROFIT** | **4,212** | **4,220** | **16,901** | **15,620** |
| Other income | 746 | 772 | 3,080 | 3,123 |
| **PROFIT BEFORE MINORITY INTEREST / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | **4,958** | **4,992** | **19,981** | **18,743** |
| Share in net loss of associate and others | (25) | (1) | (30) | (3) |
| **PROFIT BEFORE TAX** | **4,933** | **4,991** | **19,951** | **18,740** |
| Tax expense: | | | | |
| Current tax | 1,249 | 1,426 | 5,653 | 5,318 |
| Deferred tax | 81 | (32) | (55) | (67) |
| **PROFIT FOR THE PERIOD** | **3,603** | **3,597** | **14,353** | **13,489** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | 20 | (3) | (45) | (12) |
| Equity instruments through other comprehensive income | (5) | - | (5) | - |
| | **15** | **(3)** | **(50)** | **(12)** |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Fair value changes on derivatives designated as cash flow hedge, net | 11 | - | 39 | - |
| Exchange differences on translation of foreign operations | (197) | 96 | (257) | 303 |
| Fair value changes on investments | (10) | - | (10) | - |
| | **(196)** | **96** | **(228)** | **303** |
| **Total other comprehensive income, net of tax** | **(181)** | **93** | **(278)** | **291** |
| **Total comprehensive income for the period** | **3,422** | **3,690** | **14,075** | **13,780** |
| **Profit attributable to:** | | | | |
| Owners of the company | 3,603 | 3,597 | 14,353 | 13,489 |
| Non-controlling interests | - | - | - | - |
| | **3,603** | **3,597** | **14,353** | **13,489** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the company | 3,422 | 3,690 | 14,075 | 13,780 |
| Non-controlling interests | - | - | - | - |
| | **3,422** | **3,690** | **14,075** | **13,780** |

*As per our report of even date attached*

*for* B S R & Co. LLP

*Chartered Accountants*

Firm's Registration Number:101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| Supreet Sachdev | R.Seshasayee | Dr. Vishal Sikka | U. B. Pravin Rao |
| *Partner* | *Chairman* | *Chief Executive Officer and* | *Chief Operating Officer and* |
| Membership No. 205385 | | *Managing Director* | *Whole-time Director* |
| Bengaluru | Roopa Kudva | M. D. Ranganath | A.G.S Manikantha |
| April 13, 2017 | *Director* | *Chief Financial Officer* | *Company Secretary* |

**INFOSYS LIMITED AND SUBSIDIARIES**

*In ₹ crore*

| Consolidated Balance Sheets as at | Note | March 31, 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 2.4 | 9,751 | 8,637 | 7,685 |
| Capital work-in-progress | | 1,365 | 960 | 776 |
| Goodwill | 2.5 | 3,652 | 3,764 | 3,091 |
| Other intangible assets | 2.5 | 776 | 985 | 638 |
| Investment in associate | 2.25 | 71 | 103 | 93 |
| Financial Assets: | | | | |
| Investments | 2.6 | 6,382 | 1,714 | 1,305 |
| Loans | 2.7 | 29 | 25 | 31 |
| Other financial assets | 2.8 | 309 | 286 | 173 |
| Deferred tax assets (net) | 2.17 | 540 | 536 | 536 |
| Income tax assets (net) | 2.17 | 5,716 | 5,230 | 4,089 |
| Other non-current assets | 2.11 | 1,059 | 1,357 | 698 |
| **Total non-current assets** | | **29,650** | **23,597** | **19,115** |
| **Current assets** | | | | |
| Financial Assets: | | | | |
| Investments | 2.6 | 9,970 | 75 | 874 |
| Trade receivables | 2.9 | 12,322 | 11,330 | 9,713 |
| Cash and cash equivalents | 2.10 | 22,625 | 32,697 | 30,367 |
| Loans | 2.7 | 272 | 303 | 222 |
| Other financial assets | 2.8 | 5,980 | 5,190 | 4,527 |
| Other Current Assets | 2.11 | 2,536 | 2,158 | 1,541 |
| **Total current assets** | | **53,705** | **51,753** | **47,244** |
| **Total assets** | | **83,355** | **75,350** | **66,359** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 2.13 | 1,144 | 1,144 | 572 |
| Other equity | | 67,838 | 60,600 | 54,198 |
| **Total equity attributable to equity holders of the Company** | | 68,982 | 61,744 | 54,770 |
| Non-controlling interests | | - | - | - |
| **Total equity** | | **68,982** | **61,744** | **54,770** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial Liabilities | | | | |
| Other financial liabilities | 2.14 | 70 | 69 | - |
| Deferred tax liabilities (net) | 2.17 | 207 | 252 | 159 |
| Other non-current liabilities | 2.15 | 83 | 46 | 47 |
| **Total non-current liabilities** | | **360** | **367** | **206** |
| **Current liabilities** | | | | |
| Financial Liabilities | | | | |
| Trade payables | | 367 | 386 | 140 |
| Other financial liabilities | 2.14 | 6,349 | 6,302 | 5,983 |
| Other current liabilities | 2.15 | 3,007 | 2,629 | 1,964 |
| Provisions | 2.16 | 405 | 512 | 478 |
| Income tax liabilities (net) | 2.17 | 3,885 | 3,410 | 2,818 |
| **Total current liabilities** | | **14,013** | **13,239** | **11,383** |
| **Total equity and liabilities** | | **83,355** | **75,350** | **66,359** |

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

*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED AND SUBSIDIARIES**

*in ₹ crore, except equity share and per equity share data*

| **Consolidated Statement of Profit and Loss** | | **Year ended March 31,** | |
|---|---|---|---|
| | **Note** | **2017** | **2016** |
| Revenue from operations | 2.18 | 68,484 | 62,441 |
| Other income, net | 2.19 | 3,080 | 3,123 |
| **Total income** | | **71,564** | **65,564** |
| **Expenses** | | | |
| Employee benefit expenses | 2.20 | 37,659 | 34,406 |
| Deferred consideration pertaining to acquisition | | - | 149 |
| Cost of technical sub-contractors | | 3,833 | 3,531 |
| Travel expenses | | 2,235 | 2,263 |
| Cost of software packages and others | 2.20 | 1,597 | 1,274 |
| Communication expenses | | 549 | 449 |
| Consultancy and professional charges | | 763 | 779 |
| Depreciation and amortisation expenses | 2.4 and 2.5 | 1,703 | 1,459 |
| Other expenses | 2.20 | 3,244 | 2,511 |
| **Total expenses** | | **51,583** | **46,821** |
| **PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | | **19,981** | **18,743** |
| Share in net profit/(loss) of associate and others | | (30) | (3) |
| **PROFIT BEFORE TAX** | | **19,951** | **18,740** |
| Tax expense: | | | |
| Current tax | 2.17 | 5,653 | 5,318 |
| Deferred tax | 2.17 | (55) | (67) |
| **PROFIT FOR THE PERIOD** | | **14,353** | **13,489** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | |
| Remeasurement of the net defined benefit liability/asset | | (45) | (12) |
| Equity instruments through other comprehensive income | | (5) | - |
| | | **(50)** | **(12)** |
| *Items that will be reclassified subsequently to profit or loss* | | | |
| Fair value changes on derivatives designated as cash flow hedge, net | 2.12 | 39 | - |
| Exchange differences on translation of foreign operations | | (257) | 303 |
| Fair value changes on investments | | (10) | - |
| | | **(228)** | **303** |
| **Total other comprehensive income, net of tax** | | **(278)** | **291** |
| **Total comprehensive income for the period** | | **14,075** | **13,780** |
| **Profit attributable to:** | | | |
| Owners of the company | | 14,353 | 13,489 |
| Non-controlling interests | | - | - |
| | | **14,353** | **13,489** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the company | | 14,075 | 13,780 |
| Non-controlling interests | | - | - |
| | | **14,075** | **13,780** |
| **EARNINGS PER EQUITY SHARE** | | | |
| Equity shares of par value ₹5/- each | | | |
| Basic (₹) | | 62.80 | 59.02 |
| Diluted (₹) | | 62.77 | 59.02 |
| Weighted average equity shares used in computing earnings per equity share | 2.23 | | |
| Basic | | 228,56,39,447 | 228,56,16,160 |
| Diluted | | 228,63,96,745 | 228,57,18,894 |

*The accompanying notes form an integral part of the consolidated financial statements*

*As per our report of even date attached*

*for* B S R & Co. LLP

*Chartered Accountants*

Firm's Registration Number:101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| Supreet Sachdev | R.Seshasayee | Dr. Vishal Sikka | U. B. Pravin Rao |
| *Partner* | *Chairman* | *Chief Executive Officer an* | *Chief Operating Officer an* |
| Membership No. 205385 | | *Managing Director* | *Whole-time Director* |

| | | | |
|---|---|---|---|
| Bengaluru | Roopa Kudva | M. D. Ranganath | A.G.S Manikantha |
| April 13, 2017 | *Director* | *Chief Financial Officer* | *Company Secretary* |

**INFOSYS LIMITED AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

*In ₹ crore*

| Particulars | | OTHER EQUITY | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | RESERVES & SURPLUS | | | | | | | Other comprehensive income | | | | |
| | Equity Share capital # | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Other reserves(2) | Equity instruments through Other comprehensive income | Exchange differences on translating the financial statements of a foreign operation | Cash flow hedge reserve | Other items of other comprehensive income | Total equity attributable to equity holders of the Company |
| **Balance as of April 1, 2015** | **572** | **2,784** | **41,606** | **54** | **9,336** | **2** | **-** | **4** | **-** | **411** | **-** | **1** | **54,770** |
| **Changes in equity for the year March 31, 2016** | | | | | | | | | | | | | |
| Increase in share capital on account of bonus issue# (refer to note 2.13) | 572 | - | - | - | - | - | - | - | - | - | - | - | 572 |
| Amounts utilized for bonus issue (refer note 2.13)# | - | (572) | - | - | - | - | - | - | - | - | - | - | (572) |
| Exercise of stock options | - | 1 | - | - | - | (1) | - | - | - | - | - | - | - |
| Transfer to general reserve | - | - | (1,217) | - | 1,217 | - | - | - | - | - | - | - | - |
| Transfer to other reserve | - | - | (1) | - | - | - | - | 1 | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (591) | - | - | - | 591 | - | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 591 | - | - | - | (591) | - | - | - | - | - | - |
| Share based payments to employees (refer to note 2.13) | - | - | - | - | - | 7 | - | - | - | - | - | - | 7 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17) | - | - | - | - | - | - | - | - | - | - | - | (12) | (12) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,814) | - | - | - | - | - | - | - | - | - | (6,814) |
| Profit for the period | - | - | 13,489 | - | - | - | - | - | - | - | - | - | 13,489 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | - | 304 | - | - | 304 |
| **Balance as of March 31, 2016** | **1,144** | **2,213** | **47,063** | **54** | **10,553** | **8** | **-** | **5** | **-** | **715** | **-** | **(11)** | **61,744** |

**Consolidated Statements of Changes in Equity (contd.)**

*In ₹ crore*

| Particulars | | OTHER EQUITY | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | RESERVES & SURPLUS | | | | | | | Other comprehensive income | | | | |
| | Equity Share capital # | Securities premium reserve | Retained earnings | Capital reserve | General reserve | Share Options Outstanding Account | Special Economic Zone Re-investment reserve (1) | Other reserves(2) | Equity instruments through Other comprehensive income | Exchange differences on translating the financial statements of a foreign operation | Cash flow hedge reserve | Other items of other comprehensive income | Total equity attributable to equity holders of the Company |
| **Balance as of April 1, 2016** | **1,144** | **2,213** | **47,063** | **54** | **10,553** | **8** | **-** | **5** | **-** | **715** | **-** | **(11)** | **61,744** |
| **Changes in equity for the year March 31, 2017** | | | | | | | | | | | | | |
| Share based payments to employees (refer to note 2.13) | - | - | - | - | - | 114 | - | - | - | - | - | - | 114 |
| Income tax benefit arising on exercise of stock options | - | - | - | - | - | 1 | - | - | - | - | - | - | 1 |
| Exercise of stock options (refer to note 2.13) | - | 3 | - | - | - | (3) | - | - | - | - | - | - | - |
| Dividends (including corporate dividend tax) | - | - | (6,952) | - | - | - | - | - | - | - | - | - | (6,952) |
| Transfer to general reserve | - | - | (1,582) | - | 1,582 | - | - | - | - | - | - | - | - |
| Transferred to Special Economic Zone Re-investment reserve | - | - | (953) | - | - | - | 953 | - | - | - | - | - | - |
| Transferred from Special Economic Zone Re-investment reserve on utilization | - | - | 953 | - | - | - | (953) | - | - | - | - | - | - |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17) | - | - | - | - | - | - | - | - | - | - | - | (45) | (45) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - | - | - | (5) | - | - | - | (5) |
| Fair value changes on derivatives designated as cash flow hedge, net of tax (refer to note 2.12) | - | - | - | - | - | - | - | - | - | - | 39 | - | 39 |
| Fair value changes on investments, net of tax effect | - | - | - | - | - | - | - | - | - | - | - | (10) | (10) |
| Profit for the period | - | - | 14,353 | - | - | - | - | - | - | - | - | - | 14,353 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | - | - | - | - | (257) | - | - | (257) |
| **Balance as of March 31, 2017** | **1,144** | **2,216** | **52,882** | **54** | **12,135** | **120** | **-** | **5** | **(5)** | **458** | **39** | **(66)** | **68,982** |

# *net of treasury shares*

*The non controlling interest for each of the above periods is less than ₹1 crore*

(1) *The Special Economic Zone Re-investment Reserve has been created out of the profit of eligible SEZ units in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in the terms of the Sec 10AA(2) of the Income Tax Act, 1961.*

(2) *Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.*

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

*As per our report of even date attached*

*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**INFOSYS LIMITED AND SUBSIDIARIES**

*In ₹ crore*

| **Consolidated Statements of Cash Flows** | **Year ended March 31,** | |
|---|---|---|
| | **2017** | **2016** |
| **Cash flow from operating activities** | | |
| Profit for the period | 14,353 | 13,489 |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | |
| Income tax expense | 5,598 | 5,251 |
| Depreciation and amortization | 1,703 | 1,459 |
| Interest and dividend income | (2,668) | (2,697) |
| Impairment loss on financial assets | 132 | (52) |
| Exchange differences on translation of assets and liabilities | 38 | 71 |
| Deferred consideration pertaining to acquisition | - | 149 |
| Other adjustments | 184 | 169 |
| **Changes in assets and liabilities** | | |
| Trade receivables and unbilled revenue | (1,743) | (1,654) |
| Loans, other financial assets and other assets | (683) | (1,134) |
| Trade payables | (19) | 242 |
| Other financial liabilities, other liabilities and provisions | 289 | 600 |
| ***Cash generated from operations*** | **17,184** | **15,893** |
| Income taxes paid | (5,653) | (5,865) |
| ***Net cash generated by operating activities*** | **11,531** | **10,028** |
| **Cash flows from investing activities** | | |
| Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors | (2,760) | (2,723) |
| Loans to employees | 27 | (75) |
| Deposits placed with corporation | (164) | (142) |
| Interest and dividend received on investments | 2,753 | 2,383 |
| Payment for acquisition of business, net of cash acquired | - | (747) |
| Payment of contingent consideration for acquisition of business | (36) | - |
| Payments to acquire financial assets | | |
| Preference and equity securities | (68) | (82) |
| Tax free bonds and government bonds | (322) | (302) |
| Liquid mutual funds and fixed maturity plan securities | (54,215) | (24,171) |
| Non convertible debentures | (3,956) | - |
| Certificates of deposit | (7,823) | |
| Others | (26) | (22) |
| Proceeds on sale of financial assets | | |
| Tax free bonds and government bonds | 7 | - |
| Liquid mutual funds and fixed maturity plan securities | 52,041 | 24,980 |
| ***Net cash used in investing activities*** | **(14,542)** | **(901)** |
| **Cash flows from financing activities:** | | |
| Payment of dividends (including corporate dividend tax) | (6,939) | (6,813) |
| ***Net cash used in financing activities*** | **(6,939)** | **(6,813)** |
| ***Net decrease in cash and cash equivalents*** | (9,950) | 2,314 |
| **Cash and cash equivalents at the beginning of the period** | 32,697 | 30,367 |
| Effect of exchange rate changes on cash and cash equivalents | (122) | 16 |
| **Cash and cash equivalents at the end of the period** | **22,625** | **32,697** |
| **Supplementary information:** | | |
| Restricted cash balance | 572 | 492 |

*The accompanying notes form an integral part of the consolidated financial statements*

*As per our report of even date attached*
*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

## INFOSYS LIMITED AND SUBSIDIARIES

**Notes to the Consolidated Financial Statements**

**1. Company Overview and Significant Accounting Policies**

**1.1 Company overview**

Infosys is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The Company has its primary listings on the BSE Limited and National Stock Exchange in India. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on April 13, 2017

**1.2 Basis of preparation of financial statements**

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

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year-to-date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in these financial statements.

**1.3 Basis of consolidation**

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries as disclosed in Note 2.25. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

**1.4 Use of estimates**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**1.5 Critical accounting estimates**

**a. Revenue recognition**

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.17.

**c. Business combinations and intangible assets**

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**d. Property, plant and equipment**

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

**e. Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**1.6 Revenue recognition**

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the Company has applied the guidance in Ind AS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the Company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in Ind AS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the Company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in Ind AS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The Company has applied the principles given in Ind AS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The Company presents revenues net of value-added taxes in its statement of profit and loss

**1.7 Property, plant and equipment**

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

| | |
|---|---|
| Building [(1)] | 22-25 years |
| Plant and machinery [(1)] | 5 years |
| Office equipment | 5 years |
| Computer equipment [(1)] | 3-5 years |
| Furniture and fixtures [(1)] | 5 years |
| Vehicles[(1)] | 5 years |

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**1.8 Business combinations**

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

**1.9 Goodwill**

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of profit and loss. Goodwill is measured at cost less accumulated impairment losses.

**1.10 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

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

**1.11 Financial instruments**

**1.11.1 Initial recognition**

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

**1.11.2 Subsequent measurement**

**a. Non-derivative financial instruments**

***(i) Financial assets carried at amortised cost***

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

***(iv) Financial liabilities***

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

**b. Derivative financial instruments**

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

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

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

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

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

**(ii) Cash flow hedge**

The Group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

**c. Share capital and treasury shares**

**(i) Ordinary Shares**

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

**(ii) Treasury Shares**

When any entity within the Group purchases the Company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**1.11.3 Derecognition of financial instruments**

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

**1.12 Fair value of financial instruments**

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

For all other financial instruments the carrying amounts approximates fair value due to the short maturity of those instruments.

**1.13 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of profit and loss and is not reversed in the subsequent period.

**(ii) Intangible assets and property, plant and equipment**

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

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

**1.14 Provisions**

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

**a. Post sales client support**

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

**b. Onerous contracts**

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

**1.15 Foreign currency**

Functional currency

The functional currency of Infosys, Infosys BPO, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai, Infosys Lodestone, Infosys Americas, Infosys Nova, Panaya, Kallidus and Noah are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

*Transactions and translations*

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

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

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

**1.16 Earnings per equity share**

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

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

**1.17 Income taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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 tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year. Tax benefits of deductions earned on exercise of employee share options in excess of compensation charged to income are credited to share premium.

**1.18 Employee benefits**

**1.18.1 Gratuity**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of profit and loss.

**1.18.2 Superannuation**

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

**1.18.3 Provident fund**

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

**1.18.4 Compensated absences**

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**1.19 Share-based compensation**

The Group recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

**1.20 Cash Flow Statement**

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

**1.21 Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

**1.22 Other income**

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

**1.23 Leases**

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

**1.24 Government grants**

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of profit and loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

**1.25 Recent accounting pronouncements**

**1.25.1 Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the group from April 1, 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

## 2 Notes to the consolidated financial statements for the year ended March 31, 2017

### 2.1 First-time adoption of Ind-AS

These consolidated interim financial statements of Infosys Limited and its subsidiaries for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Consolidated Balance sheet and Consolidated Statement of profit and loss, is set out in note 2.2.1 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1

### 2.1.1 Exemptions availed on first time adoption of Ind-AS 101

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has accordingly applied the following exemptions

***(a) Business Combination***

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the group has applied the standard for all acquisitions completed after April 1, 2007, which coincides with the group's date of transition to IFRS.

For all such acquisitions,

- Intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103
- deferred taxes have been recorded on intangible assets, wherever applicable
- goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity
- retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

***(b) Share-based payment transaction***

The group is allowed to apply Ind AS 102 Share-based payment to equity instruments that remain unvested as of transition date. The group has elected to avail this exemption and apply the requirements of Ind AS 102 to all such grants under the 2015 plan (Formerly 2011 plan). Accordingly, these options have been measured at fair value as against intrinsic value, previously under IGAAP.
The excess of stock compensation expense measured using fair value over the cost recognized under IGAAP using intrinsic value has been adjusted in 'Share Options Outstanding Account', with the corresponding impact taken to the retained earnings as on the transition date.

**(c) Designation of previously recognized financial instruments**

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as 'FVOCI' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Group has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

**2.2 Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

**2.2.1 Reconciliation of equity as previously reported under IGAAP to Ind AS**

*In ₹ crore*

| Particulars | Note | Opening Balance Sheet as at April 1, 2015 | | | Balance Sheet as at March 31, 2016 | | |
|---|---|---|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS | IGAAP | Effects of transition to Ind-AS | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 7,685 | - | 7,685 | 8,637 | - | 8,637 |
| Capital work-in-progress | | 776 | - | 776 | 960 | - | 960 |
| Goodwill | (a) | 3,595 | (504) | 3,091 | 4,476 | (712) | 3,764 |
| Other Intangible assets | (a) | 66 | 572 | 638 | 67 | 918 | 985 |
| Investment in associate | | 93 | - | 93 | 103 | - | 103 |
| Financial Assets: | | | | | | | |
| Investments | (b) | 1,305 | - | 1,305 | 1,714 | - | 1,714 |
| Loans | | 31 | - | 31 | 25 | - | 25 |
| Other financial assets | | 173 | - | 173 | 286 | - | 286 |
| Deferred tax assets (net) | (c) | 536 | - | 536 | 533 | 3 | 536 |
| Income Tax assets (net) | | 4,089 | - | 4,089 | 5,230 | - | 5,230 |
| Other non-current assets | | 698 | - | 698 | 1,357 | - | 1,357 |
| **Total non-current assets** | | *19,047* | *68* | *19,115* | *23,388* | *209* | *23,597* |
| **Current assets** | | | | | | | |
| Financial Assets: | | | | | | | |
| Investments | (b) | 872 | 2 | 874 | 75 | - | 75 |
| Trade Receivables | | 9,713 | - | 9,713 | 11,330 | - | 11,330 |
| Cash and cash equivalents | | 30,367 | - | 30,367 | 32,697 | - | 32,697 |
| Loans | | 222 | - | 222 | 303 | - | 303 |
| Other financial assets | | 4,527 | - | 4,527 | 5,190 | - | 5,190 |
| Other Current Assets | | 1,541 | - | 1,541 | 2,158 | - | 2,158 |
| **Total current assets** | | *47,242* | *2* | *47,244* | *51,753* | *-* | *51,753* |
| **Total assets** | | ***66,289*** | ***70*** | ***66,359*** | ***75,141*** | ***209*** | ***75,350*** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity Share capital | | 572 | - | 572 | 1,144 | - | 1,144 |
| Other equity | (g) | 50,164 | 4,034 | 54,198 | 56,682 | 3,918 | 60,600 |
| **Total equity attributable to equity holders of the Company** | | *50,736* | *4,034* | *54,770* | *57,826* | *3,918* | *61,744* |
| Non-controlling interests | | - | - | - | - | - | - |
| **Total equity** | | *50,736* | *4,034* | *54,770* | *57,826* | *3,918* | *61,744* |
| **Non-current liabilities** | | | | | | | |
| Financial Liabilities | | | | | | | |
| Other financial liabilities | (d) | - | - | - | 80 | (11) | 69 |
| Deferred tax liabilities (net) | (c) | - | 159 | 159 | - | 252 | 252 |
| Other non-current liabilities | (e) | 50 | (3) | 47 | 46 | - | 46 |
| **Total non-current liabilities** | | *50* | *156* | *206* | *126* | *241* | *367* |
| **Current liabilities** | | | | | | | |
| Financial Liabilities | | | | | | | |
| Trade Payables | | 140 | - | 140 | 386 | - | 386 |
| Other financial liabilities | (d) | 6,021 | (38) | 5,983 | 6,309 | (7) | 6,302 |
| Other current liabilities | (e) | 1,968 | (4) | 1,964 | 2,633 | (4) | 2,629 |
| Provisions | (f) | 4,556 | (4,078) | 478 | 4,451 | (3,939) | 512 |
| Income tax liabilities (net) | | 2,818 | - | 2,818 | 3,410 | - | 3,410 |
| **Total current liabilities** | | *15,503* | *(4,120)* | *11,383* | *17,189* | *(3,950)* | *13,239* |
| **Total equity and liabilities** | | ***66,289*** | ***70*** | ***66,359*** | ***75,141*** | ***209*** | ***75,350*** |

**Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to IND AS**

***(a) Goodwill and Intangible assets***

Intangible assets and deferred tax asset/liabilities in relation to business combinations which were included within Goodwill under IGAAP, have been recognized separately under Ind-AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortisation expenses and exchange gains and losses.

***(b) Investments***

Tax free bonds are carried at amortised cost both under Ind AS and IGAAP. Investment in equity instruments are carried at fair value through OCI in Ind AS compared to being carried at cost under IGAAP.

***(c) Deferred taxes***

Deferred taxes in relation to business combinations have been recognised under Ind-AS

***(d) Other financial liabilities***

Adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind AS

***(e) Other liabilities***

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 - Employee Benefits requires such gains and losses to be adjusted to retained earnings. Also reflects adjustments for interim dividend (including corporate dividend tax), declared and approved by the board, post reporting period.

***(f) Provisions***

Adjustments reflect final dividend (including corporate dividend tax), declared and approved post reporting period.

***(g) Other equity***

1. Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.
2. In addition, as per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

**INFOSYS LIMITED AND SUBSIDIARIES**

**2.2.2 Reconciliation Statement of Profit and loss as previously reported under IGAAP to IND AS**

*in ₹ crore*

| Particulars | Note | Year ended March 31, 2016 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind AS |
| Revenue from operations | | 62,441 | - | 62,441 |
| Other income, net | | 3,128 | (5) | 3,123 |
| **Total Income** | | **65,569** | **(5)** | **65,564** |
| **Expenses** | | | | |
| Employee benefit expenses | (h) | 34,418 | (12) | 34,406 |
| Deferred consideration pertaining to acquisition | (i) | 110 | 39 | 149 |
| Cost of technical sub-contractors | | 3,531 | - | 3,531 |
| Travel expenses | | 2,263 | - | 2,263 |
| Cost of software packages and others | | 1,274 | - | 1,274 |
| Communication expenses | | 449 | - | 449 |
| Consultancy and professional charges | | 779 | - | 779 |
| Depreciation and amortisation expenses | (j) | 1,266 | 193 | 1,459 |
| Other expenses | (i) | 2,497 | 14 | 2,511 |
| **Total expenses** | | **46,587** | **234** | **46,821** |
| **PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | | **18,982** | **(239)** | **18,743** |
| | | (3) | - | (3) |
| **PROFIT BEFORE TAX** | | **18,979** | **(239)** | **18,740** |
| Tax expense: | | | | |
| Current tax | (k) | 5,315 | 3 | 5,318 |
| Deferred tax | (l) | (14) | (53) | (67) |
| **PROFIT FOR THE PERIOD** | | **13,678** | **(189)** | **13,489** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | (h) | - | (12) | (12) |
| Equity instruments through other comprehensive income | | - | - | - |
| | | - | (12) | (12) |
| *Items that will be reclassified subsequently to profit or loss* | | | | |
| Fair Value changes on cash flow hedges, net | | - | - | - |
| Exchange differences on translation of foreign operations | (m) | 81 | 222 | 303 |
| | | 81 | 222 | 303 |
| **Total other comprehensive income, net of tax** | | **81** | **210** | **291** |
| **Total comprehensive income for the period** | | **13,759** | **21** | **13,780** |
| **Profit attributable to:** | | | | |
| Owners of the company | | 13,678 | (189) | 13,489 |
| Non-controlling interests | | - | - | - |
| | | **13,678** | **(189)** | **13,489** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the company | | 13,759 | 21 | 13,780 |
| Non-controlling interests | | - | - | - |
| | | **13,759** | **21** | **13,780** |

**Explanations for Reconciliation of Profit and loss as previously reported under IGAAP to IND AS**

(h) 1. As per Ind-AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.

2. Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

(i) Adjustments reflect impact of discounting pertaining to deferred and contingent consideration payable for business combinations

(j) Adjustment reflects impact of amortisation of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS

(k) Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind AS

(l) The reduction in deferred tax expense is on account of reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.

(m) Under Ind-AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

**2.2.3 Cash flow statement**

There were no significant reconciliation items between cash flows prepared under IGAAP and those prepared under Ind AS.

**2.3 Business combinations**

**Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million (approximately ₹216 crore), contingent consideration of upto $5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto $32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 39 | - | 39 |
| Intangible assets – technical know-how | - | 27 | 27 |
| Intangible assets – trade name | - | 27 | 27 |
| Intangible assets - customer contracts and relationships | - | 119 | 119 |
| | **39** | **173** | **212** |
| Goodwill | | | 30 |
| **Total purchase price** | | | **242** |

**Includes cash and cash equivalents acquired of ₹18 crore*

Goodwill of ₹4 crore is tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹29 crore and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| Component | Consideration |
|---|---|
| Cash paid | 216 |
| Fair value of contingent consideration | 26 |
| **Total purchase price** | **242** |

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During the year ended March 31, 2016, based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ending December 31, 2016, the entire contingent consideration was reversed in the statement of profit and loss.

The retention bonus is treated as a post-acquisition employee remuneration expense as per Ind AS 103. Post-acquisition employee remuneration expense of ₹95 crore has been recorded in the statement of profit and loss for the year ended March 31, 2017, respectively.

The transaction costs of ₹11 crore related to the acquisition was recognised under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

**Finacle and Edge Services**

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company had undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2017, EdgeVerve had repaid ₹420 crore by redeeming proportionate number of debentures.

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

**Kallidus Inc. (d.b.a Skava)**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million (approximately ₹578 crore) and a contingent consideration of up to $20 million (approximately ₹128 crore on acquisition date).

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 35 | – | 35 |
| Intangible assets – technology | – | 130 | 130 |
| Intangible assets – trade name | – | 14 | 14 |
| Intangible assets - customer contracts and relationships | – | 175 | 175 |
| Deferred tax liabilities on intangible assets | – | (128) | (128) |
| | **35** | **191** | **226** |
| Goodwill | | | 452 |
| **Total purchase price** | | | **678** |

**Includes cash and cash equivalents acquired of ₹29 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹57 crore and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| Component | Consideration |
|---|---|
| Cash paid | 578 |
| Fair value of contingent consideration | 100 |
| **Total purchase price** | **678** |

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the year ended March 31, 2017 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of March 31, 2017 and March 31, 2016 is ₹91 crore and ₹132 crore, respectively, on an undiscounted basis.

The transaction costs of ₹12 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

**Panaya**

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a leading provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹1,398 crore.

Panaya's CloudQuality™ suite positions Infosys to bring automation to several of its service lines via an agile SaaS model, and helps mitigate risk, reduce costs and shorten time to market for clients. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

The purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

*(In ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 9 | – | 9 |
| Net current assets * | 38 | – | 38 |
| Intangible assets – technology | – | 243 | 243 |
| Intangible assets – trade name | – | 21 | 21 |
| Intangible assets - customer contracts and relationships | – | 82 | 82 |
| Intangible assets – non compete agreements | – | 26 | 26 |
| Deferred tax liabilities on intangible assets | – | (99) | (99) |
| | **47** | **273** | **320** |
| Goodwill | | | 1,078 |
| Total purchase price | | | **1,398** |

** Includes cash and cash equivalents acquired of ₹116 crore.*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹58 crore and the amounts have been largely collected.

The fair value of total cash consideration as at the acquisition date was ₹1,398 crore.

The transaction costs of ₹22 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2015.

**Infosys Consulting Holding AG (formerly Lodestone Holding AG)**

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of ₹1,187 crore and an additional consideration of upto ₹608 crore, which the company refers to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

This transaction was treated as post acquisition employee remuneration expense as per Ind AS 103. For the year ended March 31, 2016, a post-acquisition employee remuneration expense of ₹149 crore, respectively is recorded in the statement of profit and loss. The liability towards post-acquisition employee remuneration expense was settled during the year ended March 31, 2016.

## 2.4 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings (1) | Plant and machinery (2) | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **972** | **650** | **6,325** | **1,759** | **839** | **4,072** | **1,444** | **29** | **16,090** |
| Additions | 123 | 21 | 981 | 349 | 138 | 800 | 379 | 8 | 2,799 |
| Deletions | - | - | - | (4) | (52) | (315) | (113) | (6) | (490) |
| Translation difference | - | - | (27) | (3) | (3) | (17) | (17) | - | (67) |
| **Gross carrying value as of March 31, 2017** | **1,095** | **671** | **7,279** | **2,101** | **922** | **4,540** | **1,693** | **31** | **18,332** |
| **Accumulated depreciation as of April 1, 2016** | **-** | **(22)** | **(2,201)** | **(1,100)** | **(509)** | **(2,618)** | **(986)** | **(17)** | **(7,453)** |
| Depreciation | - | (5) | (239) | (261) | (119) | (678) | (210) | (5) | (1,517) |
| Accumulated depreciation on deletions | - | - | - | 4 | 27 | 230 | 92 | 5 | 358 |
| Translation difference | - | - | - | 4 | 2 | 13 | 12 | - | 31 |
| **Accumulated depreciation as of March 31, 2017** | **-** | **(27)** | **(2,440)** | **(1,353)** | **(599)** | **(3,053)** | **(1,092)** | **(17)** | **(8,581)** |
| **Carrying value as of March 31, 2017** | **1,095** | **644** | **4,839** | **748** | **323** | **1,487** | **601** | **14** | **9,751** |
| **Carrying value as of April 1, 2016** | **972** | **628** | **4,124** | **659** | **330** | **1,454** | **458** | **12** | **8,637** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*In ₹ crore, except as otherwise stated*

| | Land-Freehold | Land-Leasehold | Buildings (1) | Plant and machinery | Office Equipment | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **931** | **633** | **5,881** | **1,427** | **676** | **3,347** | **1,179** | **34** | **14,108** |
| Acquisitions through business combinations (Refer note 2.3) | - | - | - | - | 1 | 2 | 1 | - | **4** |
| Additions | 41 | 17 | 444 | 333 | 166 | 1,103 | 265 | 6 | **2,375** |
| Deletions | - | - | - | (1) | (6) | (396) | (8) | (12) | **(423)** |
| Translation difference | - | - | - | - | 2 | 16 | 7 | 1 | **26** |
| **Gross carrying value as of March 31, 2016** | **972** | **650** | **6,325** | **1,759** | **839** | **4,072** | **1,444** | **29** | **16,090** |
| **Accumulated depreciation as of April 1, 2015** | **-** | **(16)** | **(1,982)** | **(881)** | **(412)** | **(2,287)** | **(826)** | **(19)** | **(6,423)** |
| Acquisitions through business combinations | - | - | - | - | (1) | (1) | - | - | **(2)** |
| Depreciation | - | (6) | (219) | (220) | (100) | (553) | (161) | (5) | **(1,264)** |
| Accumulated depreciation on deletions | - | - | - | 1 | 5 | 237 | 4 | 7 | **254** |
| Translation difference | - | - | - | - | (1) | (14) | (3) | - | **(18)** |
| **Accumulated depreciation as of March 31, 2016** | **-** | **(22)** | **(2,201)** | **(1,100)** | **(509)** | **(2,618)** | **(986)** | **(17)** | **(7,453)** |
| **Carrying value as of March 31, 2016** | **972** | **628** | **4,124** | **659** | **330** | **1,454** | **458** | **12** | **8,637** |
| **Carrying value as of April 1, 2015** | **931** | **617** | **3,899** | **546** | **264** | **1,060** | **353** | **15** | **7,685** |

*Notes: (1) Buildings include ₹ 250/- being the value of 5 shares of ₹ 50/- each in Mittal Towers Premises Co-operative Society Limited.*

*(2) Includes CSR spend amounting to ₹25 crore for the year ending March 31, 2017*

Gross carrying value of lease hold land represents amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period.

The aggregate depreciation has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

**2.5 GOODWILL AND OTHER INTANGIBLE ASSETS**

Following is a summary of changes in the carrying amount of goodwill:

*In ₹ crore*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Carrying value at the beginning** | 3,764 | 3,091 |
| Goodwill on Kallidus d.b.a Skava acquisition *(Refer note 2.3)* | - | 452 |
| Goodwill on Noah acquisition *(Refer note 2.3)* | - | 30 |
| Translation differences | (112) | 191 |
| **Carrying value at the end** | **3,652** | **3,764** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The following table gives the break up of allocation of goodwill to operating segments as at April 1, 2015

*In ₹ crore*

| **Segment** | **As at April 1, 2015** |
|---|---|
| Financial services | 663 |
| Insurance | 367 |
| Manufacturing | 656 |
| Energy, Communication and Services | 318 |
| Resources and utilities | 141 |
| Retail, Consumer packaged goods and Logistics | 473 |
| Life Sciences and Healthcare | 193 |
| Growth Markets | 280 |
| **Total** | **3,091** |

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in Ind AS 108, Operating Segments. Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2016 and March 31, 2017

*(In ₹ crore)*

| **Segment** | **As of** | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Financial services | 826 | 851 |
| Manufacturing | 409 | 423 |
| Retail, Consumer packaged goods and Logistics | 556 | 573 |
| Life Sciences, Healthcare and Insurance | 638 | 656 |
| Energy & Utilities, Communication and Services | 765 | 789 |
| | 3,194 | 3,292 |
| Operating segments without significant goodwill | 458 | 472 |
| **Total** | **3,652** | **3,764** |

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGU's which are represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava has been allocated to the groups of CGU's which are represented by a majority of the entity's operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & Utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, March 31, 2016 and April 1, 2015 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

(in %)

| | As of | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Long term growth rate | 8-10 | 8-10 | 8-10 |
| Operating margins | 17-20 | 17-20 | 17-20 |
| Discount rate | 14.4 | 14.2 | 13.9 |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| Additions during the period | - | - | - | - | - | - | - | - |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | (25) | (9) | - | - | (6) | (3) | (1) - | **44** |
| **Gross carrying value as of March 31, 2017** | **750** | **405** | **21** | **1** | **66** | **90** | **62** | **1,395** |
| **Accumulated amortization as of April 1, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| Amortization expense | (91) | (63) | - | - | (1) | (14) | (17) | (186) |
| Deletion during the period | - | - | - | - | - | - | - | - |
| Translation differences | 12 | 4 | - | - | - | 3 | 2 | 21 |
| **Accumulated amortization as of March 31, 2017** | **(382)** | **(121)** | **(21)** | **(1)** | **(7)** | **(49)** | **(38)** | **(619)** |
| **Carrying value as of April 1, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Carrying value as of March 31, 2017** | **368** | **284** | **-** | **-** | **59** | **41** | **24** | **776** |
| **Estimated Useful Life** *(in years)* | 3-10 | 5-8 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-6 | 3-6 | - | - | 44 | 1-8 | 1-4 | |

During the quarter ended December 31, 2016, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the year ended March 31, 2017 is higher by ₹19 crore due to the revision.

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

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **448** | **261** | **21** | **11** | **71** | **49** | **34** | **895** |
| Additions through business combinations (*Refer Note 2.3* ) | 294 | 130 | - | - | - | 41 | 27 | 492 |
| Additions | - | 2 | - | - | - | - | - | 2 |
| Deletions | - | - | - | (10) | - | - | - | (10) |
| Translation difference | 33 | 21 | - | - | 1 | 3 | 2 | 60 |
| **Gross carrying value as of March 31, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| **Accumulated amortization as of April 1, 2015** | **(162)** | **(21)** | **(21)** | **(11)** | **(5)** | **(28)** | **(9)** | **(257)** |
| Amortization expense | (132) | (40) | - | - | (1) | (9) | (13) | (195) |
| Deletions during the period | - | - | - | 10 | - | - | - | 10 |
| Translation differences | (9) | (1) | - | - | - | (1) | (1) | (12) |
| **Accumulated amortization as of March 31, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| **Carrying value as of April 1, 2015** | **286** | **240** | **-** | **-** | **66** | **21** | **25** | **638** |
| **Carrying value as of March 31, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Estimated Useful Life** *(in years)* | 3-10 | 8-10 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-7 | 7-9 | - | - | 45 | 2-9 | 2-5 | |

The amortization expense has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

Research and development expense recognized in net profit in the consolidated statement of profit and loss for the year ended March 31, 2017 and March 31, 2016 is ₹789 crore and ₹712 crore, respectively

## 2.6 INVESTMENTS

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non-current** | | | |
| **Unquoted** | | | |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.1* ) | | | |
| Preference securities | 144 | 92 | - |
| Equity instruments | 15 | 1 | 1 |
| | **159** | **93** | **1** |
| **Investments carried at fair value through profit and loss** (*refer note 2.6.1* ) | | | |
| Convertible promissory note | 10 | - | - |
| Others | 35 | 22 | - |
| | **45** | **22** | **-** |
| **Quoted** | | | |
| **Investment carried at amortized cost** *(refer note 2.6.2)* | | | |
| Tax free bonds | # | # | # |
| Government Bonds | - | - | 4 |
| | **1,898** | **1,599** | **1,304** |
| **Investments carried at fair value through profit and loss** (*refer note 2.6.3* ) | | | |
| Fixed maturity plan securities | 407 | - | - |
| | **407** | **-** | **-** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4* ) | | | |
| Non convertible debentures | 3,873 | - | - |
| | **3,873** | **-** | **-** |
| **Total non-current investments** | **6,382** | **1,714** | **1,305** |
| **Current** | | | |
| **Unquoted** | | | |
| **Investments carried at fair value through profit or loss** *(refer note 2.6.3)* | | | |
| Liquid mutual fund units | 1,803 | 68 | 842 |
| | **1,803** | **68** | **842** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4* ) | | | |
| Certificate of Deposits | 7,905 | - | - |
| | **7,905** | **-** | **-** |
| **Quoted** | | | |
| **Investment carried at amortized cost** *(refer note 2.6.2)* | | | |
| Government Bonds | 9 | 7 | - |
| | **9** | **7** | **-** |
| **Investments carried at fair value through profit or loss** *(refer note 2.6.3)* \ | | | |
| Fixed maturity plan securities | 151 | - | 32 |
| | **151** | **-** | **32** |
| **Investments carried at fair value through other comprehensive income** (*refer note 2.6.4* ) | | | |
| Non convertible debentures | 102 | - | - |
| | **102** | **-** | **-** |
| **Total current investments** | **9,970** | **75** | **874** |
| **Total investments** | **16,352** | **1,789** | **2,179** |
| Aggregate amount of quoted investments | 6,440 | 1,606 | 1,336 |
| Market value of quoted investments (including interest accrued) | 6,701 | 1,703 | 1,376 |
| Aggregate amount of unquoted investments (including investment in associates) | 9,983 | 286 | 936 |
| Aggregate amount of impairment made for non-current unquoted investments (including associates) | 24 | 6 | 6 |
| Investment carried at amortized cost | 1,907 | 1,606 | 1,304 |
| Investments carried at fair value through other comprehensive income | 12,039 | 93 | 1 |
| Investments carried at fair value through profit or loss | 2,406 | 90 | 874 |

### 2.6.1 Details of Investments

The details of investments in preference, equity and other instruments at March 31, 2017 and March 31, 2016 are as follows:

*in ₹ crore, except otherwise stated*

| Particulars | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| *Preference securities* | | |
| Airviz Inc. | 9 | 13 |
| 2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each | | |
| ANSR Consulting | 10 | 9 |
| 52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each | | |
| Whoop Inc | 15 | 20 |
| 16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each | | |
| CloudEndure Ltd. | 37 | 13 |
| 12,79,645 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each | | |
| Nivetti Systems Private Limited | 10 | 10 |
| 2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each | | |
| Waterline Data Science, Inc | 24 | 27 |
| 39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each | | |
| Trifacta Inc. | 26 | - |
| 11,80,358 (Nil) Preferred Stock | | |
| Cloudyn Software Ltd | 13 | - |
| 27,022 (Nil) Preferred Series B-3 shares, fully paid up, par value ILS 0.01 each | | |
| *Equity Instrument* | | |
| OnMobile Systems Inc., USA | - | - |
| 21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each | | |
| Merasport Technologies Private Limited | - | - |
| 2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each | | |
| Global Innovation and Technology Alliance | 1 | 1 |
| 15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each | | |
| Unsilo A/S | 14 | - |
| 69,894 (Nil) Equity Shares, fully paid up, par value DKK 1 each | | |
| *Others* | | |
| Stellaris Venture Partners India I | 3 | - |
| Vertex Ventures US Fund L.L.P | 32 | 22 |
| *Convertible promissory note* | | |
| Tidalscale | 10 | - |
| | **204** | **115** |

### 2.6.2 Details of Investments in tax free bonds and government bonds

The balances held in tax free bonds as at March 31, 2017 and March 31, 2016 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | Face Value ₹ | Units | Amount | Units | Amount |
| 7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026 | 10,00,000/- | 470 | 50 | - | - |
| 7.16% Power Finance Corporation Ltd. Bonds 17JUL2025 | 10,00,000/- | 1,000 | 107 | - | - |
| 7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023 | 1,000/- | 20,00,000 | 201 | 20,00,000 | 201 |
| 7.28% Indian Railway Finance Corporation Limited 21DEC2030 | 1,000/- | 4,22,800 | 42 | 4,22,800 | 42 |
| 7.28% National Highways Authority of India Bonds 18SEP2030 | 10,00,000/- | 3,300 | 343 | 2,000 | 200 |
| 7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028 | 1,000/- | 21,00,000 | 211 | 21,00,000 | 211 |
| 7.35% National Highways Authority of India Bonds 11JAN2031 | 1,000/- | 5,71,396 | 57 | 5,71,396 | 57 |
| 7.93% Rural Electrification Corporation Limited Bonds 27MAR2022 | 1,000/- | 2,00,000 | 21 | 2,00,000 | 21 |
| 8.00% Indian Railway Finance Corporation Limited Bonds 2022 | 1,000/- | 1,50,000 | 15 | 1,50,000 | 15 |
| 8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027 | 1,000/- | 5,00,000 | 53 | 5,00,000 | 53 |
| 8.20% Power Finance Corporation Limited Bonds 2022 | 1,000/- | 5,00,000 | 50 | 5,00,000 | 51 |
| 8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028 | 10,00,000/- | 1,000 | 100 | 1,000 | 100 |
| 8.30% National Highways Authority of India Bonds 25JAN2027 | 1,000/- | 5,00,000 | 53 | 5,00,000 | 53 |
| 8.35% National Highways Authority of India Bonds 22NOV2023 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028 | 10,00,000/- | 2,000 | 200 | 2,000 | 200 |
| 8.46% Power Finance Corporation Limited Bonds 30AUG2028 | 10,00,000/- | 1,500 | 150 | 1,500 | 150 |
| 8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028 | 10,00,000/- | 450 | 45 | 450 | 45 |
| 8.54% Power Finance Corporation Limited Bonds 16NOV2028 | 1,000/- | 5,00,000 | 50 | 5,00,000 | 50 |
| | | **74,55,416** | **1,898** | **74,52,646** | **1,599** |

The balances held in government bonds as at March 31, 2017 and March 31, 2016 is as follows:

*in ₹ crore, except as otherwise stated*

| Particulars | Face Value | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|---|
| | PHP | Units | Amount | Units | Amount |
| Fixed Rate Treasury Notes 1.62 PCT MAT DATE 7 SEPT 2016 | 100 | - | - | 50,000 | 1 |
| Fixed Rate Treasury Notes 2.20 PCT MAT DATE 25 APR 2016 | 100 | - | - | 60,000 | 1 |
| Fixed Rate Treasury Notes 1.00 PCT MAT DATE 25 APR 2016 | 100 | - | - | 200,000 | 3 |
| Treasury Notes PHY6972FWG18 MAT Date 22 Feb 2017 | 100 | - | - | 160,000 | 2 |
| Treasury Notes PHY6972FWQ99 MAT Date 07 June 2017 | 100 | 340,000 | 4 | - | - |
| Treasury Notes PIBl1217C056 MAT DATE 14 Mar 2018 | 100 | 400,000 | 5 | - | - |
| | | **740,000** | **9** | **470,000** | **7** |

**2.6.3 Details of Investments in liquid mutual fund units and Fixed Maturity Plans**

The balances held in liquid mutual fund units as at March 31, 2017 and March 31, 2016 is as follows: *in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Units | Amount | Units | Amount |
| Birla Sun Life Cash Plus Growth Direct Plan | 14,522,491 | 380 | - | - |
| Birla Sun Life Cash Manager- Regular Plan | - | - | 389,089 | 14 |
| BSL Cash Manager - Growth | 266,264 | 11 | - | - |
| ICICI Prudential Liquid - Direct Plan - Daily Dividend | - | - | 1,607,064 | 16 |
| ICICI Prudential Liquid Direct Plan Growth | 10,388,743 | 250 | - | - |
| IDFC Cash Fund Growth (Direct Plan) | 1,265,679 | 250 | - | - |
| Kotak Low Duration Fund Direct Growth (Ultra Short Term) | 1,502,564 | 305 | - | - |
| L&T Liquid Fund Direct Plan Growth | 672,806 | 150 | - | - |
| Reliance Liquid Fund Cash Plan | 28,305 | 7 | 2 | - |
| Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option | 882,465 | 350 | 207,283 | 31 |
| Reliance Money Manage Fund | - | - | 32,925 | 7 |
| SBI Premier Liquid Fund Direct Plan Growth | 391,909 | 100 | - | - |
| | **29,921,226** | **1,803** | **2,236,363** | **68** |

The balances held in Fixed Maturity Plans as at March 31, 2017 is as follows:

| Particulars | As at March 31, 2017 | |
|---|---|---|
| | Units | Amount |
| Birla Sun Life Fixed Term Plan -Series OD 1145 Days -GR direct | 60,000,000 | 61 |
| Birla Sun Life Fixed Term Plan -series OE 1153 days -GR direct | 25,000,000 | 25 |
| HDFC FMP 1155D Feb 2017-Direct Growth Series 37 | 38,000,000 | 38 |
| HDFC FMP 1169D Feb 2017 -Direct-Quarterly Dividend -Series 37 | 45,000,000 | 45 |
| ICICI FMP Series 80-1194 D Plan F Div. | 55,000,000 | 55 |
| ICICI Prudential Fixed maturity Plan Series 80-1187 Days Plan G direct Plan | 42,000,000 | 42 |
| ICICI Prudential Fixed Maturity Plan series 80-1253 Days Plan J Direct Plan | 30,000,000 | 30 |
| IDFC Fixed Term Plan Series 129 direct Plan-Growth 1147 Days | 10,000,000 | 10 |
| IDFC Fixed Term Plan Series 131 direct Plan-Growth 1139 Days | 15,000,000 | 15 |
| Kotak FMP Series 199 Direct -Growth | 35,000,000 | 36 |
| Reliance Fixed Horizon Fund-XXXII Series 8-Dividend Plan | 50,000,000 | 50 |
| Reliance Yearly Interval Fund Series -1-Direct Plan-Growth Plan | 106,906,898 | 151 |
| | **511,906,898** | **558** |

**2.6.4 Details of Investments in Non convertible debentures and Certificate of Deposits**

The balances held in non convertible debenture units as at March 31, 2017 is as follows: *in ₹ crore, except as otherwise stated*

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| 7.48% Housing Development Finance Corporation Ltd 18NOV2019 | 10,000,000/- | 50 | 52 |
| 7.58% LIC Housing Finance Ltd 11JUN2020 | 1,000,000/- | 500 | 51 |
| 7.58% LIC Housing Finance Ltd 28FEB2020 | 1,000,000/- | 1,000 | 100 |
| 7.59% LIC Housing Finance Ltd 14OCT2021 | 1,000,000/- | 3,000 | 309 |
| 7.75% LIC Housing Finance Ltd 27AUG2021 | 1,000,000/- | 1,250 | 129 |
| 7.79% LIC Housing Finance Ltd 19JUN2020 | 1,000,000/- | 500 | 52 |
| 7.80% Housing Development Finance Corporation Ltd 11NOV2019 | 10,000,000/- | 150 | 155 |
| 7.81% LIC Housing Finance Ltd 27APR2020 | 1,000,000/- | 2,000 | 208 |
| 7.95% Housing Development Finance Corporation Ltd 23SEP2019 | 10,000,000/- | 50 | 53 |
| 8.02% LIC Housing Finance Ltd 18FEB2020 | 1,000,000/- | 500 | 51 |
| 8.26% Housing Development Finance Corporation Ltd 12AUG2019 | 10,000,000/- | 100 | 106 |
| 8.34% Housing Development Finance Corporation Ltd 06MAR2019 | 10,000,000/- | 200 | 217 |
| 8.37% LIC Housing Finance Ltd 03OCT2019 | 1,000,000/- | 2,000 | 218 |
| 8.37% LIC Housing Finance Ltd 10MAY2021 | 1,000,000/- | 500 | 55 |
| 8.43% IDFC Bank Limited 30JAN2018 | 1,000,000/- | 1,000 | 102 |
| 8.46% Housing Development Finance Corporation Ltd 11MAR2019 | 10,000,000/- | 50 | 54 |
| 8.47% LIC Housing Finance Ltd 21JAN2020 | 1,000,000/- | 500 | 52 |
| 8.49% Housing Development Finance Corporation Ltd 27APR2020 | 5,000/- | 900 | 49 |
| 8.50% Housing Development Finance Corporation Ltd 31AUG2020 | 10,000,000/- | 100 | 108 |
| 8.54% IDFC Bank Limited 30MAY2018 | 1,000,000/- | 1,500 | 182 |
| 8.59% Housing Development Finance Corporation Ltd 14JUN2019 | 10,000,000/- | 50 | 51 |
| 8.60% LIC Housing Finance Ltd 22JUL2020 | 1,000,000/- | 1,000 | 108 |
| 8.60% LIC Housing Finance Ltd 29JUL2020 | 1,000,000/- | 1,750 | 190 |
| 8.61% LIC Housing Finance Ltd 11DEC2019 | 1,000,000/- | 1,000 | 104 |
| 8.66% IDFC Bank Limited 27DEC2018 | 1,000,000/- | 400 | 49 |
| 8.66% IDFC Bank Limited 25JUN2018 | 1,000,000/- | 1,520 | 184 |
| 8.72% Housing Development Finance Corporation Ltd 15APR2019 | 10,000,000/- | 75 | 77 |
| 8.75% Housing Development Finance Corporation Ltd 13JAN2020 | 500,000/- | 5,000 | 260 |
| 8.75% LIC Housing Finance Ltd 14JAN2020 | 1,000,000/- | 1,070 | 112 |
| 8.75% LIC Housing Finance Ltd 21DEC2020 | 1,000,000/- | 1,000 | 104 |
| 8.97% LIC Housing Finance Ltd 29OCT2019 | 1,000,000/- | 500 | 53 |
| 9.45% Housing Development Finance Corporation Ltd 21AUG2019 | 1,000,000/- | 3,000 | 327 |
| 9.65% Housing Development Finance Corporation Ltd 19JAN2019 | 1,000,000/- | 500 | 53 |
| | | **32,715** | **3,975** |

The balances held in Certificate of Deposits as at March 31, 2017 is as follows:

| Particulars | As at March 31, 2017 | | |
|---|---|---|---|
| | Face Value ₹ | Units | Amount |
| Andhra Bank | 1,00,000/- | 35,000 | 344 |
| Axis Bank | 1,00,000/- | 305,600 | 2,914 |
| Corporation Bank | 1,00,000/- | 33,500 | 327 |
| DBS Bank | 1,00,000/- | 5,000 | 49 |
| ICICI Bank Limited | 1,00,000/- | 42,500 | 413 |
| IDFC Bank | 1,00,000/- | 140,000 | 1,328 |
| IndusInd Bank | 1,00,000/- | 106,400 | 1,011 |
| Kotak Bank | 1,00,000/- | 85,500 | 813 |
| Vijaya Bank | 1,00,000/- | 14,000 | 137 |
| Yes Bank | 1,00,000/- | 60,000 | 569 |
| | | **827,500** | **7,905** |

## 2.7 LOANS

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non Current** | | | |
| Unsecured, considered good | | | |
| Other loans | | | |
| Loans to employees | 29 | 25 | 31 |
| | **29** | **25** | **31** |
| Unsecured, considered doubtful | | | |
| Loans to employees | 24 | 19 | 12 |
| | **53** | **44** | **43** |
| Less: Allowance for doubtful loans to employees | 24 | 19 | 12 |
| | **29** | **25** | **31** |
| **Current** | | | |
| Unsecured, considered good | | | |
| Other loans | | | |
| Loans to employees | 272 | 303 | 222 |
| | **272** | **303** | **222** |
| **Total Loans** | **301** | **328** | **253** |

## 2.8 OTHER FINANCIAL ASSETS

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non Current** | | | |
| Security deposits [(1)] | 86 | 78 | 68 |
| Rental deposits [(1)] | 175 | 146 | 47 |
| Restricted deposits[(1)] | 48 | 62 | 58 |
| | **309** | **286** | **173** |
| **Current** | | | |
| Security deposits [(1)] | 10 | 7 | 4 |
| Rental deposits [(1)] | 9 | 13 | 24 |
| Restricted deposits [(1)] | 1,416 | 1,238 | 1,100 |
| Unbilled revenues [(1)] | 3,648 | 3,029 | 2,845 |
| Interest accrued but not due [(1)] | 576 | 762 | 444 |
| Foreign currency forward and options contracts [(2)(3)] | 284 | 116 | 101 |
| Others [(1)] | 37 | 25 | 9 |
| | **5,980** | **5,190** | **4,527** |
| **Total Financial Assets** | **6,289** | **5,476** | **4,700** |
| [(1)] Financial assets carried at amortized cost | 6,005 | 5,360 | 4,599 |
| [(2)] Financial assets carried at fair value through other comprehensive income | 52 | - | - |
| [(3)] Financial assets carried at fair value through profit or loss | 232 | 116 | 101 |

Restricted deposits represents deposits with financial institutions to settle employee-related obligations as and when they arise during the normal course of business.
Other assets primarily represent travel advances and other recoverables.

## 2.9 TRADE RECEIVABLES [(1)]

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Current** | | | |
| Unsecured | | | |
| Considered good | 12,322 | 11,330 | 9,713 |
| Considered doubtful | 318 | 289 | 366 |
| | 12,640 | 11,619 | 10,079 |
| Less: Allowances for credit loss | 318 | 289 | 366 |
| | **12,322** | **11,330** | **9,713** |
| *[(1)] Includes dues from companies where directors are interested* | 1 | 1 | 6 |

**2.10 CASH AND CASH EQUIVALENTS**

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| Balances with banks | | | |
| In current and deposit accounts | 14,889 | 27,420 | 26,195 |
| Cash on hand | - | - | - |
| Others | | | |
| Deposits with financial institutions | 7,736 | 5,277 | 4,172 |
| | **22,625** | **32,697** | **30,367** |
| *Balances with banks in unpaid dividend accounts* | 17 | 5 | 3 |
| *Deposit with more than 12 months maturity* | 6,954 | 404 | 311 |
| *Balances with banks held as margin money deposits against guarantees* | 404 | 342 | 185 |

Cash and cash equivalents as of March 31, 2017, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹572 crore, ₹492 crore and ₹364 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

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

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 |
|---|---|---|
| **Current accounts** | | |
| ANZ Bank, Taiwan | 3 | 13 |
| Axis Bank, India | 1 | 1 |
| Banamex Bank, Mexico | 2 | 5 |
| Banamex Bank, Mexico (U.S. Dollar account) | 8 | 3 |
| Bank of America, Mexico | 54 | 21 |
| Bank of America, USA | 1,030 | 681 |
| Bank Zachodni WBK S.A, Poland | 4 | 3 |
| Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan | - | 1 |
| Barclays Bank, UK | 1 | 19 |
| Bank Leumi, Israel (US Dollar account) | 2 | 17 |
| Bank Leumi, Israel | 11 | 10 |
| BNP Paribas Bank, Norway | 17 | - |
| China Merchants Bank, China | 9 | 8 |
| Citibank N.A, China | 61 | 65 |
| Citibank N.A., China (U.S. Dollar account) | 11 | 72 |
| Citibank N.A., Costa Rica | 5 | 2 |
| Citibank N.A., Australia | 19 | 72 |
| Citibank N.A., Brazil | 30 | 5 |
| Citibank N.A., Dubai | 1 | 1 |
| Citibank N.A., Hungary | 3 | - |
| Citibank N.A., India | 3 | 1 |
| Citibank N.A., Japan | 12 | 15 |
| Citibank N.A., New Zealand | 10 | 6 |
| Citibank N.A., Portugal | 2 | 2 |
| Citibank N.A., Singapore | 2 | 3 |
| Citibank N.A., South Korea | 1 | - |
| Citibank N.A., South Africa | 9 | 5 |
| Citibank N.A., South Africa (Euro account) | 1 | 1 |
| Citibank N.A., Philippines, (U.S. Dollar account) | 1 | 1 |
| Citibank N.A., USA | 78 | 60 |
| Citibank N.A., EEFC (U.S. Dollar account) | 1 | - |
| Commerzbank, Germany | 18 | 19 |
| Crédit Industriel et Commercial Bank, France | - | 4 |
| Deutsche Bank, India | 12 | 8 |
| Deutsche Bank, Philippines | 5 | 13 |
| Deutsche Bank, Philippines (U.S. Dollar account) | 4 | 1 |
| Deutsche Bank, Poland | 12 | 5 |
| Deutsche Bank, Poland (Euro account) | 4 | - |
| Deutsche Bank, EEFC (Australian Dollar account) | 38 | 2 |
| Deutsche Bank, EEFC (Euro account) | 25 | 32 |
| Deutsche Bank, EEFC (Swiss Franc account) | 2 | 5 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 76 | 96 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 10 | 9 |
| Deutsche Bank, Belgium | 10 | 59 |
| Deutsche Bank, Malaysia | 7 | 9 |
| Deutsche Bank, Czech Republic | 8 | 14 |

| | | |
|---|---|---|
| Deutsche Bank, Czech Republic (Euro account) | 7 | 1 |
| Deutsche Bank, Czech Republic (U.S. Dollar account) | 30 | 28 |
| Deutsche Bank, France | 8 | 10 |
| Deutsche Bank, Germany | 48 | 17 |
| Deutsche Bank, Netherlands | 2 | 6 |
| Deutsche Bank, Russia | 3 | 2 |
| Deutsche Bank, Russia (U.S. Dollar account) | 1 | 1 |
| Deutsche Bank, Singapore | 6 | 4 |
| Deutsche Bank, Spain | - | 1 |
| Deutsche Bank, Switzerland | 9 | 1 |
| Deutsche Bank, Switzerland (U.S. Dollar account) | 1 | - |
| Deutsche Bank, United Kingdom | 26 | 170 |
| Deutsche Bank, USA | 12 | - |
| HSBC Bank, Brazil | 1 | 5 |
| HSBC Bank, Hong Kong | 1 | 1 |
| ICICI Bank, India | 53 | 72 |
| ICICI Bank, EEFC (Euro account) | 1 | - |
| ICICI Bank, EEFC (U.S. Dollar account) | 5 | 10 |
| ICICI Bank, EEFC (United Kingdom Pound Sterling account) | 1 | - |
| ING Bank, Belgium | 2 | 3 |
| Nordbanken, Sweden | 33 | 15 |
| Punjab National Bank, India | 6 | 4 |
| Raiffeisen Bank, Czech Republic | 4 | 5 |
| Raiffeisen Bank, Romania | 4 | 4 |
| Royal Bank of Canada, Canada | 83 | 78 |
| Santander Bank, Argentina | 1 | - |
| State Bank of India, India | 7 | 8 |
| Silicon Valley Bank, USA | 4 | 5 |
| Silicon Valley Bank, (Euro account) | 19 | 65 |
| Silicon Valley Bank, (United Kingdom Pound Sterling account) | 2 | 19 |
| Union Bank of Switzerland AG | 3 | 15 |
| Union Bank of Switzerland AG, (Euro account) | 4 | 12 |
| Union Bank of Switzerland AG, (Australian Dollar account) | - | 2 |
| Union Bank of Switzerland AG, (U.S. Dollar account) | - | 28 |
| Union Bank of Switzerland AG, (United Kingdom Pound Sterling account) | - | 4 |
| Wells Fargo Bank N.A., USA | 33 | 23 |
| Westpac, Australia | 1 | 6 |
| | **2,044** | **1,994** |

*in ₹ crore*

| **Particulars** | **As at** | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Deposit accounts** | | |
| Andhra Bank | - | 948 |
| Axis Bank | 1,175 | 1,340 |
| Bank BGZ BNP Paribas S.A | 183 | - |
| Bank of India | - | 77 |
| Barclays Bank | 825 | - |
| Canara Bank | 84 | 2,115 |
| Central Bank of India | - | 1,538 |
| Citibank | 165 | 125 |
| Corporation Bank | - | 1,285 |
| Deutsche Bank, Poland | 71 | 237 |
| HDFC Bank | 469 | 2,650 |
| HSBC Bank | 500 | - |
| ICICI Bank | 4,644 | 4,049 |
| IDBI Bank | 1,750 | 1,900 |
| IDFC Bank | 200 | - |
| Indian Overseas Bank | - | 1,250 |
| Indusind Bank | 191 | 250 |
| Jammu & Kashmir Bank | - | 25 |
| Kotak Mahindra Bank Limited | 535 | 537 |
| National Australia Bank Limited | - | 1 |
| Oriental Bank of Commerce | - | 1,967 |
| Punjab National Bank | - | 18 |
| South Indian Bank | 450 | 23 |
| Standard Chartered Bank | 500 | - |
| State Bank of India | - | 2,310 |
| Syndicate Bank | 49 | 1,266 |
| Union Bank of India | - | 140 |
| Vijaya Bank | - | 304 |
| Yes Bank | 633 | 724 |
| | **12,424** | **25,079** |
| **Unpaid dividend accounts** | | |
| Axis Bank - Unpaid dividend account | 2 | 2 |
| HDFC Bank - Unpaid dividend account | 2 | 1 |
| ICICI Bank - Unpaid dividend account | 13 | 2 |
| | **17** | **5** |
| **Margin money deposits against guarantees** | | |
| Canara Bank | 177 | 132 |
| Citibank | 2 | 3 |
| ICICI Bank | 225 | 150 |
| State Bank of India | - | 57 |
| | **404** | **342** |
| **Deposits with financial institutions** | | |
| HDFC Limited | 7,036 | 5,277 |
| LIC Housing Finance Limited | 700 | - |
| | **7,736** | **5,277** |
| **Total cash and cash equivalents** | **22,625** | **32,697** |

## 2.11 OTHER ASSETS

*in ₹ crore*

| Particulars | As at | | |
| --- | --- | --- | --- |
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| **Non Current** | | | |
| Capital advances | 600 | 933 | 664 |
| Advances other than capital advances | | | |
| Prepaid gratuity (*refer note 2.22.1*) | 79 | 4 | 27 |
| Deferred Contract Cost | 284 | 333 | - |
| Prepaid expenses | 96 | 87 | 7 |
| | **1,059** | **1,357** | **698** |
| **Current** | | | |
| Advances other than capital advances | | | |
| Payment to vendors for supply of goods | 131 | 110 | 79 |
| Others | | | |
| Withholding taxes and others | 1,886 | 1,799 | 1,364 |
| Prepaid expenses | 441 | 201 | 98 |
| Deferred Contract Cost | 78 | 48 | - |
| | **2,536** | **2,158** | **1,541** |
| **Total Other Assets** | **3,595** | **3,515** | **2,239** |

Deferred contract costs are upfront costs incurred for the contract and are amortized over the term of the contract. Withholding taxes and others primarily consist of input tax credits.

## 2.12 FINANCIAL INSTRUMENTS

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 22,625 | - | - | - | - | 22,625 | 22,625 |
| Investments (Refer Note 2.6) | | | | | | | |
| Equity and preference securities | - | - | | 159 | - | 159 | 159 |
| Tax free bonds and government bonds | 1,907 | - | - | - | - | 1,907 | 2,168 * |
| Liquid mutual fund units | - | - | 1,803 | - | - | 1,803 | 1,803 |
| Non convertible debentures | - | - | - | - | 3,975 | 3,975 | 3,975 |
| Certificate of Deposits | | | | | 7,905 | 7,905 | 7,905 |
| Convertible promissory note | - | - | 10 | - | - | 10 | 10 |
| Other investments | | | 35 | | | 35 | 35 |
| Fixed maturity plan securities | - | - | 558 | - | - | 558 | 558 |
| Trade receivables (Refer Note 2.9) | 12,322 | - | - | - | - | 12,322 | 12,322 |
| Loans (Refer Note 2.7) | 301 | - | - | - | - | 301 | 301 |
| Other financials assets (Refer Note 2.8) | 6,005 | - | 232 | - | 52 | 6,289 | 6,289 |
| **Total** | **43,160** | **-** | **2,638** | **159** | **11,932** | **57,889** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 367 | - | - | - | - | 367 | 367 |
| Other financial liabilities (Refer Note 2.14) | 4,973 | - | 87 | - | - | 5,060 | 5,060 |
| **Total** | **5,340** | **-** | **87** | **-** | **-** | **5,427** | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 32,697 | - | - | - | - | 32,697 | 32,697 |
| Investments (Refer Note 2.6) | | | | | | | |
| Equity, preference and other securities | - | - | 22 | 93 | - | 115 | 115 |
| Tax free bonds and government bonds | 1,606 | - | - | - | - | 1,606 | 1,703 * |
| Liquid mutual fund units | - | - | 68 | - | - | 68 | 68 |
| Trade receivables (Refer Note 2.9) | 11,330 | - | - | - | - | 11,330 | 11,330 |
| Loans (Refer Note 2.7) | 328 | - | - | - | - | 328 | 328 |
| Other financials assets (Refer Note 2.8) | 5,360 | - | 116 | - | - | 5,476 | 5,476 |
| **Total** | **51,321** | **-** | **206** | **93** | **-** | **51,620** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 386 | - | - | - | - | 386 | 386 |
| Other financial liabilities (Refer Note 2.14) | 4,908 | - | 122 | - | - | 5,030 | 5,030 |
| **Total** | **5,294** | **-** | **122** | **-** | **-** | **5,416** | |

The carrying value and fair value of financial instruments by categories as of April 1, 2015 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.10) | 30,367 | - | - | - | - | 30,367 | 30,367 |
| Investments (Refer Note 2.6) | | | | | | | |
| Equity , preference and other securities | - | - | - | 1 | - | 1 | 1 |
| Tax free bonds and government bonds | 1,304 | - | - | - | - | 1,304 | 1,344 * |
| Liquid mutual fund units | - | - | 842 | - | - | 842 | 842 |
| Fixed maturity plans | - | - | 32 | - | - | 32 | 32 |
| Trade receivables (Refer Note 2.9) | 9,713 | - | - | - | - | 9,713 | 9,713 |
| Loans (Refer Note 2.7) | 253 | - | - | - | - | 253 | 253 |
| Other financials assets (Refer Note 2.8) | 4,599 | - | 101 | - | - | 4,700 | 4,700 |
| **Total** | **46,236** | **-** | **975** | **1** | **-** | **47,212** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 140 | - | - | - | - | 140 | 140 |
| Other financial liabilities (Refer Note 2.14) | 4,911 | - | 3 | - | - | 4,914 | 4,914 |
| **Total** | **5,051** | **-** | **3** | **-** | **-** | **5,054** | |

** Changes in fair values including interest accrued*

**Fair value hierarchy**

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2017:

*(In ₹ crore)*

| | As of March 31, 2017 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.6) | 1,803 | 1,803 | - | - |
| Investments in tax free bonds (Refer Note 2.6) | 2,159 | 282 | 1,877 | - |
| Investments in government bonds (Refer Note 2.6) | 9 | 9 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 15 | - | - | 15 |
| Investments in preference securities (Refer Note 2.6) | 144 | - | - | 144 |
| Investments in non convertible debentures (Refer Note 2.6) | 3,975 | 3,371 | 604 | - |
| Investments in certificate of deposits (Refer Note 2.6) | 7,905 | - | 7,905 | - |
| Investments in fixed maturity plans (Refer Note 2.6) | 558 | - | 558 | - |
| Investments in convertible promissory note (Refer Note 2.6) | 10 | - | - | 10 |
| Others (Refer Note 2.6) | 35 | - | - | 35 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 284 | - | 284 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.14)* | 85 | - | - | 85 |

**Discounted $14 million (approximately ₹91 crore) at 14.2%*

During the year ended March 31, 2017, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of March 31, 2016:

*(In ₹ crore)*

| | As of March 31, 2016 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.6) | 68 | 68 | - | - |
| Investments in bonds (Refer Note 2.6) | 1,696 | 369 | 1,327 | - |
| Investments in government bonds (Refer Note 2.6) | 7 | 7 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 1 | - | - | 1 |
| Investments in preference securities (Refer Note 2.6) | 92 | - | - | 92 |
| Others (Refer Note 2.6) | 22 | - | - | 22 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 116 | - | 116 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 5 | - | 5 | - |
| Liability towards contingent consideration (Refer note 2.14)* | 117 | - | - | 117 |

**Discounted $20 million (approximately ₹132 crore) at 13.7%*

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of April 1, 2015:

*(In ₹ crore)*

| | As of April 1, 2015 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.6) | 842 | 842 | - | - |
| Investments in fixed maturity plan securities (Refer Note 2.6) | 32 | - | 32 | - |
| Investments in bonds (Refer Note 2.6) | 1,340 | 604 | 736 | - |
| Investments in government bonds (Refer Note 2.6) | 4 | 4 | - | - |
| Investments in equity instruments (Refer Note 2.6) | 1 | - | - | 1 |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8) | 101 | - | 101 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14) | 3 | - | 3 | - |

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rate and passage of time.

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposits is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace.

The amount invested and fair value of unquoted equity and preference securities of March 31, 2017 is ₹161 crore and ₹159 crore. The fair value is determined using Level 3 inputs like Discounted Cash Flow Method, Market Multiple Method, Option Pricing Model, etc.

**Financial risk management**

**Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group’s operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,334 | 131 | 36 | 183 | 700 | 2,384 |
| Trade receivables | 8,345 | 1,244 | 775 | 561 | 702 | 11,627 |
| Other financial assets (including loans) | 2,862 | 535 | 372 | 159 | 403 | 4,331 |
| Trade payables | (115) | (32) | (13) | (5) | (158) | (323) |
| Other financial liabilities | (2129) | (406) | (211) | (211) | (547) | (3,504) |
| **Net assets / (liabilities)** | **10,297** | **1,472** | **959** | **687** | **1,100** | **14,515** |

The following table analyzes foreign exchange risk from financial instruments as of March 31, 2016:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,124 | 167 | 202 | 171 | 601 | 2,265 |
| Trade receivables | 7,558 | 1,280 | 721 | 598 | 696 | 10,853 |
| Other financial assets (including loans) | 1,967 | 405 | 216 | 124 | 337 | 3,049 |
| Trade payables | (126) | (75) | (73) | (4) | (76) | (354) |
| Other financial liabilities | (2,430) | (369) | (197) | (243) | (558) | (3,797) |
| **Net assets / (liabilities)** | **8,093** | **1,408** | **869** | **646** | **1,000** | **12,016** |

For the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

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

The following table gives details in respect of outstanding foreign currency forward and option contracts:

| | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | **In million** | **In ₹ crore** | **In million** | **In ₹ crore** |
| **Derivatives designated as cash flow hedges** | | | | |
| **Forward contracts** | | | | |
| In Euro | 95 | 658 | - | - |
| In United Kingdom Pound Sterling | 40 | 324 | - | - |
| In Australian dollars | 130 | 644 | - | - |
| **Option Contracts** | | | | |
| In Euro | 40 | 277 | - | - |
| In United Kingdom Pound Sterling | - | - | - | - |
| In Australian dollars | - | - | - | - |
| **Other derivatives** | | | | |
| **Forward contracts** | | | | |
| In U.S. dollars | 526 | 3,411 | 510 | 3,379 |
| In Euro | 114 | 786 | 100 | 750 |
| In United Kingdom Pound Sterling | 75 | 609 | 65 | 623 |
| In Australian dollars | 35 | 174 | 55 | 281 |
| In Swiss Franc | 10 | 65 | 25 | 173 |
| In Singapore dollars | 5 | 23 | - | - |
| In Swedish Krona | 50 | 36 | - | - |
| **Option Contracts** | | | | |
| In U.S. dollars | 195 | 1,265 | 125 | 828 |
| In Euro | 25 | 173 | - | - |
| In United Kingdom Pound Sterling | 30 | 243 | - | - |
| In Canadian dollars | 13 | 65 | - | - |
| **Total forwards and options** | | **8,753** | | **6,034** |

The foreign exchange forward and option contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Not later than one month | 2,303 | 1,577 |
| Later than one month and not later than three months | 4,316 | 3,420 |
| Later than three months and not later than one year | 2,134 | 1,037 |
| | **8,753** | **6,034** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2017: *(In ₹ crore)*

| | Year ended March 31, 2017 |
|---|---|
| Balance at the beginning of the period | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 121 |
| Amount reclassified to revenue during the period | (69) |
| Tax impact on above | (13) |
| Balance at the end of the period | **39** |

The group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(In ₹ crore)*

| | As of | | As of | |
|---|---|---|---|---|
| | March 31, 2017 | | March 31, 2016 | |
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognized financial asset/liability | 285 | (3) | 124 | (13) |
| Amount set off | (1) | 1 | (8) | 8 |
| **Net amount presented in balance sheet** | **284** | **(2)** | **116** | **(5)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,322 crore and ₹11,330 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,648 crore and ₹3,029 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Revenue from top customer | 3.4 | 3.6 |
| Revenue from top five customers | 12.6 | 13.8 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹132 crore. The reversal of provision of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹52 crore.

*(In ₹ crore)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Balance at the beginning | 289 | 366 |
| Impairment loss recognized / (reversed) | 132 | (52) |
| Amounts written off | (1) | (33) |
| Translation differences | (9) | 8 |
| **Balance at the end** | **411** | **289** |

The Company’s credit period generally ranges from 30-60 days.

*(In ₹crore except otherwise stated)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Trade receivables | 12,322 | 11,330 |
| Unbilled revenues | 3,648 | 3,029 |
| Days Sales Outstanding- DSO (days) | 68 | 66 |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, quoted bonds issued by government and quasi government organizations and non convertible debentures.

**Liquidity risk**

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

As of March 31 2017, the Group had a working capital of ₹39,692 crore including cash and cash equivalents of ₹22,625 crore and current investments of ₹9,970 crore. As of March 31, 2016, the Group had a working capital of ₹38,514 crore including cash and cash equivalents of ₹32,697 crore and current investments of ₹75 crore.

As of March 31 2017 and March 31, 2016, the outstanding employee compensated absences were ₹1,359,crore and ₹1,341 crore, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31 2017:

*(In ₹ crore)*

| **Particulars** | **Less than 1 year** | **1-2 years** | **2-4 years** | **4-7 years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 367 | - | - | - | 367 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14) | 4,943 | 31 | - | - | 4,974 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14 | 45 | 46 | - | - | 91 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(In ₹ crore)*

| **Particulars** | **Less than 1 year** | **1-2 years** | **2-4 years** | **4-7 years** | **Total** |
|---|---|---|---|---|---|
| Trade payables | 386 | - | - | - | 386 |
| Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14) | 4,875 | 25 | 9 | - | 4,909 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14 | 86 | 46 | - | - | 132 |

**2.13 EQUITY**

**SHARE CAPITAL**

*in ₹ crore, except as otherwise stated*

| Particulars | As at March 31 2017 | March 31, 2016 | April 1, 2015 |
|---|---|---|---|
| Authorized | | | |
| Equity shares, ₹5/- par value | | | |
| 240,00,00,000 (240,00,00,000[3]) equity shares | 1,200 | 1,200 | 600 |
| Issued, Subscribed and Paid-Up | | | |
| Equity shares, ₹5/- par value [1] | 1,144 | 1,144 | 572 |
| 228,56,55,150 (228,56,21,088[3]) equity shares fully paid-up[2] | | | |
| | **1,144** | **1,144** | **572** |

Forfeited shares amounted to ₹1,500/- (₹1,500/-)

(1) *Refer note 2.23 for details of basic and diluted shares*

(2) *Net of treasury shares 112,89,514 (113,23,576)*

(3) *Represents number of shares as of March 31, 2016*

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

**In the period of five years immediately preceding March 31 2017:**

The Company has allotted 114,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares.

The Board has increased dividend pay-out ratio from up to 40% to up to 50% of post-tax consolidated profits effective fiscal 2015.

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2017 and the total appropriation was ₹3,923 crore (excluding dividend on treasury shares), including corporate dividend tax. *(Refer note 2.2.1 for impact on transition to Ind AS)*

The amount of per share dividend recognized as distributions to equity shareholders during the year ended March 31, 2016 was ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue).

The board of directors in their meeting on October 14, 2016 declared an interim dividend of ₹11/- per equity share, which resulted in cash outflow of ₹3,029 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately ₹4,061 crore (excluding dividend paid on treasury shares), including corporate dividend tax.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out below :

| Name of the shareholder | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | % held | Number of shares | % held |
| Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership) | 38,33,17,937 | 16.69 | 38,53,17,937 | 16.78 |
| Life Insurance Corporation of India | 16,14,36,123 | 7.03 | 13,22,74,300 | 5.76 |

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2017 and March 31, 2016 is set out below:

*in ₹ crore, except as stated otherwise*

| Particulars | As at March 31, 2017 | | As at March 31, 2016 | |
|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount |
| Number of shares at the beginning of the period | 2,285,621,088 | 1,144 | 1,142,805,132 | 572 |
| Add: Bonus shares issued (including bonus on treasury shares) | - | - | 1,148,472,332 | 574 |
| Add: Shares issued on exercise of employee stock options | 34,062 | - | 10,824 | - |
| Less: Increase in treasury shares consequent to bonus issue | - | - | 5,667,200 | 2 |
| Number of shares at the end of the period | **2,285,655,150** | **1,144** | **2,285,621,088** | **1,144** |

**Employee Stock Option Plan (ESOP):**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

Further on November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

Additionally, on February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 1,12,89,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. $2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.
The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to Dr. Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and remuneration committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the year ended March 31, 2017 is set out below:

| **Particulars** | **Year ended March 31, 2017** | |
|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)** | | |
| Outstanding at the beginning* | 221,505 | 5 |
| Granted | 1,878,025 | 5 |
| Forfeited and expired | 61,540 | 5 |
| Exercised | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** |
| Exercisable at the end | - | - |
| | | |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | |
| Outstanding at the beginning | - | - |
| Granted | 309,650 | 998 |
| Forfeited and expired | - | - |
| Exercised | - | - |
| **Outstanding at the end** | **309,650** | **998** |
| Exercisable at the end | - | - |

**adjusted for bonus issues (Refer above note 2.13)*

| **Particulars** | **Year ended March 31, 2017** | |
|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price ($)** |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 996,665 | 0.07 |
| Forfeited and expired | 39,220 | 0.07 |
| Exercised | - | - |
| **Outstanding at the end** | **957,445** | **0.07** |
| Exercisable at the end | - | - |
| | | |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 |
| Exercised | - | - |
| **Outstanding at the end** | **888,000** | **15.26** |
| Exercisable at the end | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the year ended March 31, 2016 is set out below:

| **Particulars** | **Year ended March 31, 2016** | |
|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)** | | |
| Outstanding at the beginning* | 108,268 | 5 |
| Granted | 124,061 | 5 |
| Forfeited and expired | - | - |
| Exercised* | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** |
| Exercisable at the end | - | - |

**adjusted for bonus issues (Refer above note 2.13)*

During the year ended March 31, 2017 and March 31, 2016 the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084/-and ₹1,088/-.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017:

| Range of exercise prices per share (₹) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price (₹) |
| **2015 Plan: ADS and IES** | | | |
| 0 - 5 (RSU) | 2,961,373 | 1.88 | 5.00 |
| 900 - 1100 (ESOP) | 1,197,650 | 7.09 | 1,026.50 |
| | **4,159,023** | **3.38** | **299.16** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares- RSU | Fiscal 2017- ADS-RSU | Fiscal 2016- Equity Shares-RSU | Fiscal 2015- Equity Shares-RSU |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares-RSU | Fiscal 2017- Equity shares ESOP | Fiscal 2017- ADS-RSU | Fiscal 2017- ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

During the year ended March 31, 2017 and March 31, 2016, the company recorded an employee stock compensation expense of ₹117 crore and ₹7 crore, respectively in the statement of profit and loss. The cash settled stock compensation expense for the year ended March 31, 2017 was ₹3 crore.

**2.14 OTHER FINANCIAL LIABILITIES**

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Others | | | |
| Accrued compensation to employees (1) | 30 | 33 | - |
| Payable for acquisition of business (refer note 2.3) (2) | | | |
| Contingent consideration | 40 | 36 | - |
| | **70** | **69** | **-** |
| **Current** | | | |
| Unpaid dividends (1) | 17 | 5 | 3 |
| Others | | | |
| Accrued compensation to employees (1) | 1,881 | 2,265 | 2,106 |
| Accrued expenses (1) | 2,585 | 2,189 | 1,984 |
| Retention monies (1) | 220 | 80 | 53 |
| Payable for acquisition of business | | | |
| Deferred consideration (refer note 2.3) (1) | - | - | 487 |
| Contingent consideration (refer note 2.3) (2) | 45 | 81 | - |
| Client deposits (1) | 32 | 28 | 27 |
| Payable by controlled trusts (1) | 145 | 167 | 177 |
| Compensated absences | 1,359 | 1,341 | 1,069 |
| Foreign currency forward and options contracts (2) | 2 | 5 | 3 |
| Capital creditors (1) | 48 | 81 | 43 |
| Other payables (1) | 15 | 60 | 31 |
| | **6,349** | **6,302** | **5,983** |
| **Total Financial Liabilities** | **6,419** | **6,371** | **5,983** |
| (1) Financial liability carried at amortized cost | 4,973 | 4,908 | 4,911 |
| (2) Financial liability carried at fair value through profit and loss | 87 | 122 | 3 |
| Contingent consideration on undiscounted basis | 91 | 132 | - |

**2.15 OTHER LIABILITIES**

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Non-current** | | | |
| Others | | | |
| Deferred income - government grant on land use rights | 41 | 46 | 47 |
| Deferred income | 42 | - | - |
| | **83** | **46** | **47** |
| **Current** | | | |
| Unearned revenue | 1,777 | 1,332 | 1,052 |
| Other | | | |
| Withholding taxes and others | 1,226 | 1,296 | 904 |
| Accrued gratuity (refer note 2.22.1) | 1 | - | 7 |
| Deferred rent | 2 | - | - |
| Deferred income - government grant on land use rights | 1 | 1 | 1 |
| | **3,007** | **2,629** | **1,964** |

**2.16 PROVISIONS**

*in ₹ crore*

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1, 2015 |
|---|---|---|---|
| **Current** | | | |
| Others | | | |
| Post-sales client support and warranties and others | 405 | 512 | 478 |
| **Total** | **405** | **512** | **478** |

**Provision for post-sales client support and warranties and others**

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

*in ₹ crore*

| Particulars | Year ended March 31, 2017 |
|---|---|
| Balance at the beginning | 512 |
| Provision recognized/(reversed) | 94 |
| Provision utilized | (195) |
| Exchange difference | (6) |
| Balance at the end | **405** |

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

## 2.17 INCOME TAXES

Income tax expense in the consolidated statement of profit and loss comprises:

*In ₹ crore*

| | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Current taxes | 5,653 | 5,318 |
| Deferred taxes | (55) | (67) |
| **Income tax expense** | **5,598** | **5,251** |

Income tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) of ₹152 crore and ₹309 crore, respectively, pertaining to prior periods.

Entire deferred income tax for the year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*In ₹ crore*

| | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Profit before income taxes | 19,951 | 18,740 |
| Enacted tax rates in India | 34.61% | 34.61% |
| Computed expected tax expense | 6,905 | 6,486 |
| Tax effect due to non-taxable income for Indian tax purposes | (1,982) | (1,758) |
| Overseas taxes | 750 | 715 |
| Tax provision (reversals), overseas and domestic | (152) | (309) |
| Effect of exempt non-operating income | (65) | (83) |
| Effect of unrecognized deferred tax assets | 93 | 62 |
| Effect of differential overseas tax rates | 64 | 3 |
| Effect of non-deductible expenses | 26 | 194 |
| Additional deduction on research and development expense | (56) | (60) |
| Others | 15 | 1 |
| **Income tax expense** | **5,598** | **5,251** |

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

During the year ended March 31, 2017, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR.

During year ended March 31, 2016 Infosys had claimed weighted tax deduction on eligible research and development till July 31, 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from August 1, 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

The foreign expense is due to income taxes payable overseas principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India had provided for export of software from the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of March 31, 2017, the Company has provided for branch profit tax of ₹327 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹7 crore movement on account of exchange rate during the year ended March 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,390 crore and ₹4,195 crore as of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015:

*In ₹ crore*

| | As at | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Income tax assets | 5,716 | 5,230 | 4,089 |
| Current income tax liabilities | 3,885 | 3,410 | 2,818 |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** | **1,271** |

The gross movement in the current income tax asset/ (liability) for the year ended March 31, 2017 and March 31, 2016 is as follows:

*In ₹ crore*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net current income tax asset/ (liability) at the beginning | 1,820 | 1,271 |
| Translation differences | - | - |
| Income tax paid | 5,653 | 5,865 |
| Current income tax expense (Refer Note 2.17) | (5,653) | (5,318) |
| Income tax benefit arising on exercise of stock options | 1 | - |
| Income tax on other comprehensive income | 10 | 2 |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** |

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

*In ₹ crore*

| | | As at | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| **Deferred income tax assets** | | | |
| Property, plant and equipment | 138 | 178 | 241 |
| Computer software | 40 | 50 | 51 |
| Accrued compensation to employees | 57 | 68 | 48 |
| Trade receivables | 136 | 89 | 111 |
| Compensated absences | 374 | 389 | 299 |
| Post sales client support | 97 | 77 | 74 |
| Intangibles | 22 | 4 | - |
| Others | 143 | 55 | 31 |
| **Total deferred income tax assets** | **1,007** | **910** | **855** |
| **Deferred income tax liabilities** | | | |
| Intangible asset | (206) | (252) | (159) |
| Temporary difference related to branch profits | (327) | (334) | (316) |
| Others | (141) | (40) | (3) |
| **Total deferred income tax liabilities** | **(674)** | **(626)** | **(478)** |
| Deferred income tax assets after set off | **540** | **536** | **536** |
| Deferred income tax liabilities after set off | **(207)** | **(252)** | **(159)** |

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

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

*In ₹ crore*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Deferred income tax assets to be recovered after 12 months | 529 | 409 |
| Deferred income tax assets to be recovered within 12 months | 478 | 501 |
| **Total deferred income tax assets** | **1,007** | **910** |
| Deferred income tax liabilities to be settled after 12 months | (312) | (446) |
| Deferred income tax liabilities to be settled within 12 months | (362) | (180) |
| **Total deferred income tax liabilities** | **(674)** | **(626)** |

In assessing the reliability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the year ended March 31, 2017 and March 31, 2016, is as follows:

*In ₹ crore*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Net deferred income tax asset at the beginning | 284 | 377 |
| Addition through business combination (Refer note 2.3) | - | (128) |
| Translation differences | 7 | (32) |
| Credits / (charge) relating to temporary differences (Refer Note 2.17 above) | 55 | 67 |
| Temporary differences on other comprehensive income | (13) | - |
| **Net deferred income tax asset at the end** | **333** | **284** |

The charge relating to temporary differences during the year ended March 31, 2017 are primarily on account of property plant and equipment and compensated absences partially offset by trade receivables and post sales client support.. The credits relating to temporary differences during the year ended March 31, 2016 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and trade receivables.

### 2.18 REVENUE FROM OPERATIONS

*in ₹ crore*

| Particulars | Year ended March 31, 2017 | 2016 |
|---|---|---|
| Income from software services | 66,383 | 60,528 |
| Income from software products | 2,101 | 1,913 |
| | **68,484** | **62,441** |

### 2.19 OTHER INCOME

*in ₹ crore*

| Particulars | Year ended March 31, 2017 | 2016 |
|---|---|---|
| Interest received on financial assets carried at amortized cost: | | |
| Bonds and government bonds | 128 | 113 |
| Deposit with Bank and others | 2,233 | 2,521 |
| Interest received on financial assets carried at Fair Value through other comprehensive income: | | |
| Non convertible debentures | 190 | - |
| Income received on investment carried at Fair Value through Profit or Loss | | |
| Dividend received on liquid mutual fund units | 29 | 64 |
| Gains/(losses) on liquid mutual fund units | 119 | - |
| Exchange gains/ (losses) on foreign currency forward and options contracts | 591 | 29 |
| Exchange gains/ (losses) on translation of other assets and liabilities | (359) | 140 |
| Others | 149 | 256 |
| | **3,080** | **3,123** |

### 2.20 EXPENSES

*in ₹ crore*

| Particulars | Year ended March 31, 2017 | 2016 |
|---|---|---|
| *Employee benefit expenses* | | |
| Salaries including bonus | 36,557 | 33,549 |
| Contribution to provident and other funds | 770 | 648 |
| Share based payments to employees *(Refer note 2.13)* | 117 | 7 |
| Staff welfare | 215 | 202 |
| | **37,659** | **34,406** |
| *Cost of software packages and others* | | |
| For own use | 795 | 740 |
| Third party items bought for service delivery to clients | 802 | 534 |
| | **1,597** | **1,274** |
| *Other expenses* | | |
| Repairs and maintenance | 1,242 | 1,014 |
| Power and fuel | 228 | 217 |
| Brand and marketing | 342 | 198 |
| Operating lease payments | 491 | 360 |
| Rates and taxes | 148 | 109 |
| Consumables | 40 | 41 |
| Insurance | 56 | 60 |
| Provision for post-sales client support and warranties | 80 | 8 |
| Commission to non-whole time directors | 10 | 9 |
| Impairment loss recognized / (reversed) on financial assets | 140 | (46) |
| Auditor's remuneration | | |
| Statutory audit fees | 7 | 7 |
| Taxation matters | - | - |
| Other services | - | - |
| Reimbursement of expenses | - | - |
| Contributions towards Corporate Social responsibility | 230 | 216 |
| Others | 230 | 318 |
| | **3,244** | **2,511** |

### 2.21 LEASES

The lease rentals charged during the period is as under:

*in ₹ crore*

| Particulars | Year ended March 31, 2017 | 2016 |
|---|---|---|
| Lease rentals recognized during the period | 491 | 360 |

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

*In ₹ crore*

| | As at | | |
|---|---|---|---|
| **Future minimum lease payable** | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Not later than 1 year | 462 | 372 | 168 |
| Later than 1 year and not later than 5 years | 1,217 | 873 | 395 |
| Later than 5 years | 945 | 442 | 168 |

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

**2.22 EMPLOYEE BENEFITS**

**2.22.1 Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of March 31, 2017 and March 31, 2016:

*(In ₹ crore)*

| Particulars | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Change in benefit obligations** | | |
| Benefit obligations at the beginning | 944 | 816 |
| Service cost | 129 | 118 |
| Interest expense | 69 | 61 |
| Addition through business combination | - | 1 |
| Remeasurements - Actuarial (gains)/ losses | 67 | 23 |
| Curtailment gain | (3) | - |
| Benefits paid | (89) | (75) |
| **Benefit obligations at the end** | **1,117** | **944** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning | 947 | 836 |
| Interest income | 79 | 66 |
| Remeasurements- Return on plan assets excluding amounts included in interest income | 12 | 9 |
| Contributions | 246 | 111 |
| Benefits paid | (89) | (75) |
| **Fair value of plan assets at the end** | **1,195** | **947** |
| Funded status | 78 | 3 |
| Prepaid gratuity benefit | 79 | 4 |
| Accrued gratuity | (1) | (1) |

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the statement of profit and loss under employee benefit expense:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Service cost | 129 | 118 |
| Net interest on the net defined benefit liability/asset | (10) | (5) |
| Curtailment gain | (3) | - |
| **Net gratuity cost** | **116** | **113** |

Amount for the year ended March 31, 2017 and March 31, 2016 recognized in the statement of other comprehensive income:

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| **Remeasurements of the net defined benefit liability/** | | |
| Actuarial (gains) / losses | 67 | 23 |
| (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit | (12) | (9) |
| | **55** | **14** |

*(In ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| (Gain)/loss from change in demographic assumptions | - | - |
| (Gain)/loss from change in financial assumptions | 56 | - |
| | **56** | - |

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017, March 31, 2016 and April 1, 2015 are set out below:

| Particulars | As of | | |
|---|---|---|---|
| | March 31, 2017 | March 31, 2016 | April 1, 2015 |
| Discount rate | 6.9% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% |

The weighted-average assumptions used to determine net periodic benefit cost for the year ended March 31, 2017 and March 31, 2016 are set out below:

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Discount rate | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% |
| Weighted average duration of defined benefit obligation | 6.1 years | 6.4 years |

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

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹57 crore.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees Gratuity Fund Trust, respectively. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the year ended March 31, 2017 and March 31, 2016 were ₹91 crore and ₹75 crore, respectively.

The Group expects to contribute ₹100 crore to the gratuity trusts during the fiscal 2018.

Maturity profile of defined benefit obligation:

*(in ₹ crore)*

| | |
|---|---|
| Within 1 year | 159 |
| 1-2 year | 165 |
| 2-3 year | 171 |
| 3-4 year | 186 |
| 4-5 year | 198 |
| 5-10 years | 958 |

**2.22.2 Superannuation**

The group contributed ₹168 crore and ₹234 crore to the superannuation plan during the year ended March 31, 2017 and March 31, 2016, respectively and the same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

**2.22.3 Provident fund**

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2017, March 31, 2016 and April 1, 2015, respectively.

The details of fund and plan asset position are given below:

*(in ₹ crore)*

| Particulars | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Plan assets at period end, at fair value | 4,459 | 3,808 | 2,912 |
| Present value of benefit obligation at period end | 4,459 | 3,808 | 2,912 |
| **Asset recognized in balance sheet** | - | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| Particulars | As of | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| Government of India (GOI) bond yield | 6.90% | 7.80% | 7.80% |
| Remaining term to maturity of portfolio | 6 years | 7 years | 7 years |
| Expected guaranteed interest rate - First year: | 8.60% | 8.75% | 8.75% |
| - Thereafter: | 8.60% | 8.60% | 8.60% |

The Group contributed ₹462 crore and ₹413 crore to the provident fund during the year ended March 31, 2017 and March 31, 2016, respectively and the same has been recognized in the statement of profit and loss under the head employee benefit expense.

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

**2.22.4 Employee benefit costs include:**

*(in ₹ crore)*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Salaries and bonus* | 36,913 | 33,646 |
| Defined contribution plans | 252 | 302 |
| Defined benefit plans | 494 | 458 |
| | **37,659** | **34,406** |

* *Includes stock compensation expense of ₹117 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016, respectively. Refer note 2.13*

## 2.23 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Basic earnings per equity share - weighted average number of equity shares outstanding[1][2] | 228,56,39,447 | 228,56,16,160 |
| Effect of dilutive common equivalent shares - share options outstanding | 757,298 | 102,734 |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | **228,63,96,745** | **228,57,18,894** |

[1] *Excludes treasury shares*

[2] *adjusted for bonus issues. Refer note 2.13*

For the year ended March 31, 2017, 112,190 number of options to purchase equity shares had an anti-dilutive effect. For the year ended March 31, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

## 2.24 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

*in ₹ crore*

| Particulars | As at | | |
|---|---|---|---|
| | **March 31, 2017** | **March 31, 2016** | **April 1, 2015** |
| **Contingent liabilities :** | | | |
| Claims against the Company, not acknowledged as debts[1] | 1997 | 284 | 264 |
| [Net of amount paid to statutory authorities ₹4,717 crore (*₹4,409 crore*)] | | | |
| **Commitments :** | | | |
| Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits) | 1,149 | 1,486 | 1,574 |
| Other Commitment* | 114 | 79 | - |

**Uncalled capital pertaining to investments*

Claims against the company not acknowledged as debts as on March 31, 2017 include demand from the Indian Income tax authorities for payment of tax of ₹6,122 crore (₹ 4,135 crore), including interest of ₹1,885 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, fiscal 2011, fiscal 2012 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

**2.25 RELATED PARTY TRANSACTIONS**

**List of related parties:**

| **Name of subsidiaries** | **Country** | **Holdings as at** | |
|---|---|---|---|
| | | **March 31, 2017** | **March 31, 2016** |
| Infosys BPO Limited (Infosys BPO) | India | 99.98% | 99.98% |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | 100% | 100% |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | 100% | 100% |
| Infosys Technologies (Sweden) AB. (Infosys Sweden) | Sweden | 100% | 100% |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | 100% | 100% |
| Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) | Brazil | 100% | 100% |
| Infosys Public Services, Inc. USA (Infosys Public Services) | U.S. | 100% | 100% |
| Infosys Americas Inc., (Infosys Americas) | U.S. | 100% | 100% |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(1)] | Czech Republic | 99.98% | 99.98% |
| Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(1)] | Poland | 99.98% | 99.98% |
| Infosys BPO S.DE.R.L.DE.C.V[(1)(13)] | Mexico | - | - |
| Infosys McCamish Systems LLC [(1)] | U.S. | 99.98% | 99.98% |
| Portland Group Pty Ltd[(1)] | Australia | 99.98% | 99.98% |
| Infosys BPO Americas LLC.[(1)(12)] | U.S. | 99.98% | - |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)] | Australia | 100% | 100% |
| EdgeVerve Systems Limited (EdgeVerve) | India | 100% | 100% |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | 100% | 100% |
| Lodestone Management Consultants Inc. [(3)] | U.S. | 100% | 100% |
| Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(3)] | Australia | 100% | 100% |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(3)] | Switzerland | 100% | 100% |
| Lodestone Augmentis AG [(5)(14)] | Switzerland | - | 100% |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(3)(16)] | Switzerland | - | 100% |
| Infosys Consulting ( Belgium ) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(4)] | Belgium | 99.90% | 99.90% |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(3)] | Germany | 100% | 100% |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(17)] | Singapore | 100% | 100% |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(3)] | France | 100% | 100% |
| Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(3)] | Czech Republic | 100% | 100% |
| Lodestone Management Consultants GmbH [(3)] | Austria | 100% | 100% |
| Lodestone Management Consultants Co., Ltd. [(3)] | China | 100% | 100% |
| Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(3)] | U.K. | 100% | 100% |
| Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(3)] | Netherlands | 100% | 100% |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(4)] | Brazil | 99.99% | 99.99% |
| Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [(3)] | Poland | 100% | 100% |
| Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)] | Portugal | 100% | 100% |
| S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(3)] | Romania | 100% | 100% |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(3)] | Argentina | 100% | 100% |
| Infosys Canada Public Services Ltd. [(6)] | Canada | - | - |
| Infosys Nova Holdings LLC. (Infosys Nova) | U.S. | 100% | 100% |
| Panaya Inc. (Panaya) | U.S. | 100% | 100% |
| Panaya Ltd. [(7)] | Israel | 100% | 100% |
| Panaya GmbH [(7)] | Germany | 100% | 100% |
| Panaya Pty Ltd. [(7)(15)] | Australia | - | - |
| Panaya Japan Co. Ltd. [(7)] | Japan | 100% | 100% |
| Skava Systems Pvt. Ltd. (Skava Systems) [(8)] | India | 100% | 100% |
| Kallidus Inc. (Kallidus) [(9)] | U.S. | 100% | 100% |
| Noah Consulting LLC (Noah) [(10)] | U.S. | 100% | 100% |
| Noah Information Management Consulting Inc. (Noah Canada) [(11)] | Canada | 100% | 100% |

[(1)] *Wholly owned subsidiary of Infosys BPO.*
[(2)] *Under liquidation*
[(3)] *Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[(4)] *Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*
[(5)] *Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*
[(6)] *Wholly owned subsidiary of Infosys Public Services, Inc.*
[(7)] *Wholly owned subsidiary of Panaya Inc*
[(8)] *On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems*
[(9)] *On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.*
[(10)] *On November 16, 2015, Infosys acquired 100% of the membership interests in Noah*
[(11)] *Wholly owned subsidiary of Noah*
[(12)] *Incorporated effective November 20, 2015*
[(13)] *Liquidated effective March 15, 2016*
[(14)] *Liquidated effective October 5, 2016*
[(15)] *Liquidated effective November 16, 2016*
[(16)] *Liquidated effective December 21, 2016*
[(17)] *Wholly owned subsidiary of Infosys*

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

| Name of Associates | Country | Holdings as at | |
|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 |
| DWA Nova LLC[(1)] | U.S. | 16% | 16% |

[(1)] Associate of Infosys Nova Holding LLC

Share in net profit/(loss) of associate and others for the three months and year ended March 31, 2017 includes an impairment loss of ₹18 crore on investment in DWA Nova LLC.

**List of other related party**

| Particulars | Country | Nature of relationship |
|---|---|---|
| Infosys Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Provident Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys BPO Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| Infosys BPO Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| EdgeVerve Systems Limited Employees` Gratuity Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| EdgeVerve Systems Limited Employees` Superannuation Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| Infosys Limited Employees' Welfare Trust | India | Controlled trust |
| Infosys Employee Benefits Trust | India | Controlled trust |
| Infosys Science Foundation | India | Controlled trust |

Refer Note 2.22 for information on transactions with post-employment benefit plans mentioned above.

**List of key management personnel**

**Whole time directors**

U. B. Pravin Rao
Dr. Vishal Sikka

**Non-whole-time directors**

K.V.Kamath ( resigned effective June 5, 2015)
Prof. Jeffrey S. Lehman
R. Seshasayee
Ravi Venkatesan
Kiran Mazumdar Shaw
Carol M. Browner (resigned effective November 23, 2015)
Prof. John W. Etchemendy
Roopa Kudva
Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)
D. N. Prahlad (appointed effective October 14, 2016)

**Executive Officers**

M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)
David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)
Rajiv Bansal, Chief Financial Officer (till October 12, 2015)
Mohit Joshi , President (effective October 13, 2016)
Rajesh K. Murthy, President (effective October 13, 2016)
Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)
Sandeep Dadlani, President (effective October 13, 2016)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

**Company Secretary**

A.G.S. Manikantha (appointed effective June 22, 2015)

**Related party transactions:**

**Transaction with key management personnel:**

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

in ₹ *crore*

| Particulars | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)(3)(4)(5)] | 84 | 101 |
| Commission and other benefits to non-executive/independent directors | 11 | 10 |
| **Total** | **95** | **111** |

[(1)] *Includes stock compensation expense of ₹36 crore ₹7 crore for the year ended March 31, 2017 and March 31, 2016, respectively, towards key managerial personnel. Refer note 2.13*

[(2)] *Year ended March 31, 2017 includes ₹6 crore payable under severance agreement to David D. Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016.*

[(3)] *Year ended March 31, 2016 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

*(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million (approximately ₹29 crore) to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million (approximately ₹28 crore at current exchange rate) at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million (approximately ₹29 crore) as variable pay for the year ended March 31, 2016.*

[(5)] *On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U. B. Pravin Rao, whole-time director and COO.*

**Additional information pursuant to para 2 of general instructions for the preparation of Consolidated Financial Statements**

| Name of entity | Net Assets as %age of consolidated net assets | Net Assets Amount | Share in profit or loss as %age of consolidated profit or loss | Share in profit or loss Amount |
|---|---|---|---|---|
| Infosys Ltd. | 94.1% | 68,016 | 96.7% | 13,818 |
| *Indian Subsidiaries* | | | | |
| Infosys BPO | 5.5% | 3,952 | 3.9% | 552 |
| EdgeVerve | -2.4% | (1,715) | 1.7% | 245 |
| Skava Systems | 0.0% | 23 | 0.1% | 8 |
| *Foreign Subsidiaries* | | | | |
| Infosys China | 0.1% | 105 | -0.4% | (58) |
| Infosys Mexico | 0.2% | 128 | 0.3% | 41 |
| Infosys Sweden | 0.0% | 17 | -0.1% | (18) |
| Infosys Shanghai | 1.1% | 765 | -0.2% | (27) |
| Infosys Brasil | 0.1% | 103 | 0.0% | 2 |
| Infosys Public Services | 0.5% | 387 | 0.9% | 126 |
| Infosys Americas | 0.0% | 1 | 0.0% | - |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) | 0.1% | 58 | 0.1% | 12 |
| Infosys BPO (Poland) Sp Z.o.o | 0.6% | 439 | 0.7% | 102 |
| Infosys BPO Americas | 0.0% | 4 | 0.0% | (3) |
| Infosys McCamish Systems LLC | 0.0% | 23 | 0.4% | 62 |
| Portland Group Pty Ltd | 0.1% | 89 | 0.0% | 4 |
| Infosys Australia | 0.1% | 37 | 0.0% | - |
| Infosys Lodestone | 0.2% | 119 | -0.7% | (97) |
| Lodestone Management Consultants Inc | 0.0% | 28 | 0.1% | 11 |
| Infosys Management Consulting Pty Limited | 0.0% | (20) | 0.0% | (1) |
| Infosys Consulting AG | 0.1% | 64 | 0.0% | 5 |
| Infosys Conslting (Belgium) NV | 0.0% | (22) | 0.0% | (1) |
| Infosys Consulting GmbH | 0.0% | (30) | -0.5% | (65) |
| Infosys Consulting Pte Ltd. | 0.0% | (2) | -0.1% | (11) |
| Infosys Consulting SAS | 0.0% | (6) | 0.0% | 3 |
| Infosys Consulting s.r.o. | 0.0% | 4 | 0.0% | - |
| Lodestone Management Consultants GmbH | 0.0% | (2) | 0.0% | - |
| Lodestone Management Consultants Co., Ltd | -0.1% | (58) | -0.4% | (56) |
| Infy Consulting Company Ltd. | 0.0% | 3 | 0.0% | 1 |
| Infy Consulting B.V. | 0.0% | 25 | 0.1% | 12 |
| Infosys Consulting Ltda. | 0.0% | (20) | -0.4% | (60) |
| Infosys Consulting Sp. Z.o.o | 0.0% | 1 | 0.0% | (5) |
| Lodestone Management Consultants Portugal, Unipessoal, Lda. | 0.0% | (3) | 0.0% | (1) |
| S.C. Infosys Consulting S.R.L. | 0.0% | 6 | 0.0% | 1 |
| Infosys Consulting S.R.L. | 0.0% | (1) | 0.0% | (3) |
| Infosys Nova | 0.1% | 80 | -0.1% | (18) |
| Panaya | -0.1% | (52) | -0.4% | (54) |
| Panaya Ltd. | -0.4% | (283) | -1.1% | (161) |
| Panaya Gmbh | 0.0% | (3) | 0.0% | 1 |
| Panaya Japan Co. Ltd. | 0.0% | (1) | 0.0% | - |
| Kallidus | 0.1% | 75 | 0.2% | 35 |
| Noah | -0.1% | (54) | -0.8% | (111) |
| Noah Canada | 0.0% | (14) | 0.0% | (2) |
| ***Subtotal*** | **100%** | **72,266** | **100%** | **14,289** |
| *Adjustment arising out of consolidation* | | (3,398) | | (807) |
| *Minority interest in subsidiaries* | | - | | - |
| *Associates* | | | | |
| DWA Nova LLC | | (8) | | (12) |
| *Controlled Trusts* | | 122 | | 19 |
| **Total** | | **68,982** | | **13,489** |

**2.26 CORPORATE SOCIAL RESPONISBILITY**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company as per the act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the company during the year is ₹ 303 crore.

b) Amount spent during the year on:

*in ₹ crore*

| Sl. No. | Particulars | In Cash | Yet to be paid in Cash | Total |
|---|---|---|---|---|
| (i) | Construction / acquisition of any asset | 75 | - | 75 |
| (ii) | On purposes other than (i) above | 230 | - | 230 |

**2.27 DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES**

As at March 31, 2017 and March 31, 2016 there are no outstanding dues to micro and small enterprises.

**2.28 DISCLSOURE ON SPECIFIED BANK NOTES (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

*in ₹*

| Particulars | SBNs* | Other denomination | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 232,000 | 352,117 | 584,117 |
| (+) Permitted receipts | - | 561,236 | 561,236 |
| (-) Permitted payments | (98,000) | (765,438) | (863,438) |
| (-) Amount deposited in Banks | (134,000) | | (134,000) |
| **Closing cash in hand as on December 30, 2016** | **-** | **147,915** | **147,915** |

** For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.*

## 2.29 SEGMENT REPORTING

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "management approach" as defined in INDAS 108, the Chief Operating Decision Maker (CODM) evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the group are primarily enterprises in Financial Services (FS), enterprises in Manufacturing (MFG), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Hi-tech (Hi-tech), enterprises in Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. The FS reportable segments has been aggregated to include the Financial Services operating segment and the Finacle operating segment because of the similarity of the economic characteristics. All other segments represents the operating segments of businesses in India, Japan and China and IPS. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India.

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

Assets and liabilities used in the group's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

**Business Segments**

Year ended March 31, 2017 and *March 31, 2016*:

*in ₹ crore*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-Tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue from operations | 18,555 | 7,507 | 15,430 | 11,225 | 8,437 | 5,122 | 2,208 | 68,484 |
| | *17,024* | *6,948* | *13,547* | *10,226* | *8,090* | *4,891* | *1,715* | *62,441* |
| Identifiable operating expenses | 9,271 | 3,922 | 7,430 | 5,378 | 4,178 | 2,659 | 1,406 | 34,244 |
| | *8,199* | *3,684* | *6,196* | *4,878* | *3,841* | *2,391* | *1,035* | *30,224* |
| Allocated expenses | 4,075 | 1,737 | 3,569 | 2,598 | 1,951 | 1,186 | 510 | 15,626 |
| | *3,986* | *1,704* | *3,322* | *2,508* | *1,984* | *1,199* | *421* | *15,124* |
| Segmental operating income | **5,209** | **1,848** | **4,431** | **3,249** | **2,308** | **1,277** | **292** | **18,614** |
| | ***4,839*** | ***1,560*** | ***4,029*** | ***2,840*** | ***2,265*** | ***1,301*** | ***259*** | ***17,093*** |
| Unallocable expenses | | | | | | | | 1,713 |
| | | | | | | | | *1,473* |
| Other income, net | | | | | | | | 3,080 |
| | | | | | | | | *3,123* |
| Share in net profit/(loss) of associate and others | | | | | | | | (30) |
| | | | | | | | | *(3)* |
| Profit before tax | | | | | | | | **19,951** |
| | | | | | | | | ***18,740*** |
| Tax expense | | | | | | | | 5,598 |
| | | | | | | | | *5,251* |
| Profit for the period | | | | | | | | **14,353** |
| | | | | | | | | ***13,489*** |
| Depreciation and amortization | | | | | | | | 1,703 |
| | | | | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 10 |
| | | | | | | | | *14* |

**Geographic Segments**

Year ended March 31, 2017 and *March 31, 2016*:

*in ₹ crore*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| Revenue from operations | **42,408** | **15,392** | **2,180** | **8,504** | **68,484** |
| | ***39,139*** | ***14,373*** | ***1,623*** | ***7,306*** | ***62,441*** |
| Identifiable operating expenses | 21,618 | 7,694 | 1,002 | 3,930 | 34,244 |
| | *19,283* | *6,966* | *711* | *3,264* | *30,224* |
| Allocated expenses | 9,799 | 3,548 | 442 | 1,837 | 15,626 |
| | *9,591* | *3,510* | *338* | *1,685* | *15,124* |
| Segmental operating income | **10,991** | **4,150** | **736** | **2,737** | **18,614** |
| | ***10,265*** | ***3,897*** | ***574*** | ***2,357*** | ***17,093*** |
| Unallocable expenses | | | | | 1,713 |
| | | | | | *1,473* |
| Other income, net | | | | | 3,080 |
| | | | | | *3,123* |
| Share in net profit/(loss) of associate and others | | | | | (30) |
| | | | | | *(3)* |
| Profit before tax | | | | | **19,951** |
| | | | | | ***18,740*** |
| Tax expense | | | | | 5,598 |
| | | | | | *5,251* |
| Profit for the period | | | | | **14,353** |
| | | | | | ***13,489*** |
| Depreciation and amortization | | | | | 1,703 |
| | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | 10 |
| | | | | | *14* |

**Significant clients**

No client individually accounted for more than 10% of the revenues in the year ended March 31, 2017 and March 31, 2016.

**2.30 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

*in ₹ crore*

| Particulars | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Revenue from operations | 68,484 | 62,441 |
| Cost of Sales | 43,253 | 39,098 |
| **GROSS PROFIT** | **25,231** | **23,343** |
| Operating expenses | | |
| Selling and marketing expenses | 3,591 | 3,431 |
| General and administration expenses | 4,739 | 4,292 |
| **Total operating expenses** | 8,330 | 7,723 |
| **OPERATING PROFIT** | **16,901** | **15,620** |
| Other income | 3,080 | 3,123 |
| **PROFIT BEFORE MINORITY INTEREST / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE** | **19,981** | **18,743** |
| Share in net profit/(loss) of associate and others | (30) | (3) |
| **PROFIT BEFORE TAX** | **19,951** | **18,740** |
| Tax expense: | | |
| Current tax | 5,653 | 5,318 |
| Deferred tax | (55) | (67) |
| **PROFIT FOR THE PERIOD** | **14,353** | **13,489** |
| | | |
| **Other comprehensive income** | | |
| *Items that will not be reclassified subsequently to profit or loss* | | |
| Remeasurement of the net defined benefit liability/asset | (45) | (12) |
| Equity instruments through other comprehensive income | (5) | - |
| | **(50)** | **(12)** |
| | | |
| *Items that will be reclassified subsequently to profit or loss* | | |
| Fair value changes on derivatives designated as cash flow hedge, net | 39 | - |
| Exchange differences on translation of foreign operations | (257) | 303 |
| Fair value changes on investments | **(10)** | |
| | **(228)** | **303** |
| | | |
| **Total other comprehensive income, net of tax** | **(278)** | **291** |
| | | |
| **Total comprehensive income for the period** | **14,075** | **13,780** |
| | | |
| **Profit attributable to:** | | |
| Owners of the company | 14,353 | 13,489 |
| Non-controlling interests | - | - |
| | **14,353** | **13,489** |
| **Total comprehensive income attributable to:** | | |
| Owners of the company | 14,075 | 13,780 |
| Non-controlling interests | - | - |
| | **14,075** | **13,780** |

*As per our report of even date attached*

*for* B S R & Co. LLP

*Chartered Accountants*

Firm's Registration Number:101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R.Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and subsidiaries**

*(In ₹ crore except equity share data)*

| Consolidated Balance Sheets as of | Note | March 31, 2017 | March 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 2.1 | 22,625 | 32,697 |
| Current investments | 2.2 | 9,970 | 75 |
| Trade receivables | | 12,322 | 11,330 |
| Unbilled revenue | | 3,648 | 3,029 |
| Prepayments and other current assets | 2.4 | 4,856 | 4,448 |
| Derivative financial instruments | 2.3 | 284 | 116 |
| **Total current assets** | | **53,705** | **51,695** |
| **Non-current assets** | | | |
| Property, plant and equipment | 2.7 | 11,716 | 10,530 |
| Goodwill | 2.8 | 3,652 | 3,764 |
| Intangible assets | 2.8 | 776 | 985 |
| Investment in associate | | 71 | 103 |
| Non-current investments | 2.2 | 6,382 | 1,811 |
| Deferred income tax assets | 2.16 | 540 | 536 |
| Income tax assets | 2.16 | 5,716 | 5,230 |
| Other non-current assets | 2.4 | 797 | 735 |
| **Total non-current assets** | | **29,650** | **23,694** |
| **Total assets** | | **83,355** | **75,389** |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade payables | | 367 | 386 |
| Derivative financial instruments | 2.3 | 2 | 5 |
| Current income tax liabilities | 2.16 | 3,885 | 3,410 |
| Client deposits | | 32 | 28 |
| Unearned revenue | | 1,777 | 1,332 |
| Employee benefit obligations | | 1,359 | 1,341 |
| Provisions | 2.6 | 405 | 512 |
| Other current liabilities | 2.5 | 6,186 | 6,225 |
| **Total current liabilities** | | **14,013** | **13,239** |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | 2.16 | 207 | 256 |
| Other non-current liabilities | 2.5 | 153 | 115 |
| **Total liabilities** | | **14,373** | **13,610** |
| **Equity** | | | |
| Share capital- ₹5/- par value 240,00,00,000 (240,00,00,000) equity shares authorized, issued and outstanding 228,56,55,150 (228,56,21,088) net of 1,12,89,514 (1,13,23,576) treasury shares as of March 31, 2017 (March 31, 2016), respectively | | 1,144 | 1,144 |
| Share premium | | 2,356 | 2,241 |
| Retained earnings | | 65,056 | 57,655 |
| Cash flow hedge reserve | | 39 | - |
| Other reserves | | - | - |
| Other components of equity | | 387 | 739 |
| **Total equity attributable to equity holders of the Company** | | **68,982** | **61,779** |
| Non-controlling interests | | - | - |
| **Total equity** | | **68,982** | **61,779** |
| **Total liabilities and equity** | | **83,355** | **75,389** |

*The accompanying notes form an integral part of the consolidated interim financial statements*
*As per our report of even date attached*
*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and subsidiaries**

*(In ₹ crore except equity share and per equity share data)*

| **Consolidated Statements of Comprehensive Income** | | **Three months ended March 31,** | | **Year ended March 31,** | |
|---|---|---|---|---|---|
| | **Note** | **2017** | **2016** | **2017** | **2016** |
| **Revenues** | | **17,120** | **16,550** | **68,484** | **62,441** |
| Cost of sales | 2.10 | 10,770 | 10,262 | 43,253 | 39,098 |
| **Gross profit** | | **6,350** | **6,288** | **25,231** | **23,343** |
| Operating expenses: | | | | | |
| Selling and marketing expenses | 2.10 | 889 | 909 | 3,591 | 3,431 |
| Administrative expenses | 2.10 | 1,249 | 1,159 | 4,739 | 4,292 |
| Total operating expenses | | 2,138 | 2,068 | 8,330 | 7,723 |
| **Operating profit** | | **4,212** | **4,220** | **16,901** | **15,620** |
| Other income, net | 2.13 | 746 | 772 | 3,080 | 3,125 |
| Share in associate's loss and others | | (25) | (1) | (30) | (3) |
| **Profit before income taxes** | | **4,933** | **4,991** | **19,951** | **18,742** |
| Income tax expense | 2.16 | 1,330 | 1,394 | 5,598 | 5,251 |
| **Net profit** | | **3,603** | **3,597** | **14,353** | **13,491** |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | |
| Remeasurement of the net defined benefit liability/asset | 2.11 & 2.16 | 20 | (3) | (45) | (12) |
| Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 | 2.2 | - | - | (35) | - |
| Equity instruments through other comprehensive income, net | 2.2 & 2.16 | (5) | - | (5) | - |
| | | 15 | (3) | (85) | (12) |
| *Items that will be reclassified subsequently to profit or loss* | | | | | |
| Fair value changes on derivatives designated as cash flow hedge, net | 2.3 & 2.16 | 11 | - | 39 | - |
| Exchange differences on translation of foreign operations | | (197) | 96 | (257) | 303 |
| Fair value changes on investments, net | 2.2 & 2.16 | (10) | 19 | (10) | 41 |
| | | **(196)** | **115** | **(228)** | **344** |
| **Total other comprehensive income, net of tax** | | **(181)** | **112** | **(313)** | **332** |
| **Total comprehensive income** | | **3,422** | **3,709** | **14,040** | **13,823** |
| **Profit attributable to:** | | | | | |
| Owners of the company | | 3,603 | 3,597 | 14,353 | 13,491 |
| Non-controlling interests | | - | - | - | - |
| | | **3,603** | **3,597** | **14,353** | **13,491** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the company | | 3,422 | 3,709 | 14,040 | 13,823 |
| Non-controlling interests | | - | - | - | - |
| | | **3,422** | **3,709** | **14,040** | **13,823** |
| **Earnings per equity share** | | | | | |
| Basic (₹) | | 15.77 | 15.74 | 62.80 | 59.03 |
| Diluted (₹) | | 15.76 | 15.74 | 62.77 | 59.02 |
| **Weighted average equity shares used in computing earnings per equity share** | 2.17 | | | | |
| Basic | | 2,285,654,881 | 2,285,620,957 | 2,285,639,447 | 2,285,616,160 |
| Diluted | | 2,286,652,003 | 2,285,750,316 | 2,286,396,745 | 2,285,718,894 |

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

*for* B S R & Co. LLP

*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and subsidiaries**

**Consolidated Statements of Changes in Equity**

*(In ₹ crore except equity share data )*

| | Shares[2] | Share capital | Share premium | Retained earnings | Other reserves[3] | Other components of equity | Cash flow hedge reserve | Total equity attributable to equity holders of the Company |
|---|---|---|---|---|---|---|---|---|
| **Balance as of April 1, 2015** | **114,28,05,132** | **572** | **2,806** | **50,978** | **-** | **407** | **-** | **54,763** |
| **Changes in equity for the year ended March 31, 2016** | | | | | | | | |
| Increase in share capital on account of bonus issue [1] (refer to note 2.12) | 114,28,05,132 | 572 | - | - | - | - | - | 572 |
| Amounts utilized for bonus issue (refer note 2.12)[1] | - | - | (572) | - | - | - | - | (572) |
| Shares issued on exercise of employee stock options (refer note 2.15) | 10,824 | - | - | - | - | - | - | - |
| Transferred to other reserves (refer note 2.12) | - | - | - | (591) | 591 | - | - | - |
| Transferred from other reserves on utilisation (refer note 2.12) | - | - | - | 591 | (591) | - | - | - |
| Employee stock compensation expense (refer to note 2.15) | - | - | 7 | - | - | - | - | 7 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.16) | - | - | - | - | - | (12) | - | (12) |
| Dividends (including corporate dividend tax) | - | - | - | (6,814) | - | - | - | (6,814) |
| Fair value changes on investments (refer note 2.2 & 2.16) | - | - | - | - | - | 41 | - | 41 |
| Net profit | - | - | - | 13,491 | - | - | - | 13,491 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 303 | - | 303 |
| **Balance as of March 31, 2016** | **228,56,21,088** | **1,144** | **2,241** | **57,655** | **-** | **739** | **-** | **61,779** |
| **Changes in equity for the year ended March 31, 2017** | | | | | | | | |
| Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 (Refer note 2.2) | - | - | - | - | - | (35) | - | (35) |
| Shares issued on exercise of employee stock options (Refer note 2.15) | 34,062 | - | - | - | - | - | - | - |
| Income tax benefit arising on exercise of stock options | - | - | 1 | - | - | - | - | 1 |
| Employee stock compensation expense (refer to note 2.15) | - | - | 114 | - | - | - | - | 114 |
| Transferred to other reserves (refer note 2.12) | - | - | - | (953) | 953 | - | - | - |
| Transferred from other reserves on utilisation (refer note 2.12) | - | - | - | 953 | (953) | - | - | - |
| Fair value changes on cash flow hedge, net of tax effects (Refer note 2.3) | - | - | - | - | - | - | 39 | 39 |
| Equity instruments through other comprehensive income, net of tax effect (Refer note 2.2 & 2.16) | - | - | - | - | - | (5) | - | (5) |
| Fair value changes on investments, net of tax effect (Refer note 2.2 & 2.16) | - | - | - | - | - | (10) | - | (10) |
| Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.16) | - | - | - | - | - | (45) | - | (45) |
| Dividends (including corporate dividend tax) | - | - | - | (6,952) | - | - | - | (6,952) |
| Net profit | - | - | - | 14,353 | - | - | - | 14,353 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (257) | - | (257) |
| **Balance as of March 31, 2017** | **228,56,55,150** | **1,144** | **2,356** | **65,056** | **-** | **387** | **39** | **68,982** |

[1] *net of treasury shares*

[2] *excludes treasury shares of 1,12,89,514 as of March 31, 2017, 1,13,23,576 as of March 31, 2016, and 56,67,200 as of April 1, 2015, held by consolidated trust.*

[3] *Represents the Special Economic Zone Re-investment reserve created out of the profit of the eligible SEZ unit in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.*

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

*As per our report of even date attached*

*for* B S R & Co. LLP

*Chartered Accountants*

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

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and subsidiaries**

*(In ₹ crore)*

| **Consolidated Statements of Cash Flows** | | **Year ended March 31,** | |
|---|---|---|---|
| | **Note** | **2017** | **2016** |
| **Operating activities:** | | | |
| Net Profit | | 14,353 | 13,491 |
| **Adjustments to reconcile net profit to net cash provided by operating activities:** | | | |
| Depreciation and amortization | 2.7 and 2.8 | 1,703 | 1,459 |
| Income tax expense | 2.16 | 5,598 | 5,251 |
| Income on investments | | (348) | (176) |
| Effect of exchange rate changes on assets and liabilities | | 38 | 71 |
| Deferred consideration pertaining to acquisition | | - | 149 |
| Impairment loss on financial assets | | 132 | (52) |
| Other adjustments | | 184 | 169 |
| **Changes in working capital** | | | |
| Trade receivables and unbilled revenue | | (1,743) | (1,654) |
| Prepayments and other assets | | (471) | (1,442) |
| Trade payables | | (19) | 242 |
| Client deposits | | 4 | 1 |
| Unearned revenue | | 445 | 280 |
| Other liabilities and provisions | | (160) | 319 |
| **Cash generated from operations** | | **19,716** | **18,108** |
| Income taxes paid | 2.16 | (5,653) | (5,865) |
| **Net cash provided by operating activities** | | **14,063** | **12,243** |
| **Investing activities:** | | | |
| Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors | 2.7 and 2.8 | (2,760) | (2,723) |
| Loans to employees | | 27 | (75) |
| Deposits placed with corporation | | (164) | (142) |
| Income on investments | | 221 | 168 |
| Payment for acquisition of business, net of cash acquired | 2.9 | - | (747) |
| Payment of contingent consideration pertaining to acquisition of business | 2.9 | (36) | - |
| Investment in equity and preference securities | | (68) | (82) |
| Investment in others | | (26) | (22) |
| Investment in quoted debt securities | | (4,278) | (302) |
| Redemption of quoted debt securities | | 7 | - |
| Investment in certificate of deposits | | (7,823) | - |
| Investment in liquid mutual fund units and fixed maturity plan securities | | (54,215) | (24,171) |
| Redemption of liquid mutual fund units and fixed maturity plan securities | | 52,041 | 24,980 |
| **Net cash used in investing activities** | | **(17,074)** | **(3,116)** |
| **Financing activities:** | | | |
| Payment of dividends (includes corporate dividend tax) | | (6,939) | (6,813) |
| **Net cash used in financing activities** | | **(6,939)** | **(6,813)** |
| Effect of exchange rate changes on cash and cash equivalents | | (122) | 16 |
| Net decrease in cash and cash equivalents | | (9,950) | 2,314 |
| Cash and cash equivalents at the beginning of the period | 2.1 | 32,697 | 30,367 |
| **Cash and cash equivalents at the end of the period** | 2.1 | **22,625** | **32,697** |
| **Supplementary information:** | | | |
| Restricted cash balance | 2.1 | 572 | 492 |

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

*As per our report of even date attached*
*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
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*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Notes to the Consolidated Financial Statements**

**1. Company Overview and Significant Accounting Policies**

**1.1 Company overview**

Infosys is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's consolidated interim financial statements are authorized for issue by the company's Board of Directors on April 13, 2017.

**1.2 Basis of preparation of financial statements**

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

As the quarter and year to date figures are taken from the source and rounded to the nearest digits, the quarter figures in these financial statements added up to the figures reported for the previous quarters might not always add up to the year figures reported in these financial statements.

**1.3 Basis of consolidation**

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its controlled trusts and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The group's investment in associates includes goodwill identified on acquisition.

**1.4 Use of estimates**

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**1.5 Critical accounting estimates**

**a. Revenue recognition**

The group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.16.

**c. Business combinations and intangible assets**

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**d. Property, plant and equipment**

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

**e. Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**1.6 Revenue recognition**

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The company has applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The company presents revenues net of value-added taxes in its statement of comprehensive income.

**1.7 Property, plant and equipment**

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

| | |
|---|---|
| Building | 22-25 years |
| Plant and machinery | 5 years |
| Computer equipment | 3-5 years |
| Furniture and fixtures | 5 years |
| Vehicles | 5 years |

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer note 2.7)*

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**1.8 Business combinations**

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is outside the scope of IFRS 3 (Revised), Business Combinations and is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

**1.9 Goodwill**

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of comprehensive income. Goodwill is measured at cost less accumulated impairment losses.

**1.10 Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs and software development costs incurred under contractual arrangements with customers are accounted as cost of sales.

**1.11 Financial instruments**

Effective April 1, 2016, the group has elected to early adopt IFRS 9 - Financial Instruments considering April 1, 2015 as the date of initial application of the standard even though the stipulated effective date for adoption is April 1, 2018.

As per IFRS 9, the group has classified its financial assets into the following categories based on the business model for managing those assets and the contractual cash flow characteristics:
- Financial assets carried at amortised cost
- Financial assets fair valued through other comprehensive income
- Financial assets fair valued through profit and loss

The adoption of IFRS 9 did not have any other material impact on the consolidated financial statements, hence prior period figures have not been restated. The impact on account of adoption of IFRS 9 is given in Note 2.2.

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

**1.11.2 Subsequent measurement**
**a. Non-derivative financial instruments**
***(i) Financial assets carried at amortised cost***

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

***(iii) Financial assets at fair value through profit or loss***
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

***(iv) Financial liabilities***
Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**b. Derivative financial instruments**

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

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

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

Although the group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

**(ii) Cash flow hedge**

The group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of comprehensive income. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of comprehensive income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of comprehensive income.

**c. Share capital and treasury shares**

**(i) Ordinary Shares**

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

**(ii) Treasury Shares**

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**1.11.3 Derecognition of financial instruments**

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**1.12 Fair value of financial instruments**

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

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

**1.13 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

**(ii) Intangible assets and property, plant and equipment**

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

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

**1.14 Provisions**

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

**a. Post sales client support**

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

**b. Onerous contracts**

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

**1.15 Foreign currency**

Functional currency

The functional currency of Infosys, Infosys BPO, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai, Infosys Lodestone, Infosys Americas, Infosys Nova, Panaya, Kallidus and Noah are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

*Transactions and translations*

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the consolidated statement of comprehensive income. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of comprehensive income. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

**1.16 Earnings per equity share**

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

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

**1.17 Income taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or 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 tax assets are reviewed at eaangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set offreviously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of comprehensive income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of comprehensive income. and vary the terms of remuneration. Accordingly, the Board based on the recommen

**1.18 Employee benefits**

**1.18.1 Gratuity**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of comprehensive income.

**1.18.2 Superannuation**

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

**1.18.3 Provident fund**

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

**1.18.4 Compensated absences**

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**1.19 Share-based compensation**

The Group recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with IFRS 2, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

**1.20 Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

**1.21 Operating Profits**

Operating Profit for the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

**1.22 Other income**

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

**1.23 Leases**

Leases under which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the statement of comprehensive income over the lease term.

**1.24 Government grants**

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in net profit in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

**1.25 Recent accounting pronouncements**

**1.25.1 Standards issued but not yet effective**

**IFRS 15 Revenue from Contract with Customers:** In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2018, though early adoption is permitted.
The Group does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented.

The group derives revenues primarily from software development and related services and from the licensing of software products and is currently evaluating the effect of IFRS 15 on its consolidated financial statements and related disclosures.

**IFRS 16 Leases :** On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

**IFRIC 22, Foreign currency transactions and Advance consideration:** On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board (IASB) issued IFRS interpretation, IFRIC 22, Foreign currency transactions and Advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is currently evaluating the effect of IFRIC 22 on the consolidated financial statements.

**Amendments to IAS 7, 'Statement of cash flows':** In January 2016, the International Accounting Standards Board issued the amendments to IAS 7, requiring the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effective date for adoption of the amendments to IAS 7 is annual reporting periods beginning on or after January 1, 2017, though early adoption is permitted. The Group is evaluating the disclosure requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

**Amendments to IFRS 2, 'Share-based payment':** In June 2016, the International Accounting Standards Board issued the amendments to IFRS 2, providing specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effective date for adoption of the amendments to IFRS 2 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

**2. Notes to the consolidated interim financial statements**

**2.1 Cash and cash equivalents**

Cash and cash equivalents consist of the following:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Cash and bank deposits | 14,889 | 27,420 |
| Deposits with financial institution | 7,736 | 5,277 |
| | **22,625** | **32,697** |

Cash and cash equivalents as of March 31, 2017 and March 31, 2016 include restricted cash and bank balances of ₹572 crore and ₹492 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

The deposits maintained by the Group with banks and financial institution comprise of time deposits, which can be withdrawn by the Group at any point without prior notice or penalty on the principal.

The table below provides details of cash and cash equivalents:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Current Accounts** | | |
| ANZ Bank, Taiwan | 3 | 13 |
| Axis Bank, India | 1 | 1 |
| Axis Bank - Unpaid dividend account | 2 | 2 |
| Banamex Bank, Mexico | 2 | 5 |
| Banamex Bank, Mexico (U.S. Dollar account) | 8 | 3 |
| Bank of America, Mexico | 54 | 21 |
| Bank of America, USA | 1,030 | 681 |
| Bank Zachodni WBK S.A, Poland | 4 | 3 |
| Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan | - | 1 |
| Barclays Bank, UK | 1 | 19 |
| Bank Leumi, Israel (US Dollar account) | 2 | 17 |
| Bank Leumi, Israel | 11 | 10 |
| BNP Paribas Bank, Norway | 17 | - |
| China Merchants Bank, China | 9 | 8 |
| Citibank N.A, China | 61 | 65 |
| Citibank N.A., China (U.S. Dollar account) | 11 | 72 |
| Citibank N.A., Costa Rica | 5 | 2 |
| Citibank N.A., Australia | 19 | 72 |
| Citibank N.A., Brazil | 30 | 5 |
| Citibank N.A., Dubai | 1 | 1 |
| Citibank N.A., Hungary | 3 | - |
| Citibank N.A., India | 3 | 1 |
| Citibank N.A., Japan | 12 | 15 |
| Citibank N.A., New Zealand | 10 | 6 |
| Citibank N.A., Portugal | 2 | 2 |
| Citibank N.A., Singapore | 2 | 3 |
| Citibank N.A., South Korea | 1 | - |
| Citibank N.A., South Africa | 9 | 5 |
| CitiBank N.A., South Africa (Euro account) | 1 | 1 |
| Citibank N.A., Philippines, (U.S. Dollar account) | 1 | 1 |
| CitiBank N.A., USA | 78 | 60 |
| CitiBank N.A., EEFC (U.S. Dollar account) | 1 | - |
| Commerzbank, Germany | 18 | 19 |
| Crédit Industriel et Commercial Bank, France | - | 4 |
| Deutsche Bank, India | 12 | 8 |
| Deutsche Bank, Philippines | 5 | 13 |
| Deutsche Bank, Philippines (U.S. Dollar account) | 4 | 1 |
| Deutsche Bank, Poland | 12 | 5 |
| Deutsche Bank, Poland (Euro account) | 4 | - |
| Deutsche Bank, EEFC (Australian Dollar account) | 38 | 2 |
| Deutsche Bank, EEFC (Euro account) | 25 | 32 |
| Deutsche Bank, EEFC (Swiss Franc account) | 2 | 5 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 76 | 96 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 10 | 9 |
| Deutsche Bank, Belgium | 10 | 59 |
| Deutsche Bank, Malaysia | 7 | 9 |
| Deutsche Bank, Czech Republic | 8 | 14 |
| Deutsche Bank, Czech Republic (Euro account) | 7 | 1 |

| | | |
|---|---|---|
| Deutsche Bank, Czech Republic (U.S. Dollar account) | 30 | 28 |
| Deutsche Bank, France | 8 | 10 |
| Deutsche Bank, Germany | 48 | 17 |
| Deutsche Bank, Netherlands | 2 | 6 |
| Deutsche Bank, Russia | 3 | 2 |
| Deutsche Bank, Russia (U.S. Dollar account) | 1 | 1 |
| Deutsche Bank, Singapore | 6 | 4 |
| Deutsche Bank, Spain | - | 1 |
| Deutsche Bank, Switzerland | 9 | 1 |
| Deutsche Bank, Switzerland (U.S. Dollar account) | 1 | - |
| Deutsche Bank, United Kingdom | 26 | 170 |
| Deutsche Bank, USA | 12 | - |
| HDFC Bank - Unpaid dividend account | 2 | 1 |
| HSBC Bank, Brazil | 1 | 5 |
| HSBC Bank, Hong Kong | 1 | 1 |
| ICICI Bank, India | 53 | 72 |
| ICICI Bank, EEFC (Euro account) | 1 | - |
| ICICI Bank, EEFC (U.S. Dollar account) | 5 | 10 |
| ICICI Bank, EEFC (United Kingdom Pound Sterling account) | 1 | - |
| ICICI Bank - Unpaid dividend account | 13 | 2 |
| ING Bank, Belgium | 2 | 3 |
| Nordbanken, Sweden | 33 | 15 |
| Punjab National Bank, India | 6 | 4 |
| Raiffeisen Bank, Czech Republic | 4 | 5 |
| Raiffeisen Bank, Romania | 4 | 4 |
| Royal Bank of Canada, Canada | 83 | 78 |
| Santander Bank, Argentina | 1 | - |
| State Bank of India, India | 7 | 8 |
| Silicon Valley Bank, USA | 4 | 5 |
| Silicon Valley Bank, (Euro account) | 19 | 65 |
| Silicon Valley Bank, (United Kingdom Pound Sterling account) | 2 | 19 |
| Union Bank of Switzerland AG | 3 | 15 |
| Union Bank of Switzerland AG, (Euro account) | 4 | 12 |
| Union Bank of Switzerland AG, (Australian Dollar account) | - | 2 |
| Union Bank of Switzerland AG, (U.S. Dollar account) | - | 28 |
| Union Bank of Switzerland AG, (United Kingdom Pound Sterling account) | - | 4 |
| Wells Fargo Bank N.A., USA | 33 | 23 |
| Westpac, Australia | 1 | 6 |
| | **2,061** | **1,999** |
| **Deposit Accounts** | | |
| Andhra Bank | - | 948 |
| Axis Bank | 1,175 | 1,340 |
| Bank BGZ BNP Paribas S.A | 183 | - |
| Bank of India | - | 77 |
| Barclays Bank | 825 | - |
| Canara Bank | 261 | 2,247 |
| Central Bank of India | - | 1,538 |
| Citibank | 167 | 128 |
| Corporation Bank | - | 1,285 |
| Deutsche Bank, Poland | 71 | 237 |
| HDFC Bank | 469 | 2,650 |
| HSBC Bank | 500 | - |
| ICICI Bank | 4,869 | 4,199 |
| IDBI Bank | 1,750 | 1,900 |
| IDFC Bank | 200 | - |
| Indian Overseas Bank | - | 1,250 |
| Indusind Bank | 191 | 250 |
| Jammu & Kashmir Bank | - | 25 |
| Kotak Mahindra Bank Limited | 535 | 537 |
| National Australia Bank Limited | - | 1 |
| Oriental Bank of Commerce | - | 1,967 |
| Punjab National Bank | - | 18 |
| South Indian Bank | 450 | 23 |
| Standard Chartered Bank | 500 | - |
| State Bank of India | - | 2,367 |
| Syndicate Bank | 49 | 1,266 |
| Union Bank of India | - | 140 |
| Vijaya Bank | - | 304 |
| Yes Bank | 633 | 724 |
| | **12,828** | **25,421** |
| **Deposits with financial institution** | | |
| HDFC Limited | 7,036 | 5,277 |
| LIC Housing Finance Limited | 700 | - |
| | **7,736** | **5,277** |
| **Total** | **22,625** | **32,697** |

**2.2 Investments**

The carrying value of the investments are as follows:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **(i) Current** | | |
| **Amortised Cost** | | |
| **Quoted debt securities:** | | |
| Cost | 9 | 7 |
| **Fair value through profit and loss** | | |
| **Liquid mutual funds** | | |
| Fair Value | 1,803 | 68 |
| **Fixed maturity plan securities** | | |
| Fair Value | 151 | - |
| **Fair value through other comprehensive income** | | |
| **Quoted debt securities:** | | |
| Fair value | 102 | - |
| **Certificate of deposits** | | |
| Fair value | 7,905 | - |
| | **9,970** | **75** |
| **Non-current** | | |
| **Amortised Cost** | | |
| **Quoted debt securities:** | | |
| Cost | 1,898 | 1,696 |
| **Fair value through other comprehensive income** | | |
| **Quoted debt securities:** | | |
| Fair value | 3,873 | - |
| **Unquoted equity and preference securities:** | | |
| Fair value | 159 | 93 |
| **Fair Value through profit and loss** | | |
| **Unquoted convertible promissory note** | | |
| Fair value | 10 | - |
| **Fixed maturity plan securities** | | |
| Fair Value | 407 | - |
| **Others:** | | |
| Fair value | 35 | 22 |
| | **6,382** | **1,811** |
| Total investments | **16,352** | **1,886** |
| Investments carried at amortised cost | 1,907 | 1,703 |
| Investments carried at fair value through other comprehensive income | 12,039 | 93 |
| Investments carried at fair value through profit and loss | 2,406 | 90 |

**Mutual funds**

The cost and fair value of mutual funds as of March 31, 2017 was ₹1,799 crore and ₹1,803 crore, respectively. The cost and fair value of liquid mutual funds as of March 31, 2016 was ₹68 crore. The fair value is based on quoted price.

**Fixed maturity plan securities:**

The cost and fair value as of March 31, 2017 is ₹555 crore and ₹558 crore, respectively. The fair value is based on market observable inputs.

**Quoted debt securities carried at amortized cost:**

Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organisations. The fair value of quoted debt securities (including interest accrued) as of March 31, 2017 and March 31, 2016 is ₹2,168 crore and ₹1,703 crore, respectively. The fair value is based on quoted prices and market observable inputs.

**Quoted debt securities fair valued through other comprehensive income:**

Investment in quoted debt securities represents investments made in non-convertible debentures issued by government aided institutions. The cost and fair value of non-convertible debentures (including interest accrued) as of March 31, 2017 is ₹3,982 crore and ₹3,975 crore. The fair value is based on quoted prices and market observable inputs. The unrealised loss of ₹7 crore, net of taxes of less than ₹1 crore, has been recognized in other comprehensive income for each of the three months and year ended March 31, 2017.

**Certificate of deposits:**

The cost and fair value of certificate of deposits as of March 31, 2017 is ₹7,910 crore and ₹7,905 crore. The fair value is based on market observable inputs. The unrealised loss of ₹3 crore, net of taxes of ₹2 crore, has been recognized in other comprehensive income for each of the three months and year ended March 31, 2017.

**Unquoted equity and preference securities:**

The amount invested and fair value of unquoted equity and preference securities as of March 31, 2017 is ₹161 crore and ₹159 crore, respectively. The fair value is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

**Impact on account of adoption of IFRS 9**

Certain investments which were earlier carried at fair value through other comprehensive income under IAS 39, Financial Instruments: Recognition and measurement are now carried at amortised cost under IFRS 9, where the business model is to hold the asset, in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount. Further, certain investments carried at fair value through other comprehensive income under IAS 39 are now fair valued through profit and loss under IFRS 9. The impact of such change in measurement did not have a material impact on the financial statements. Hence, the company has not restated the prior period figures and the cumulative impact has been recorded in other comprehensive income for the year ended March 31, 2017.

Accordingly, for the year ended March 31, 2017, the company has recorded, in its other comprehensive income, a reversal of unrealised gain, net of taxes, of ₹35 crore (recorded on quoted debt securities as on April, 1, 2016), with a corresponding change in investment and deferred taxes.

Further, under IFRS 9, the impairment of financial assets is measured under the 'Expected Credit Loss' (ECL) model, which uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The change in the impairment model did not have a material impact on the financial statements.

Details showing the changes in the classification and the corresponding differences in carrying amounts as of the transition date April 1, 2016

*(In ₹ crore)*

| | As per IAS 39 | | As per IFRS 9 | |
|---|---|---|---|---|
| **Instrument** | **Category** | **Carrying value** | **Category** | **Carrying value** |
| **(i) Current** | | | | |
| Liquid mutual funds | Available for sale financial assets [1] | 68 | Fair value through profit or loss | 68 |
| Quoted debt securities: | Available for sale financial assets [1] | 7 | Amortized cost | 7 |
| Total | | **75** | | **75** |
| **(ii) Non current** | | | | |
| Quoted debt securities: | Available for sale financial assets [1] | 1,696 | Amortized cost | 1,599 |
| Unquoted equity and preference securities | Available for sale financial assets [1] | 93 | Fair value through other comprehensive income | 93 |
| Others | Available for sale financial assets [1] | 22 | Fair value through profit or loss | 22 |
| Total | | **1,811** | | **1,714** |
| Total investments | | **1,886** | | **1,789** |

[1] *Fair value changes through other comprehensive income*

Details showing the changes in the classification and the corresponding differences in carrying amounts as of the transition date April 1, 2015

*(In ₹ crore)*

| | As per IAS 39 | | As per IFRS 9 | |
|---|---|---|---|---|
| **Instrument** | **Category** | **Carrying value** | **Category** | **Carrying value** |
| **(i) Current** | | | | |
| Liquid mutual funds | Available for sale financial assets [1] | 842 | Fair value through profit or loss | 842 |
| Fixed maturity plan securities: | Available for sale financial assets [1] | 32 | Fair value through profit or loss | 32 |
| Total | | **874** | | **874** |
| **(ii) Non current** | | | | |
| Quoted debt securities: | Available for sale financial assets [1] | 1,344 | Amortized cost | 1,304 |
| Unquoted equity and preference securities | Available for sale financial assets [1] | 1 | Fair value through other comprehensive income | 1 |
| Total | | **1,345** | | **1,305** |
| Total investments | | **2,219** | | **2,179** |

[1] *Fair value changes through other comprehensive income*

**2.3 Financial instruments**

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.1) | 22,625 | - | - | - | - | 22,625 | 22,625 |
| Investments (Refer Note 2.2) | | | | | | | |
| Liquid mutual funds | - | - | 1,803 | - | - | 1,803 | 1,803 |
| Fixed maturity plan securities | - | - | 558 | - | - | 558 | 558 |
| Quoted debt securities | 1,907 | - | - | - | 3,975 | 5,882 | 6,143 * |
| Certificate of deposits | - | - | - | - | 7,905 | 7,905 | 7,905 |
| Unquoted equity and preference securities | - | - | - | 159 | - | 159 | 159 |
| Unquoted investments others | - | - | 35 | - | - | 35 | 35 |
| Unquoted convertible promissory note | - | - | 10 | - | - | 10 | 10 |
| Trade receivables | 12,322 | - | - | - | - | 12,322 | 12,322 |
| Unbilled revenue | 3,648 | - | - | - | - | 3,648 | 3,648 |
| Prepayments and other assets (Refer Note 2.4) | 2,658 | - | - | - | - | 2,658 | 2,658 |
| Derivative financial instruments | - | - | 232 | - | 52 | 284 | 284 |
| **Total** | **43,160** | **-** | **2,638** | **159** | **11,932** | **57,889** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 367 | - | - | - | - | 367 | 367 |
| Derivative financial instruments | - | - | 2 | - | - | 2 | 2 |
| Client deposits | 32 | - | - | - | - | 32 | 32 |
| Other liabilities including contingent consideration (Refer Note 2.5) | 4,941 | - | 85 | - | - | 5,026 | 5,026 |
| **Total** | **5,340** | **-** | **87** | **-** | **-** | **5,427** | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(In ₹ crore)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.1) | 32,697 | - | - | - | - | 32,697 | 32,697 |
| Investments (Refer Note 2.2) | | | | | | | |
| Liquid mutual funds | - | - | 68 | - | - | 68 | 68 |
| Quoted debt securities | 1,703 | - | - | - | - | 1,703 | 1,703 |
| Unquoted equity and preference securities: | - | - | 22 | 93 | - | 115 | 115 |
| Trade receivables | 11,330 | - | - | - | - | 11,330 | 11,330 |
| Unbilled revenue | 3,029 | - | - | - | - | 3,029 | 3,029 |
| Prepayments and other assets (Refer Note 2.4) | 2,601 | - | - | - | - | 2,601 | 2,601 |
| Derivative financial instruments | - | - | 116 | - | - | 116 | 116 |
| **Total** | **51,360** | **-** | **206** | **93** | **-** | **51,659** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 386 | - | - | - | - | 386 | 386 |
| Derivative financial instruments | - | - | 5 | - | - | 5 | 5 |
| Client deposits | 28 | - | - | - | - | 28 | 28 |
| Other liabilities including contingent consideration (Refer Note 2.5) | 4,880 | - | 117 | - | - | 4,997 | 4,997 |
| **Total** | **5,294** | **-** | **122** | **-** | **-** | **5,416** | |

** On account of fair value changes including interest accrued*

**Fair value hierarchy**

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

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

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

**Fair value hierarchy of assets and liabilities as of March 31, 2017:**

*(In ₹ crore)*

| | As of March 31, 2017 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual funds (Refer Note 2.2) | 1,803 | 1,803 | - | - |
| Investments in fixed maturity plan securities (Refer Note 2.2) | 558 | - | 558 | - |
| Investments in quoted debt securities (Refer Note 2.2) | 6,143 | 3,662 | 2,481 | - |
| Investments in certificate of deposits (Refer Note 2.2) | 7,905 | - | 7,905 | - |
| Investments in equity and preference securities (Refer Note 2.2) | 159 | - | - | 159 |
| Investment in Unquoted investments others (Refer Note 2.2) | 35 | - | - | 35 |
| Investment in unquoted convertible promissory note (Refer Note 2.2) | 10 | - | - | 10 |
| Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts | 284 | - | 284 | - |
| **Liabilities** | | | | |
| Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts | 2 | - | 2 | - |
| Liability towards contingent consideration (Refer note 2.5)* | 85 | - | - | 85 |

**Discounted $14 million (approximately ₹91 crore) at 14.2%*

During the year ended March 31, 2017, quoted debt securities of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

**Fair value hierarchy of assets and liabilities measured as of March 31, 2016:**

*(In ₹ crore)*

| | As of March 31, 2016 | Fair value measurement at end of the reporting period/year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.2) | 68 | 68 | - | - |
| Investments in quoted debt securities (Refer Note 2.2) | 1,703 | 376 | 1,327 | - |
| Investments in equity securities and preference securities (Refer Note 2.2) | 93 | - | - | 93 |
| Others (Refer Note 2.2) | 22 | - | - | 22 |
| Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts | 116 | - | 116 | - |
| **Liabilities** | | | | |
| Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts | 5 | - | 5 | - |
| Liability towards contingent consideration (Refer note 2.5)* | 117 | - | - | 117 |

**Discounted $20 million (approximately ₹132 crore) at 13.7%*

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of ₹40 crore and change in discount rates and passage of time.

Income from financial assets or liabilities is as follows:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Interest income from financial assets carried at amortised cost (Refer Note 2.13) | 444 | 640 | 2,361 | 2,636 |
| Interest income on financial assets fair valued through other comprehensive income | 160 | - | 190 | - |
| Dividend income from investments carried at fair value through profit or loss (Refer Note 2.13) | - | 9 | 29 | 63 |
| Gain / (loss) on investments carried at fair value through profit or loss | 66 | - | 119 | - |
| | **670** | **649** | **2,699** | **2,699** |

**Financial risk management**

**Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,334 | 131 | 36 | 183 | 700 | 2,384 |
| Trade receivables | 8,345 | 1,244 | 775 | 561 | 702 | 11,627 |
| Unbilled revenue | 2,439 | 440 | 325 | 123 | 306 | 3,633 |
| Other assets | 423 | 95 | 47 | 36 | 97 | 698 |
| Trade payables | (115) | (32) | (13) | (5) | (158) | (323) |
| Client deposits | (11) | (3) | (14) | - | (5) | (33) |
| Accrued Expenses | (954) | (215) | (140) | (39) | (148) | (1,496) |
| Employee benefit obligations | (556) | (79) | (22) | (150) | (125) | (932) |
| Other liabilities | (608) | (109) | (35) | (22) | (269) | (1,043) |
| **Net assets / (liabilities)** | **10,297** | **1,472** | **959** | **687** | **1,100** | **14,515** |

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016:

*(In ₹ crore)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 1,124 | 167 | 202 | 171 | 601 | 2,265 |
| Trade receivables | 7,558 | 1,280 | 721 | 598 | 696 | 10,853 |
| Unbilled revenue | 1,871 | 368 | 190 | 114 | 253 | 2,796 |
| Other assets | 96 | 37 | 26 | 10 | 84 | 253 |
| Trade payables | (126) | (75) | (73) | (4) | (76) | (354) |
| Client deposits | (20) | (2) | - | - | (6) | (28) |
| Accrued expenses | (788) | (152) | (116) | (35) | (219) | (1,310) |
| Employee benefit obligations | (573) | (80) | (49) | (166) | (125) | (993) |
| Other liabilities | (1,049) | (135) | (32) | (42) | (208) | (1,466) |
| **Net assets / (liabilities)** | **8,093** | **1,408** | **869** | **646** | **1,000** | **12,016** |

For each of the three months ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50% and 0.49%, respectively.

For each of the year ended March 31, 2017 and March 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

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

The following table gives details in respect of outstanding foreign exchange forward and option contracts:

| | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | **In million** | **In ₹ crore** | **In million** | **In ₹ crore** |
| **Derivatives designated as cash flow hedges** | | | | |
| **Forward contracts** | | | | |
| In Euro | 95 | 658 | - | - |
| In United Kingdom Pound Sterling | 40 | 324 | - | - |
| In Australian dollars | 130 | 644 | - | - |
| **Option Contracts** | | | | |
| In Euro | 40 | 277 | - | - |
| **Other derivatives** | | | | |
| **Forward contracts** | | | | |
| In U.S. dollars | 526 | 3,411 | 510 | 3,379 |
| In Euro | 114 | 786 | 100 | 750 |
| In United Kingdom Pound Sterling | 75 | 609 | 65 | 623 |
| In Australian dollars | 35 | 174 | 55 | 281 |
| In Swiss Franc | 10 | 65 | 25 | 173 |
| In Singapore dollars | 5 | 23 | - | - |
| In Swedish Krona | 50 | 36 | - | - |
| **Option Contracts** | | | | |
| In U.S. dollars | 195 | 1,265 | 125 | 828 |
| In Euro | 25 | 173 | - | - |
| In United Kingdom Pound Sterling | 30 | 243 | - | - |
| In Canadian dollars | 13 | 65 | - | - |
| **Total forwards & options** | | **8,753** | | **6,034** |

The group recognized a net gain of ₹290 crore and ₹591 crore on derivative financial instruments not designated as cash flow hedges during the three months and year ended March 31, 2017, respectively, as against a net gain of ₹58 crore and ₹29 crore on derivative financial instruments not designated as cash flow hedges during the three months and year ended March 31, 2016, respectively, which are included in other income.

The foreign exchange forward and option contracts mature within twelve months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Not later than one month | 2,303 | 1,577 |
| Later than one month and not later than three months | 4,316 | 3,420 |
| Later than three months and not later than one year | 2,134 | 1,037 |
| | **8,753** | **6,034** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the three months and year ended March 31, 2017: *(In ₹ crore)*

| | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning of the period | 28 | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 73 | 121 |
| Amount reclassified to revenue during the period | (59) | (69) |
| Tax impact on above | (3) | (13) |
| Balance at the end of the period | **39** | **39** |

The group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(In ₹ crore)*

| | As of March 31, 2017 | | As of March 31, 2016 | |
|---|---|---|---|---|
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognized financial asset/liability | 285 | (3) | 124 | (13) |
| Amount set off | (1) | 1 | (8) | 8 |
| **Net amount presented in balance sheet** | **284** | **(2)** | **116** | **(5)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,322 crore and ₹11,330 crore as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,648 crore and ₹3,029 crore as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IFRS 9, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue from top customer | 3.3 | 3.6 | 3.4 | 3.6 |
| Revenue from top five customers | 12.2 | 13.7 | 12.6 | 13.8 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the three months and year ended March 31, 2017 was ₹57 crore and ₹132 crore, respectively. The reversal of allowance for lifetime expected credit losses on customer balances for the three months and year ended March 31, 2016 was ₹27 crore and ₹52 crore, respectively

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Balance at the beginning | 362 | 326 | 289 | 366 |
| Translation differences | (8) | 3 | (9) | 8 |
| Impairment loss recognised/(reversed) | 57 | (27) | 132 | (52) |
| Write-offs | - | (13) | (1) | (33) |
| **Balance at the end** | **411** | **289** | **411** | **289** |

The Company’s credit period generally ranges from 30-60 days.

*(In ₹crore except otherwise stated)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Trade receivables | 12,322 | 11,330 |
| Unbilled revenues | 3,648 | 3,029 |
| Days Sales Outstanding- DSO (days) | 68 | 66 |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, quoted bonds issued by government and quasi government organizations, non convertible debentures and certificates of deposits.

**Liquidity risk**

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The group has no outstanding bank borrowings. The group believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2017, the Group had a working capital of ₹39,692 crore including cash and cash equivalents of ₹22,625 crore and current investments of ₹9,970 crore. As of March 31, 2016, the Group had a working capital of ₹38,456 crore including cash and cash equivalents of ₹32,697 crore and current investments of ₹75 crore.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were ₹1,359 crore and ₹1,341 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 367 | - | - | - | 367 |
| Client deposits | 32 | - | - | - | 32 |
| Other liabilities (excluding liability towards acquisition) - (Refer Note 2.5) | 4,911 | 31 | - | - | 4,942 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) - (Refer Note 2.5) | 45 | 46 | - | - | 91 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(In ₹ crore)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 386 | - | - | - | 386 |
| Client deposits | 28 | - | - | - | 28 |
| Other liabilities ( excluding liabilities towards acquisition ) - (Refer Note 2.5) | 4,847 | 25 | 9 | - | 4,881 |
| Liability towards acquisitions on an undiscounted basis (including contingent consideration) - (Refer Note 2.5) | 86 | 46 | - | - | 132 |

**2.4 Prepayments and other assets**

Prepayments and other assets consist of the following:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Current** | | |
| Rental deposits | 9 | 13 |
| Security deposits | 10 | 7 |
| Loans to employees | 272 | 303 |
| Prepaid expenses(1) | 441 | 201 |
| Interest accrued and not due | 576 | 704 |
| Withholding taxes and others(1) | 1,886 | 1,799 |
| Advance payments to vendors for supply of goods(1) | 131 | 110 |
| Deposit with corporations | 1,416 | 1,238 |
| Deferred contract cost(1) | 78 | 48 |
| Other assets | 37 | 25 |
| | 4,856 | 4,448 |
| **Non-current** | | |
| Loans to employees | 29 | 25 |
| Deposit with corporations | 48 | 62 |
| Rental deposits | 175 | 146 |
| Security deposits | 86 | 78 |
| Deferred contract cost(1) | 284 | 333 |
| Prepaid expenses(1) | 96 | 87 |
| Prepaid gratuity(1) | 79 | 4 |
| | 797 | 735 |
| | **5,653** | **5,183** |
| **Financial assets in prepayments and other assets** | **2,658** | **2,601** |

(1) *Non financial assets*

Withholding taxes and others primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverables. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront cost incurred for the contract and are amortised over the term of the contract.

Deposit with corporations represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

**2.5 Other liabilities**

Other liabilities comprise the following :

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Current** | | |
| Accrued compensation to employees | 1,881 | 2,265 |
| Accrued expenses | 2,585 | 2,189 |
| Withholding taxes and others[1] | 1,226 | 1,296 |
| Retainage | 220 | 80 |
| Liabilities of controlled trusts | 145 | 167 |
| Deferred income - government grant on land use rights[1] | 1 | 1 |
| Accrued gratuity[1] | 1 | - |
| Liability towards contingent consideration (Refer note 2.9) | 45 | 81 |
| Deferred rent[1] | 2 | - |
| Others | 80 | 146 |
| | **6,186** | **6,225** |
| **Non-current** | | |
| Liability towards contingent consideration (Refer note 2.9) | 40 | 36 |
| Accrued compensation to employees | 30 | 33 |
| Deferred income - government grant on land use rights[1] | 41 | 46 |
| Deferred income [1] | 42 | - |
| | **153** | **115** |
| | **6,339** | **6,340** |
| Financial liabilities included in other liabilities | 5,026 | 4,997 |
| Financial liability towards acquisitions on an undiscounted basis (including contingent consideration) - Refer note 2.9 | 91 | 132 |

[1] *Non financial liabilities*

Accrued expenses primarily relates to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unpaid dividend balances and capital creditors.

**2.6 Provisions**

Provisions comprise the following:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Provision for post sales client support and other provisions | 405 | 512 |
| | **405** | **512** |

Provision for post sales client support and other provisions represents cost associated with providing post sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support and other provisions is as follows:

*(In ₹ crore)*

| | Three months ended March 31, 2017 | Year ended March 31, 2017 |
|---|---|---|
| Balance at the beginning | 412 | 512 |
| Provision recognized/ (reversed) | 23 | 94 |
| Provision utilized | (12) | (195) |
| Translation difference | (18) | (6) |
| **Balance at the end** | **405** | **405** |

Provision for post sales client support and other provisions is included in cost of sales in the statement of comprehensive income.

As of March 31, 2017 and March 31, 2016, claims against the company, not acknowledged as debts, net of amounts paid (excluding demands from Indian Income tax authorities- Refer note 2.16) amounted to ₹301 crore and ₹277 crore, respectively.

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

**2.7 Property, plant and equipment**

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2017:

*(In ₹ crore)*

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **1,682** | **6,907** | **2,945** | **4,467** | **1,688** | **32** | **17,721** |
| Additions | 82 | 399 | 87 | 145 | 86 | 1 | 800 |
| Deletions | - | - | (7) | (64) | (74) | (2) | (147) |
| Translation difference | - | (27) | (2) | (7) | (6) | - | (42) |
| **Gross carrying value as of March 31, 2017** | **1,764** | **7,279** | **3,023** | **4,541** | **1,694** | **31** | **18,332** |
| **Accumulated depreciation as of January 1, 2017** | **(26)** | **(2,375)** | **(1,862)** | **(2,955)** | **(1,105)** | **(18)** | **(8,341)** |
| Depreciation | (1) | (65) | (98) | (167) | (63) | (1) | (395) |
| Accumulated depreciation on deletions | - | - | 7 | 64 | 73 | 2 | 146 |
| Translation difference | - | - | 1 | 6 | 2 | - | 9 |
| **Accumulated depreciation as of March 31, 2017** | **(27)** | **(2,440)** | **(1,952)** | **(3,052)** | **(1,093)** | **(17)** | **(8,581)** |
| **Capital work-in progress as of March 31, 2017** | | | | | | | **1,965** |
| **Carrying value as of March 31, 2017** | **1,737** | **4,839** | **1,071** | **1,489** | **601** | **14** | **11,716** |
| **Capital work-in progress as of January 1, 2017** | | | | | | | **2,030** |
| **Carrying value as of January 1, 2017** | **1,656** | **4,532** | **1,083** | **1,512** | **583** | **14** | **11,410** |

Following are the changes in the carrying value of property, plant and equipment for the three months ended March 31, 2016:

*(In ₹ crore)*

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **1,607** | **6,241** | **2,477** | **3,865** | **1,324** | **33** | **15,547** |
| Additions | 13 | 84 | 121 | 328 | 117 | 2 | 665 |
| Deletions | - | - | (2) | (127) | - | (7) | (136) |
| Translation difference | - | - | 2 | 6 | 3 | 1 | 12 |
| **Gross carrying value as of March 31, 2016** | **1,620** | **6,325** | **2,598** | **4,072** | **1,444** | **29** | **16,088** |
| **Accumulated depreciation as of January 1, 2016** | **(20)** | **(2,144)** | **(1,520)** | **(2,577)** | **(939)** | **(19)** | **(7,219)** |
| Depreciation | (2) | (57) | (88) | (161) | (45) | (1) | (354) |
| Accumulated depreciation on deletions | - | - | 2 | 126 | - | 3 | 131 |
| Translation difference | - | - | (2) | (5) | (2) | - | (9) |
| **Accumulated depreciation as of March 31, 2016** | **(22)** | **(2,201)** | **(1,608)** | **(2,617)** | **(986)** | **(17)** | **(7,451)** |
| **Capital work-in progress as of March 31, 2016** | | | | | | | **1,893** |
| **Carrying value as of March 31, 2016** | **1,598** | **4,124** | **990** | **1,455** | **458** | **12** | **10,530** |
| **Capital work-in progress as of January 1, 2016** | | | | | | | **1,711** |
| **Carrying value as of January 1, 2016** | **1,587** | **4,097** | **957** | **1,288** | **385** | **14** | **10,039** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **1,620** | **6,325** | **2,598** | **4,072** | **1,444** | **29** | **16,088** |
| Additions | 144 | 981 | 487 | 801 | 379 | 8 | 2,800 |
| Deletions | - | - | (56) | (315) | (113) | (6) | (490) |
| Translation difference | - | (27) | (6) | (17) | (16) | - | (66) |
| **Gross carrying value as of March 31, 2017** | **1,764** | **7,279** | **3,023** | **4,541** | **1,694** | **31** | **18,332** |
| **Accumulated depreciation as of April 1, 2016** | **(22)** | **(2,201)** | **(1,608)** | **(2,617)** | **(986)** | **(17)** | **(7,451)** |
| Depreciation | (5) | (239) | (380) | (678) | (210) | (5) | (1,517) |
| Accumulated depreciation on | - | - | 31 | 230 | 92 | 5 | 358 |
| Translation difference | - | - | 5 | 13 | 11 | - | 29 |
| **Accumulated depreciation as of March 31, 2017** | **(27)** | **(2,440)** | **(1,952)** | **(3,052)** | **(1,093)** | **(17)** | **(8,581)** |
| **Capital work-in progress as of March 31, 2017** | | | | | | | **1,965** |
| **Carrying value as of March 31, 2017** | **1,737** | **4,839** | **1,071** | **1,489** | **601** | **14** | **11,716** |
| **Capital work-in progress as of April 1, 2016** | | | | | | | **1,893** |
| **Carrying value as of April 1, 2016** | **1,598** | **4,124** | **990** | **1,455** | **458** | **12** | **10,530** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*(In ₹ crore)*

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **1,562** | **5,881** | **2,104** | **3,347** | **1,179** | **34** | **14,107** |
| Acquisition through Business Combination (Refer note 2.9) | - | - | 1 | 2 | 1 | - | 4 |
| Additions | 58 | 444 | 499 | 1,103 | 265 | 6 | 2,375 |
| Deletions | - | - | (8) | (396) | (7) | (12) | (423) |
| Translation difference | - | - | 2 | 16 | 6 | 1 | 25 |
| **Gross carrying value as of March 31, 2016** | **1,620** | **6,325** | **2,598** | **4,072** | **1,444** | **29** | **16,088** |
| **Accumulated depreciation as of April 1, 2015** | **(16)** | **(1,982)** | **(1,293)** | **(2,287)** | **(825)** | **(19)** | **(6,422)** |
| Accumulated Depreciation on acquired assets (Refer note 2.9) | - | - | (1) | (1) | - | - | (2) |
| Depreciation | (6) | (219) | (320) | (553) | (161) | (5) | (1,264) |
| Accumulated depreciation on deletions | - | - | 7 | 237 | 4 | 7 | 255 |
| Translation difference | - | - | (1) | (13) | (4) | - | (18) |
| **Accumulated depreciation as of March 31, 2016** | **(22)** | **(2,201)** | **(1,608)** | **(2,617)** | **(986)** | **(17)** | **(7,451)** |
| **Capital work-in progress as of March 31, 2016** | | | | | | | **1,893** |
| **Carrying value as of March 31, 2016** | **1,598** | **4,124** | **990** | **1,455** | **458** | **12** | **10,530** |
| **Capital work-in progress as of April 1, 2015** | | | | | | | **1,440** |
| **Carrying value as of April 1, 2015** | **1,546** | **3,899** | **811** | **1,060** | **354** | **15** | **9,125** |

The depreciation expense is included in cost of sales in the consolidated statement of comprehensive income.

Carrying value of land includes ₹644 crore and ₹628 crore as of March 31, 2017 and March 31, 2016, respectively, towards amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to purchase or renew the properties on expiry of the lease period. The contractual commitments for capital expenditure were ₹1,149 crore and ₹1,486 crore, as of March 31, 2017 and March 31, 2016, respectively.

**2.8 Goodwill and other intangible assets**

Following is a summary of changes in the carrying amount of goodwill:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Carrying value at the beginning** | **3,764** | **3,091** |
| Goodwill on Kallidus d.b.a Skava acquisition (Refer note 2.9) | - | 452 |
| Goodwill on Noah acquisition (Refer note 2.9) | - | 30 |
| Translation differences | (112) | 191 |
| **Carrying value at the end** | **3,652** | **3,764** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in IFRS 8, Operating Segments. (Refer Note 2.19). Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2016:

The following table gives the break up of allocation of goodwill to operating segments as at March 31, 2017 and March 31, 2016

*(In ₹ crore)*

| **Segment** | **As of March 31, 2017** | **As of March 31, 2016** |
|---|---|---|
| Financial services | 826 | 851 |
| Manufacturing | 409 | 423 |
| Retail, Consumer packaged goods and Logistics | 556 | 573 |
| Life Sciences, Healthcare and Insurance | 638 | 656 |
| Energy & Utilities, Communication and Services | 765 | 789 |
| | 3,194 | 3,292 |
| Operating segments without significant goodwill | 458 | 472 |
| **Total** | **3,652** | **3,764** |

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGU's which are represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava acquisitions has been allocated to the groups of CGU's which are represented by a majority of the entity's operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & Utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017 and March 31, 2016, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | | (in %) |
| Long term growth rate | 8-10 | 8-10 |
| Operating margins | 17-20 | 17-20 |
| Discount rate | 14.4 | 14.2 |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2017:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2017** | **777** | **424** | **21** | **1** | **69** | **94** | **64** | **1,450** |
| Additions during the period | - | - | - | - | - | - | - | - |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | (27) | (19) | - | - | (3) | (4) | (2) | (55) |
| **Gross carrying value as of March 31, 2017** | **750** | **405** | **21** | **1** | **66** | **90** | **62** | **1,395** |
| **Accumulated amortization as of January 1, 2017** | **(371)** | **(106)** | **(21)** | **(1)** | **(7)** | **(48)** | **(35)** | **(589)** |
| Amortization expense | (22) | (20) | - | - | - | (4) | (5) | (51) |
| Deletion during the period | - | - | - | - | - | - | - | - |
| Translation differences | 11 | 5 | - | - | - | 3 | 2 | 21 |
| **Accumulated amortization as of March 31, 2017** | **(382)** | **(121)** | **(21)** | **(1)** | **(7)** | **(49)** | **(38)** | **(619)** |
| **Carrying value as of January 1, 2017** | **406** | **318** | **-** | **-** | **62** | **46** | **29** | **861** |
| **Carrying value as of March 31, 2017** | **368** | **284** | **-** | **-** | **59** | **41** | **24** | **776** |

Following are the changes in the carrying value of acquired intangible assets for the three months ended March 31, 2016:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of January 1, 2016** | **764** | **411** | **21** | **1** | **72** | **92** | **63** | **1,424** |
| Additions during the period | - | 2 | - | - | - | - | - | 2 |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | 11 | 1 | - | - | - | 1 | - | 13 |
| **Gross carrying value as of March 31, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| **Accumulated amortization as of January 1, 2016** | **(253)** | **(50)** | **(21)** | **(1)** | **(6)** | **(34)** | **(19)** | **(384)** |
| Amortization expense | (47) | (11) | - | - | - | (3) | (4) | (65) |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation differences | (3) | (1) | - | - | - | (1) | - | (5) |
| **Accumulated amortization as of March 31, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| **Carrying value as of January 1, 2016** | **511** | **361** | **-** | **-** | **66** | **58** | **44** | **1,040** |
| **Carrying value as of March 31, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| Additions during the period | - | - | - | - | - | - | - | - |
| Deletions during the period | - | - | - | - | - | - | - | - |
| Translation difference | (25) | (9) | - | - | (6) | (3) | (1) | (44) |
| **Gross carrying value as of March 31, 2017** | **750** | **405** | **21** | **1** | **66** | **90** | **62** | **1,395** |
| **Accumulated amortization as of April 1, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| Amortization expense | (91) | (63) | - | - | (1) | (14) | (17) | (186) |
| Deletion during the period | - | - | - | - | - | - | - | - |
| Translation differences | 12 | 4 | - | - | - | 3 | 2 | 21 |
| **Accumulated amortization as of March 31, 2017** | **(382)** | **(121)** | **(21)** | **(1)** | **(7)** | **(49)** | **(38)** | **(619)** |
| **Carrying value as of April 1, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Carrying value as of March 31, 2017** | **368** | **284** | **-** | **-** | **59** | **41** | **24** | **776** |
| **Estimated Useful Life** *(in years)* | 3-10 | 5-8 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-6 | 3-6 | - | - | 44 | 1-8 | 1-4 | |

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

*In ₹ crore*

| | Customer related | Software related | Sub-contracting rights related | Intellectual property rights related | Land use-rights related | Brand or Trademark Related | Others | Total |
|---|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **448** | **261** | **21** | **11** | **71** | **49** | **34** | **895** |
| Additions through business combinations (*Refer Note 2.3* ) | 294 | 130 | - | - | - | 41 | 27 | 492 |
| Additions | - | 2 | - | - | - | - | - | 2 |
| Deletions | - | - | - | (10) | - | - | - | (10) |
| Translation difference | 33 | 21 | - | - | 1 | 3 | 2 | 60 |
| **Gross carrying value as of March 31, 2016** | **775** | **414** | **21** | **1** | **72** | **93** | **63** | **1,439** |
| **Accumulated amortization as of April 1, 2015** | **(162)** | **(21)** | **(21)** | **(11)** | **(5)** | **(28)** | **(9)** | **(257)** |
| Amortization expense | (132) | (40) | - | - | (1) | (9) | (13) | (195) |
| Deletions during the period | - | - | - | 10 | - | - | - | 10 |
| Translation differences | (9) | (1) | - | - | - | (1) | (1) | (12) |
| **Accumulated amortization as of March 31, 2016** | **(303)** | **(62)** | **(21)** | **(1)** | **(6)** | **(38)** | **(23)** | **(454)** |
| **Carrying value as of April 1, 2015** | **286** | **240** | **-** | **-** | **66** | **21** | **25** | **638** |
| **Carrying value as of March 31, 2016** | **472** | **352** | **-** | **-** | **66** | **55** | **40** | **985** |
| **Estimated Useful Life** *(in years)* | 3-10 | 8-10 | - | - | 50 | 3-10 | 3-5 | |
| **Estimated Remaining Useful Life** *(in years)* | 1-7 | 7-9 | - | - | 45 | 2-9 | 2-5 | |

The amortization expense has been included in cost of sales in the consolidated statement of comprehensive income.

During the quarter ended December 31, 2016, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the three months and year ended March 31, 2017 is higher by ₹9 crore and ₹19 crore, respectively due to the revision.

Research and development expense recognized in net profit in the consolidated statement of comprehensive income for the three months ended March 31, 2017 and March 31, 2016 is ₹193 crore and ₹202 crore respectively and ₹789 crore and ₹712 crore for the year ended March 31, 2017 and March 31, 2016 respectively.

**2.9 Business combinations**

**Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million (approximately ₹216 crore), contingent consideration of upto $5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto $32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| **Component** | **Acquiree's carrying amount** | **Fair value adjustments** | **Purchase price allocated** |
|---|---|---|---|
| Net assets(*) | 39 | - | 39 |
| Intangible assets – technical know-how | - | 27 | 27 |
| Intangible assets – trade name | - | 27 | 27 |
| Intangible assets - customer contracts and relationships | - | 119 | 119 |
| | **39** | **173** | **212** |
| Goodwill | | | 30 |
| **Total purchase price** | | | **242** |

**Includes cash and cash equivalents acquired of ₹18 crore*

Goodwill of ₹4 crore is tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹29 crore and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| **Component** | **Consideration** |
|---|---|
| Cash paid | 216 |
| Fair value of contingent consideration | 26 |
| **Total purchase price** | **242** |

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During the year end March 31, 2016, based on an assessment of Noah achieving the targets for the year ending December 31, 2015 and December 31, 2016, the entire contingent consideration has been reversed in the statement of comprehensive income.

The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3R. Post-acquisition employee remuneration expense of ₹95 crore has been recorded in the statement of comprehensive income for the year ended March 31, 2017.

The transaction costs of ₹11 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

**Finacle and Edge Services**

On April 24, 2015, the Board of Directors of Infosys has authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company has undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2017, EdgeVerve had repaid ₹420 crore by redeeming proportionate number of debentures

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

**Kallidus Inc. (d.b.a Skava)**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million (approximately ₹578 crore) and a contingent consideration of up to $20 million (approximately ₹128 crore on acquisition date).

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(in ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 35 | – | 35 |
| Intangible assets – technology | – | 130 | 130 |
| Intangible assets – trade name | – | 14 | 14 |
| Intangible assets - customer contracts and relationships | – | 175 | 175 |
| Deferred tax liabilities on intangible assets | – | (128) | (128) |
| | **35** | **191** | **226** |
| Goodwill | | | 452 |
| **Total purchase price** | | | **678** |

**Includes cash and cash equivalents acquired of ₹29 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹57 crore and the amounts has been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(in ₹ crore)*

| Component | Consideration |
|---|---|
| Cash paid | 578 |
| Fair value of contingent consideration | 100 |
| **Total purchase price** | **678** |

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the year ended March 31, 2017 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of the certain financial targets. The balance contingent consideration as of March 31, 2017 and March 31, 2016 is ₹91 crore and ₹132 crore respectively, on an undiscounted basis.

The transaction costs of ₹12 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

**Panaya**

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a leading provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹1,398 crore.

Panaya's CloudQuality™ suite positions Infosys to bring automation to several of its service lines via an agile SaaS model, and helps mitigate risk, reduce costs and shorten time to market for clients. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

The purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

*(In ₹ crore)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Property, plant and equipment | 9 | – | 9 |
| Net current assets * | 38 | – | 38 |
| Intangible assets – technology | – | 243 | 243 |
| Intangible assets – trade name | – | 21 | 21 |
| Intangible assets - customer contracts and relationships | – | 82 | 82 |
| Intangible assets – non compete agreements | – | 26 | 26 |
| Deferred tax liabilities on intangible assets | – | (99) | (99) |
| | **47** | **273** | **320** |
| Goodwill | | | 1,078 |
| Total purchase price | | | **1,398** |

** Includes cash and cash equivalents acquired of ₹116 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹58 crore and the amounts have been largely collected.

The fair value of total cash consideration as at the acquisition date was ₹1,398 crore.

The transaction costs of ₹22 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2015.

**Infosys Consulting Holding AG (formerly Lodestone Holding AG)**

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of ₹1,187 crore and an additional consideration of upto ₹608 crore, which the company refers to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

This transaction was treated as post acquisition employee remuneration expense as per IFRS 3R. For the three months and year ended March 31, 2016, a post-acquisition employee remuneration expense of Nil and ₹149 crore respectively, is recorded in cost of sales in the statement of comprehensive income. The liability towards post-acquisition employee remuneration expense was settled during the year ended March 31, 2016.

**2.10 Expenses by nature**

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Employee benefit costs (Refer Note 2.11.4) | 9,309 | 9,024 | 37,659 | 34,406 |
| Deferred purchase price pertaining to acquisition (Refer Note 2.9) | - | - | - | 149 |
| Depreciation and amortization charges (Refer Note 2.7 and 2.8) | 446 | 419 | 1,703 | 1,459 |
| Travelling costs | 474 | 595 | 2,235 | 2,263 |
| Consultancy and professional charges | 229 | 213 | 763 | 779 |
| Cost of Software packages for own use | 218 | 196 | 795 | 740 |
| Third party items bought for service delivery to clients | 260 | 134 | 802 | 534 |
| Communication costs | 149 | 117 | 549 | 449 |
| Cost of technical sub-contractors | 1,000 | 925 | 3,833 | 3,531 |
| Power and fuel | 46 | 52 | 228 | 217 |
| Repairs and maintenance | 340 | 311 | 1,282 | 1,054 |
| Rates and taxes | 30 | 29 | 148 | 109 |
| Insurance charges | 16 | 17 | 56 | 60 |
| Commission to non-whole time directors | 2 | 2 | 10 | 9 |
| Branding and marketing expenses | 76 | 75 | 342 | 288 |
| Provision for post-sales client support | 16 | 22 | 80 | 8 |
| Impairment loss recognised / (reversed) on financial assets (Refer Note 2.3) | 58 | (24) | 140 | (46) |
| Contribution towards Corporate Social Responsibility | 44 | 45 | 230 | 216 |
| Operating lease payments (Refer Note 2.14) | 134 | 98 | 491 | 360 |
| Others | 61 | 80 | 237 | 236 |
| **Total cost of sales, selling and marketing expenses and administrative expenses** | **12,908** | **12,330** | **51,583** | **46,821** |

**2.10.1 Break-up of expenses**

**Cost of sales**

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Employee benefit costs | 8,260 | 7,960 | 33,471 | 30,405 |
| Deferred purchase price pertaining to acquisition (Refer note 2.9) | - | - | - | 149 |
| Depreciation and amortization (Refer note 2.7 & 2.8) | 446 | 419 | 1,703 | 1,459 |
| Travelling costs | 341 | 425 | 1,649 | 1,637 |
| Cost of Software packages for own use | 218 | 195 | 793 | 726 |
| Consultancy and professional charges | 6 | 6 | 28 | 24 |
| Third party items bought for service delivery to clients | 260 | 134 | 802 | 534 |
| Cost of technical sub-contractors | 1,000 | 925 | 3,833 | 3,530 |
| Operating lease payments | 74 | 66 | 307 | 242 |
| Communication costs | 75 | 46 | 260 | 179 |
| Repairs and maintenance | 68 | 58 | 305 | 187 |
| Provision for post-sales client support | 16 | 22 | 80 | 8 |
| Others | 6 | 6 | 22 | 18 |
| **Total** | **10,770** | **10,262** | **43,253** | **39,098** |

**Selling and marketing expenses**

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Employee benefit costs | 677 | 695 | 2,715 | 2,645 |
| Travelling costs | 81 | 99 | 351 | 356 |
| Branding and marketing | 76 | 75 | 342 | 286 |
| Operating lease payments | 19 | 11 | 68 | 44 |
| Communication costs | 8 | 6 | 22 | 19 |
| Consultancy and professional charges | 15 | 9 | 49 | 49 |
| Others | 13 | 14 | 44 | 32 |
| **Total** | **889** | **909** | **3,591** | **3,431** |

**Administrative expenses**

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Employee benefit costs | 372 | 369 | 1,473 | 1,356 |
| Consultancy and professional charges | 208 | 198 | 686 | 706 |
| Repairs and maintenance | 271 | 252 | 971 | 863 |
| Power and fuel | 46 | 52 | 227 | 217 |
| Communication costs | 66 | 65 | 267 | 251 |
| Travelling costs | 52 | 71 | 235 | 270 |
| Impairment loss recognised / (reversed) on financial assets | 58 | (24) | 140 | (46) |
| Rates and taxes | 30 | 29 | 148 | 109 |
| Insurance charges | 16 | 17 | 55 | 60 |
| Operating lease payments | 41 | 21 | 116 | 74 |
| Commission to non-whole time directors | 2 | 2 | 10 | 9 |
| Contribution towards Corporate Social Responsibility | 44 | 45 | 230 | 216 |
| Others | 43 | 62 | 181 | 207 |
| **Total** | **1,249** | **1,159** | **4,739** | **4,292** |

**2.11 Employee benefits**

**2.11.1 Gratuity**

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of March 31, 2017 and March 31, 2016:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Change in benefit obligations** | | |
| Benefit obligations at the beginning | 944 | 816 |
| Service cost | 129 | 118 |
| Interest expense | 69 | 61 |
| Addition through business combination | - | 1 |
| Remeasurements - Actuarial (gains)/ losses | 67 | 23 |
| Curtailment gain | (3) | - |
| Benefits paid | (89) | (75) |
| **Benefit obligations at the end** | **1,117** | **944** |
| **Change in plan assets** | | |
| Fair value of plan assets at the beginning | 947 | 836 |
| Interest income | 79 | 66 |
| Remeasurements- Return on plan assets excluding amounts included in interest income | 12 | 9 |
| Contributions | 246 | 111 |
| Benefits paid | (89) | (75) |
| **Fair value of plan assets at the end** | **1,195** | **947** |
| Funded status | 78 | 3 |
| Prepaid gratuity benefit | 79 | 4 |
| Accrued gratuity | 1 | (1) |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in net profit in the statement of comprehensive income:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Service cost | 32 | 29 | 129 | 118 |
| Net interest on the net defined benefit liability/asset | (6) | (1) | (10) | (5) |
| Curtailment gain | - | - | (3) | - |
| **Net gratuity cost** | **26** | **28** | **116** | **113** |

Amount for the three months and year ended March 31, 2017 and March 31, 2016 recognized in statement of other comprehensive income:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| **Remeasurements of the net defined benefit liability/ (asset)** | | | | |
| Actuarial (gains) / losses | (14) | 6 | 67 | 23 |
| (Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset) | (8) | (3) | (12) | (9) |
| | **(22)** | **3** | **55** | **14** |

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| (Gain) / loss from change in demographic assumptions | - | - | - | - |
| (Gain) / loss from change in financial assumptions | (18) | 5 | 56 | - |
| | **(18)** | **5** | **56** | **-** |

Amounts recognized in statement of comprehensive income has been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Cost of sales | 23 | 25 | 103 | 100 |
| Selling and marketing expenses | 2 | 2 | 8 | 9 |
| Administrative expenses | 1 | 1 | 5 | 4 |
| | **26** | **28** | **116** | **113** |

The weighted-average assumptions used to determine benefit obligations as of March 31, 2017 and March 31, 2016 are set out below:

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Discount rate | 6.9% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% |

The weighted-average assumptions used to determine net periodic benefit cost for the three months and year ended March 31, 2017 and March 31, 2016 are set out below:

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Discount rate | 7.8% | 7.8% | 7.8% | 7.8% |
| Weighted average rate of increase in compensation levels | 8.0% | 8.0% | 8.0% | 8.0% |
| Weighted average duration of defined benefit obligation | 6.1 years | 6.4 years | 6.1 years | 6.4 years |

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees Gratuity Fund Trust, respectively. Trustees administer contributions made to the trust. As of March 31, 2017 and March 31, 2016, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months ended March 31, 2017 and March 31, 2016 were ₹30 crore and ₹19 crore, respectively and ₹91 crore and ₹75 crore for the year ended March 31, 2017 and March 31, 2016, respectively.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The discount rate is based on the government securities yield.

As of March 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹57 crore.

As of March 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

The Group expects to contribute ₹100 crore to the gratuity trusts during the fiscal 2018.

Maturity profile of defined benefit obligation:

*(in ₹ crore)*

| | |
|---|---|
| Within 1 year | 159 |
| 1-2 year | 165 |
| 2-3 year | 171 |
| 3-4 year | 186 |
| 4-5 year | 198 |
| 5-10 years | 958 |

Sensitivity for significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumptions constant.

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

**2.11.2 Superannuation**

The Group contributed ₹43 crore and ₹61 crore to the superannuation plan during the three months ended March 31, 2017 and March 31, 2016, respectively and ₹168 crore and ₹234 crore during the year ended March 31, 2017 and March 31, 2016, respectively.

Superannuation contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Cost of sales | 38 | 54 | 149 | 207 |
| Selling and marketing expenses | 3 | 5 | 12 | 18 |
| Administrative expenses | 2 | 2 | 7 | 9 |
| | **43** | **61** | **168** | **234** |

**2.11.3 Provident fund**

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at March 31, 2017 and March 31, 2016, respectively.

The details of fund and plan asset position are given below:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Plan assets at period end, at fair value | 4,459 | 3,808 |
| Present value of benefit obligation at period end | 4,459 | 3,808 |
| **Asset recognized in balance sheet** | - | - |

The plan assets have been primarily invested in government securities.

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Government of India (GOI) bond yield | 6.90% | 7.80% |
| Remaining term to maturity of portfolio | 6 years | 7 years |
| Expected guaranteed interest rate- First year: | 8.60% | 8.75% |
| - Thereafter: | 8.60% | 8.60% |

The Group contributed ₹117 crore and ₹105 crore to the provident fund during the three months ended March 31, 2017 and March 31, 2016, respectively and ₹462 crore and ₹413 crore during the year ended March 31, 2017 and March 31, 2016 respectively.

Provident fund contributions have been apportioned between cost of sales, selling and marketing expenses and administrative expenses on the basis of direct employee cost as follows:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Cost of sales | 104 | 93 | 411 | 365 |
| Selling and marketing expenses | 8 | 8 | 33 | 32 |
| Administrative expenses | 5 | 4 | 18 | 16 |
| | **117** | **105** | **462** | **413** |

**2.11.4 Employee benefit costs include:**

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Salaries and bonus* | 9,123 | 8,830 | 36,913 | 33,646 |
| Defined contribution plans | 64 | 78 | 252 | 302 |
| Defined benefit plans | 122 | 116 | 494 | 458 |
| | **9,309** | **9,024** | **37,659** | **34,406** |

** Includes stock compensation expense of ₹45 crore and ₹2 crore for the three months ended March 31, 2017 and March 31, 2016, respectively and ₹117 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016, respectively.*

The gratuity and provident plans are applicable only to employees drawing a salary in Indian rupees and there are no other significant foreign defined benefit plans.

The employee benefit cost is recognized in the following line items in the statement of comprehensive income:

*(In ₹ crore)*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Cost of sales | 8,260 | 7,960 | 33,471 | 30,405 |
| Selling and marketing expenses | 677 | 695 | 2,715 | 2,645 |
| Administrative expenses | 372 | 369 | 1,473 | 1,356 |
| | **9,309** | **9,024** | **37,659** | **34,406** |

**2.12 Equity**

**Share capital and share premium**

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. The Company has allotted 114,84,72,332 fully paid up equity shares of face value ₹5/- each during the three months ended June 30, 2015 pursuant to a bonus issue approved by the shareholders through postal ballot. Book closure date fixed by the Board was June 17, 2015. Bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares. 1,12,89,514 and 1,13,23,576 shares were held by controlled trust, as of March 31, 2017 and March 31, 2016, respectively.

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. Amounts have been utilized for bonus issue from share premium account.

**Retained Earnings**

Retained earnings represent the amount of accumulated earnings of the Group.

**Other Reserves**

The Special Economic Zone Re-investment reserve has been created out of the profit of the eligible SEZ unit in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.

**Other components of equity**

Other components of equity consist of currency translation, re-measurement of net defined benefit liability / asset, cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of March 31, 2017, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements

The rights of equity shareholders are set out below.

**2.12.1 Voting**

Each holder of equity shares is entitled to one vote per share. The equity shares represented by American Depositary Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

**2.12.2 Dividends**

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2017 includes final dividend of ₹14.25/- per equity share and an interim dividend of ₹11/- per equity share. The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2016 includes final divided of ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue) and an interim dividend of ₹10/- per equity share.

The board of directors in their meeting on October 14, 2016 declared an interim dividend of ₹11/- per equity share, which resulted in cash outflow of ₹3,029 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately ₹ 4,( crore (excluding dividend paid on treasury shares), including corporate dividend tax.

**2.12.3 Liquidation**

In the event of liquidation of the Company, the holders of shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. The amount distributed will be in proportion to the number of equity shares held by the shareholders. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

**2.12.4 Share Options**

There are no voting, dividend or liquidation rights to the holders of options issued under the Company's share option plans

**2.13 Other income**

Other income consists of the following:

*(In ₹ crore)*

| | Three month ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Interest income on financial assets carried at amortized cost | 444 | 640 | 2,361 | 2,636 |
| Interest income on financial assets fair valued through other comprehensive income | 160 | - | 190 | - |
| Dividend income on investments carried at fair value through profit or loss | - | 9 | 29 | 63 |
| Gain/(loss) on investments carried at fair value through profit or loss | 66 | - | 119 | - |
| Exchange gains / (losses) on forward and options contracts | 290 | 58 | 591 | 29 |
| Exchange gains / (losses) on translation of other assets and liabilities | (262) | 16 | (359) | 140 |
| Others | 48 | 49 | 149 | 257 |
| | **746** | **772** | **3,080** | **3,125** |

**2.14 Operating leases**

The Group has various operating leases, mainly for office buildings, that are renewable on a periodic basis. Rental expense for operating leases for the three months ended March 31, 2017 and March 31, 2016 was ₹134 crore and ₹98 crore, respectively and ₹491 crore and ₹360 crore for the year ended March 31, 2017 and March 31, 2016, respectively.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

*(In ₹ crore)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Within one year of the balance sheet date | 462 | 372 |
| Due in a period between one year and five years | 1,217 | 873 |
| Due after five years | 945 | 442 |

The operating lease arrangements, are renewable on a periodic basis and for most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

**2.15 Employees' Stock Option Plans (ESOP)**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

On November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

On February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 1,12,89,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹3 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. $2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to Dr Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and remuneration committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2017 is set out below:

| **Particulars** | **Three months ended March 31, 2017** | | **Year ended March 31, 2017** | |
|---|---|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian Equity Shares (RSU - IES)** | | | | |
| Outstanding at the beginning* | 2,030,758 | 5 | 221,505 | 5 |
| Granted | - | - | 1,878,025 | 5 |
| Forfeited and expired | 23,410 | 5 | 61,540 | 5 |
| Exercised | 3,420 | 5 | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** | **2,003,928** | **5** |
| Exercisable at the end | - | - | - | - |
| | | | | |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | | | |
| Outstanding at the beginning | 309,650 | 998 | - | - |
| Granted | - | - | 309,650 | 998 |
| Forfeited and expired | - | - | - | - |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **309,650** | **998** | **309,650** | **998** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer note 2.15)*

| **Particulars** | **Three months ended March 31, 2017** | | **Year ended March 31, 2017** | |
|---|---|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price ($)** | **Shares arising out of options** | **Weighted average exercise price ($)** |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | | | |
| Outstanding at the beginning | 975,130 | 0.07 | - | - |
| Granted | - | - | 996,665 | 0.07 |
| Forfeited and expired | 17,685 | 0.07 | 39,220 | 0.07 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **957,445** | 0.07 | **957,445** | 0.07 |
| Exercisable at the end | - | - | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | | | |
| Outstanding at the beginning | 896,200 | 15.26 | - | - |
| Granted | - | - | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 | 8,200 | 15.26 |
| Exercised | - | - | - | - |
| **Outstanding at the end** | **888,000** | **15.26** | **888,000** | **15.26** |
| Exercisable at the end | - | - | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and year ended March 31, 2016 is set out below:

| **Particulars** | **Three months ended March 31, 2016** | | **Year ended March 31, 2016** | |
|---|---|---|---|---|
| | **Shares arising out of options** | **Weighted average exercise price (₹)** | **Shares arising out of options** | **Weighted average exercise price (₹)** |
| **2015 Plan (Formerly 2011 Plan): Indian Equity Shares (IES)** | | | | |
| Outstanding at the beginning* | 223,213 | 5 | 108,268 | 5 |
| Granted | - | - | 124,061 | 5 |
| Forfeited and expired | - | - | - | - |
| Exercised* | 1,708 | 5 | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** | **221,505** | **5** |
| Exercisable at the end | - | - | - | - |

**adjusted for bonus issues (Refer note 2.15)*

During the three months ended March 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972/-

During the year ended March 31, 2017 and March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,084/- and ₹1,088/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017:

| Range of exercise prices per share (₹) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price (₹) |
| **2015 Plan: ADS and IES** | | | |
| 0 - 5 (RSU) | 2,961,373 | 1.88 | 5.00 |
| 900 - 1100 (ESOP) | 1,197,650 | 7.09 | 1,026.50 |
| | **4,159,023** | **3.38** | **299.16** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares- RSU | Fiscal 2017- Equity shares ESOP | Fiscal 2017- ADS-RSU | Fiscal 2017- ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares- RSU | Fiscal 2017- ADS-RSU | Fiscal 2016- Equity Shares-RSU | Fiscal 2015- Equity Shares- RSU |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

The company recorded an employee stock compensation expense in the statement of comprehensive income for the three months ended March 31, 2017 and March 31, 2016 of ₹45 crore and ₹2 crore, respectively and ₹117 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016, respectively The cash settled stock compensation expense for each of the three months and year ended March 31, 2017 was ₹1 crore and ₹3 crore.

### 2.16 Income taxes

Income tax expense in the consolidated statement of comprehensive income comprises:

*(In ₹ crore)*

| | Three month ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **Current taxes** | | | | |
| Domestic taxes | 860 | 1,083 | 4,137 | 4,215 |
| Foreign taxes | 389 | 343 | 1,516 | 1,103 |
| | **1,249** | **1,426** | **5,653** | **5,318** |
| **Deferred taxes** | | | | |
| Domestic taxes | 39 | (6) | (4) | 21 |
| Foreign taxes | 42 | (26) | (51) | (88) |
| | **81** | **(32)** | **(55)** | **(67)** |
| **Income tax expense** | **1,330** | **1,394** | **5,598** | **5,251** |

Income tax expense includes reversals (net of provisions) pertaining to prior periods of ₹91 crore and ₹69 crore for the three months ended March 31, 2017 and March 31, 2016 respectively, and as of ₹152 crore and ₹309 crore, for the year ended March 31, 2017 and March 31, 2016 respectively.

Entire deferred income tax for the three months and year ended March 31, 2017 and March 31, 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*(In ₹ crore)*

| | Three month ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Profit before income taxes | 4,933 | 4,991 | 19,951 | 18,742 |
| Enacted tax rates in India | 34.61% | 34.61% | 34.61% | 34.61% |
| Computed expected tax expense | 1,707 | 1,727 | 6,905 | 6,486 |
| Tax effect due to non-taxable income for Indian tax purposes | (433) | (496) | (1,982) | (1,758) |
| Overseas taxes | 137 | 205 | 750 | 715 |
| Tax provision (reversals), overseas and domestic | (91) | (69) | (152) | (309) |
| Effect of exempt non-operating income | (8) | (32) | (65) | (83) |
| Effect of unrecognized deferred tax assets | 32 | 42 | 93 | 62 |
| Effect of differential overseas tax rates | 35 | 1 | 64 | 3 |
| Effect of non-deductible expenses | (47) | 18 | 26 | 194 |
| Additional deduction on research and development expense | (14) | (7) | (56) | (60) |
| Others | 12 | 5 | 15 | 1 |
| **Income tax expense** | **1,330** | **1,394** | **5,598** | **5,251** |

The applicable Indian statutory tax rates for fiscal 2017 and fiscal 2016 is 34.61%.

During the year ended March 31, 2017, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR.

During year ended March 31, 2016 Infosys had claimed weighted tax deduction on eligible research and development till July 31, 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from August 1, 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Reinvestment Reserve out of the profit for the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of March 31, 2017, the Company has provided for branch profit tax of ₹327 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹7 crore movement on account of exchange rate during the year ended March 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,309 crore and ₹4,195 crore as of March 31, 2017 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of March 31, 2017 and March 31, 2016:

*In ₹ crore*

| | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Income tax assets | 5,716 | 5,230 |
| Current income tax liabilities | 3,885 | 3,410 |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** |

The gross movement in the current income tax asset/ (liability) for the three months and year ended March 31, 2017 and March 31, 2016 is as follows:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net current income tax asset/ (liability) at the beginning | 1,454 | 1,783 | 1,820 | 1,271 |
| Translation differences | - | (12) | - | - |
| Income tax paid | 1,628 | 1,475 | 5,653 | 5,865 |
| Current income tax expense (Refer Note 2.16) | (1,249) | (1,426) | (5,653) | (5,318) |
| Income tax benefit arising on exercise of stock options | - | - | 1 | 2 |
| Income tax on other comprehensive income | (2) | - | 10 | - |
| **Net current income tax asset/ (liability) at the end** | **1,831** | **1,820** | **1,831** | **1,820** |

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

*In ₹ crore*

| | As at | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Deferred income tax assets** | | |
| Property, plant and equipment | 138 | 178 |
| Computer software | 40 | 50 |
| Accrued compensation to employees | 57 | 68 |
| Trade receivables | 136 | 89 |
| Compensated absences | 374 | 389 |
| Post sales client support | 97 | 77 |
| Intangibles | 22 | 4 |
| Others | 143 | 55 |
| **Total deferred income tax assets** | **1,007** | **910** |
| **Deferred income tax liabilities** | | |
| Intangible asset | (206) | (252) |
| Temporary difference related to branch profits | (327) | (334) |
| Others | (141) | (44) |
| **Total deferred income tax liabilities** | **(674)** | **(630)** |
| Deferred income tax assets after set off | **540** | **536** |
| Deferred income tax liabilities after set off | **(207)** | **(256)** |

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

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

*In ₹ crore*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Deferred income tax assets to be recovered after 12 months | 529 | 409 |
| Deferred income tax assets to be recovered within 12 months | 478 | 501 |
| **Total deferred income tax assets** | **1,007** | **910** |
| Deferred income tax liabilities to be settled after 12 months | (312) | (450) |
| Deferred income tax liabilities to be settled within 12 months | (362) | (180) |
| **Total deferred income tax liabilities** | **(674)** | **(630)** |

In assessing the reliability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

The gross movement in the deferred income tax account for the three months and year ended March 31, 2017 and March 31, 2016, is as follows:

*In ₹ crore*

| | Three months ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net deferred income tax asset at the beginning | 396 | 251 | 280 | 377 |
| Impact on adoption of IFRS 9 (refer to Note 2.2) | - | - | 4 | - |
| Addition through business combination (Refer note 2.9) | - | - | - | (128) |
| Translation differences | 21 | (1) | 7 | (32) |
| Credits / (charge) relating to temporary differences (Refer Note 2.16) | (81) | 32 | 55 | 67 |
| Temporary differences on other comprehensive income | (3) | (2) | (13) | (4) |
| **Net deferred income tax asset at the end** | **333** | **280** | **333** | **280** |

The charge relating to temporary differences during the year ended March 31, 2017 are primarily on account of property plant and equipment and compensated absences partially offset by trade receivables and post sales client support. The credits relating to temporary differences during the year ended March 31, 2016 are primarily on account of accrued compensation to employees and compensated absences partially offset by reversal of credits pertaining to property, plant and equipment and trade receivables.

As of March 31, 2017 and March 31, 2016, claims against the group not acknowledged as debts from the Indian Income tax authorities (net of amount paid to statutory authorities of ₹4,682 crore and ₹4,383 crore) amounted to ₹1,696 crore and ₹7 crore, respectively.

Payment of ₹4,682 crore (₹4,383 crore) includes demands from the Indian Income tax authorities of ₹6,122 crore (₹4,135 crore), including interest of ₹1,885 crore (₹1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| | Three month ended March 31, | | Year ended March 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Basic earnings per equity share - weighted average number of equity shares outstanding[(1) (2)] | 228,56,54,881 | 228,56,20,957 | 228,56,39,447 | 228,56,16,160 |
| Effect of dilutive common equivalent shares - share options outstanding | 997,122 | 129,359 | 757,298 | 102,734 |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | 228,66,52,003 | 228,57,50,316 | 228,63,96,745 | 228,57,18,894 |

*[(1)] Excludes treasury shares*

*[(2)] adjusted for bonus issues. Refer note 2.15*

For the three months and year ended March 31, 2017, 259,526 and 112,190 number of options to purchase equity shares had an anti-dilutive effect. For the three months and year ended March 31, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

**2.18 Related party transactions**

**List of related parties:**

| **Name of subsidiaries** | **Country** | **Holdings as at** | |
|---|---|---|---|
| | | **March 31, 2017** | **March 31, 2016** |
| Infosys BPO Limited (Infosys BPO) | India | 99.98% | 99.98% |
| Infosys Technologies (China) Co. Limited (Infosys China) | China | 100% | 100% |
| Infosys Technologies S. de R. L. de C. V. (Infosys Mexico) | Mexico | 100% | 100% |
| Infosys Technologies (Sweden) AB. (Infosys Sweden) | Sweden | 100% | 100% |
| Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai) | China | 100% | 100% |
| Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil) | Brazil | 100% | 100% |
| Infosys Public Services, Inc. USA (Infosys Public Services) | U.S. | 100% | 100% |
| Infosys Americas Inc., (Infosys Americas) | U.S. | 100% | 100% |
| Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) [(1)] | Czech Republic | 99.98% | 99.98% |
| Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)[(1)] | Poland | 99.98% | 99.98% |
| Infosys BPO S.DE.R.L.DE.C.V[(1)(13)] | Mexico | - | - |
| Infosys McCamish Systems LLC [(1)] | U.S. | 99.98% | 99.98% |
| Portland Group Pty Ltd[(1)] | Australia | 99.98% | 99.98% |
| Infosys BPO Americas LLC.[(1)(12)] | U.S. | 99.98% | - |
| Infosys Technologies (Australia) Pty. Limited (Infosys Australia) [(2)] | Australia | 100% | 100% |
| EdgeVerve Systems Limited (EdgeVerve) | India | 100% | 100% |
| Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG) | Switzerland | 100% | 100% |
| Lodestone Management Consultants Inc. [(3)] | U.S. | 100% | 100% |
| Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) [(3)] | Australia | 100% | 100% |
| Infosys Consulting AG (formerly Lodestone Management Consultants AG) [(3)] | Switzerland | 100% | 100% |
| Lodestone Augmentis AG [(5)(14)] | Switzerland | 100% | 100% |
| Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) [(3)(16)] | Switzerland | 100% | 100% |
| Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) [(4)] | Belgium | 99.90% | 99.90% |
| Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) [(3)] | Germany | 100% | 100% |
| Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) [(17)] | Singapore | 100% | 100% |
| Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) [(3)] | France | 100% | 100% |
| Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) [(3)] | Czech Republic | 100% | 100% |
| Lodestone Management Consultants GmbH [(3)] | Austria | 100% | 100% |
| Lodestone Management Consultants Co., Ltd. [(3)] | China | 100% | 100% |
| Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) [(3)] | U.K. | 100% | 100% |
| Infy Consulting B.V. (Lodestone Management Consultants B.V.) [(3)] | Netherlands | 100% | 100% |
| Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) [(4)] | Brazil | 99.99% | 99.99% |
| Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) [(3)] | Poland | 100% | 100% |
| Lodestone Management Consultants Portugal, Unipessoal, Lda. [(3)] | Portugal | 100% | 100% |
| S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) [(3)] | Romania | 100% | 100% |
| Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) [(3)] | Argentina | 100% | 100% |
| Infosys Canada Public Services Ltd. [(6)] | Canada | - | - |
| Infosys Nova Holdings LLC. (Infosys Nova) | U.S. | 100% | 100% |
| Panaya Inc. (Panaya) | U.S. | 100% | 100% |
| Panaya Ltd. [(7)] | Israel | 100% | 100% |
| Panaya GmbH [(7)] | Germany | 100% | 100% |
| Panaya Pty Ltd. [(7)(15)] | Australia | - | - |
| Panaya Japan Co. Ltd. [(7)] | Japan | 100% | 100% |
| Skava Systems Pvt. Ltd. (Skava Systems) [(8)] | India | 100% | 100% |
| Kallidus Inc. (Kallidus) [(9)] | U.S. | 100% | 100% |
| Noah Consulting LLC (Noah) [(10)] | U.S. | 100% | 100% |
| Noah Information Management Consulting Inc. (Noah Canada) [(11)] | Canada | 100% | 100% |

(1) *Wholly owned subsidiary of Infosys BPO.*

(2) *Under liquidation*

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

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

(5) *Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*

(6) *Wholly owned subsidiary of Infosys Public Services, Inc.*

(7) *Wholly owned subsidiary of Panaya Inc.*

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

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

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

(11) *Wholly owned subsidiary of Noah*

(12) *Incorporated effective November 20, 2015*

(13) *Liquidated effective March 15, 2016*

(14) *Liquidated effective October 5, 2016*

(15) *Liquidated effective November 16, 2016*

(16) *Liquidated effective December 21, 2016*

(17) *Wholly owned subsidiary of Infosys*

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

| Name of Associates | Country | Holdings as at | |
|---|---|---|---|
| | | March 31, 2017 | March 31, 2016 |
| DWA Nova LLC[(1)] | U.S. | 16% | 16% |

[(1)] Associate of Infosys Nova Holding LLC

Share of associate's profit/(loss) & others for the three months and year ended March 31, 2017 includes an impairment loss of ₹18 crore on investment in DWA Nova LLC.

**List of other related party**

| Particulars | Country | Nature of relationship |
|---|---|---|
| Infosys Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Provident Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys |
| Infosys BPO Limited Employees' Superannuation Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| Infosys BPO Limited Employees' Gratuity Fund Trust | India | Post-employment benefit plan of Infosys BPO |
| EdgeVerve Systems Limited Employees` Gratuity Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| EdgeVerve Systems Limited Employees` Superannuation Fund Trust | India | Post-employment benefit plan of EdgeVerve |
| Infosys Limited Employees’ Welfare Trust | India | Controlled trust |
| Infosys Employee Benefits Trust | India | Controlled trust |
| Infosys Science Foundation | India | Controlled trust |

Refer Note 2.11 for information on transactions with post-employment benefit plans mentioned above.

**List of key management personnel**

**Whole time directors**

U. B. Pravin Rao

Dr. Vishal Sikka

**Non-whole-time directors**

K.V.Kamath ( resigned effective June 5, 2015)

Prof. Jeffrey S. Lehman

R. Seshasayee

Ravi Venkatesan

Kiran Mazumdar Shaw

Carol M. Browner (resigned effective November 23, 2015)

Prof. John W. Etchemendy

Roopa Kudva

Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)

D. N. Prahlad (appointed effective October 14, 2016)

**Executive Officers**

M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)

David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)

Rajiv Bansal, Chief Financial Officer (till October 12, 2015)

Mohit Joshi , President (effective October 13, 2016)

Rajesh K. Murthy, President (effective October 13, 2016)

Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)

Sandeep Dadlani, President (effective October 13, 2016)

Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)

Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

**Company Secretary**

A.G.S. Manikantha (appointed effective June 22, 2015)

**Transaction with key management personnel:**

During the year ended March 31, 2017 , the company has additionally identified its Presidents - Mohit Joshi, Sandeep Dadlani, Rajesh K Murthy, Ravi Kumar S, and Group Head - Human Resources - Krishnamurthy Shankar as key managerial personnel as defined under IAS 24 – Related Party Disclosures w.e.f from October 14, 2016. The Company's Deputy General Counsel, Gopi Krishnan Radhakrishnan has assumed the responsibilities as acting General Counsel w.e.f. December 31, 2016

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

in ₹ *crore*

| **Particulars** | **Three months ended March 31,** | | **Year ended March 31,** | |
|---|---|---|---|---|
| | **2017** | **2016** | **2017** | **2016** |
| Salaries and other employee benefits to whole-time directors and executive officers *(1)(2)(3)(4)(5)* | 18 | 40 | 84 | 101 |
| Commission and other benefits to non-executive/independent directors | 3 | 2 | 11 | 10 |
| **Total** | **21** | **42** | **95** | **111** |

*(1) Includes stock compensation expense of ₹12 crore and ₹2 crore for three months ended March 31, 2017 and March 31, 2016, respectively and ₹36 crore and ₹7 crore for the year ended March 31, 2017 and March 31, 2016, respectively towards key managerial personnel. Refer note 2.15*

*(2) Year ended March 31, 2017 includes ₹6 crore payable under severance agreement to David D. Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016*

*(3) Year ended March 31, 2016 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

*(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million (approximately ₹29 crore) to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million (approximately ₹28 crore at current exchange rate) at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million (approximately ₹29 crore) as variable pay for the year ended March 31, 2016.*

*(5) On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U.B. Pravin Rao, whole-time director and COO.*

### 2.19 Segment reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. During the quarter ended March 31, 2016, the Group reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight consequent to which, erstwhile manufacturing segment is now being reviewed as Hi-Tech, Manufacturing and others included in ECS. Additionally, Infosys Public services (IPS) is being reviewed separately by the Chief Operating Decision Maker (CODM). Consequent to the internal reorganizations, there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments. The CODM evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Financial Services (FS), enterprises in Manufacturing (MFG), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Hi-tech (Hi-TECH), enterprises in Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. The FS reportable segments has been aggregated to include the Financial Services operating segment and the Finacle operating segment. All other segments represents the operating segments of businesses in India, Japan and China and IPS. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India. Consequent to the above changes in the composition of reportable business segments, the prior period comparatives have been restated.

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

Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

#### 2.19.1 Business segments

**Three months ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-TECH | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **4,655** | **1,918** | **3,963** | **2,710** | **2,148** | **1,211** | **515** | **17,120** |
| | ***4,522*** | ***1,748*** | ***3,635*** | ***2,727*** | ***2,083*** | ***1,327*** | ***508*** | ***16,550*** |
| Identifiable operating expenses | 2,319 | 1,006 | 1,934 | 1,305 | 1,059 | 642 | 328 | 8,593 |
| | *2,215* | *891* | *1,631* | *1,288* | *943* | *636* | *278* | *7,882* |
| Allocated expenses | 1,008 | 440 | 909 | 621 | 493 | 278 | 117 | 3,866 |
| | *1,058* | *431* | *896* | *672* | *514* | *327* | *125* | *4,023* |
| **Segment profit** | **1,328** | **472** | **1,120** | **784** | **596** | **291** | **70** | **4,661** |
| | ***1,249*** | ***426*** | ***1,108*** | ***767*** | ***626*** | ***364*** | ***105*** | ***4,645*** |
| Unallocable expenses | | | | | | | | 449 |
| | | | | | | | | *425* |
| **Operating profit** | | | | | | | | **4,212** |
| | | | | | | | | ***4,220*** |
| Other income, net | | | | | | | | 746 |
| | | | | | | | | *772* |
| Share in Associate's profit / (loss) and others | | | | | | | | (25) |
| | | | | | | | | *(1)* |
| **Profit before income taxes** | | | | | | | | **4,933** |
| | | | | | | | | ***4,991*** |
| Income tax expense | | | | | | | | 1,330 |
| | | | | | | | | *1,394* |
| **Net profit** | | | | | | | | **3,603** |
| | | | | | | | | ***3,597*** |
| Depreciation and amortization | | | | | | | | 446 |
| | | | | | | | | *419* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 3 |
| | | | | | | | | *6* |

**Year ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | FS | MFG | ECS | RCL | HILIFE | Hi-TECH | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **18,555** | **7,507** | **15,430** | **11,225** | **8,437** | **5,122** | **2,208** | **68,484** |
| | ***17,024*** | ***6,948*** | ***13,547*** | ***10,226*** | ***8,090*** | ***4,891*** | ***1,715*** | ***62,441*** |
| Identifiable operating expenses | 9,271 | 3,922 | 7,430 | 5,378 | 4,178 | 2,659 | 1,406 | 34,244 |
| | *8,199* | *3,684* | *6,196* | *4,878* | *3,841* | *2,391* | *1,035* | *30,224* |
| Allocated expenses | 4,075 | 1,737 | 3,569 | 2,598 | 1,951 | 1,186 | 510 | 15,626 |
| | *3,986* | *1,704* | *3,322* | *2,508* | *1,984* | *1,199* | *421* | *15,124* |
| **Segment profit** | **5,209** | **1,848** | **4,431** | **3,249** | **2,308** | **1,277** | **292** | **18,614** |
| | ***4,839*** | ***1,560*** | ***4,029*** | ***2,840*** | ***2,265*** | ***1,301*** | ***259*** | ***17,093*** |
| Unallocable expenses | | | | | | | | 1,713 |
| | | | | | | | | *1,473* |
| **Operating profit** | | | | | | | | **16,901** |
| | | | | | | | | ***15,620*** |
| Other income, net | | | | | | | | 3,080 |
| | | | | | | | | *3,125* |
| Share in Associate's profit / (loss) and others | | | | | | | | (30) |
| | | | | | | | | *(3)* |
| **Profit before income taxes** | | | | | | | | **19,951** |
| | | | | | | | | ***18,742*** |
| Income tax expense | | | | | | | | 5,598 |
| | | | | | | | | *5,251* |
| **Net profit** | | | | | | | | **14,353** |
| | | | | | | | | ***13,491*** |
| Depreciation and amortization | | | | | | | | 1,703 |
| | | | | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | | | | 10 |
| | | | | | | | | *14* |

**2.19.2 Geographic segments**

**Three months ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenues** | **10,666** | **3,784** | **546** | **2,124** | **17,120** |
| | ***10,235*** | ***3,878*** | ***498*** | ***1,939*** | ***16,550*** |
| Identifiable operating expenses | 5,464 | 1,917 | 234 | 978 | *8,593* |
| | *4,954* | *1,845* | *207* | *876* | *7,882* |
| Allocated expenses | 2,441 | 864 | 107 | 454 | 3,866 |
| | *2,521* | *952* | *103* | *447* | *4,023* |
| **Segment profit** | **2,761** | **1,003** | **205** | **692** | **4,661** |
| | ***2,760*** | ***1,081*** | ***188*** | ***616*** | ***4,645*** |
| Unallocable expenses | | | | | 449 |
| | | | | | *425* |
| **Operating profit** | | | | | **4,212** |
| | | | | | ***4,220*** |
| Other income, net | | | | | 746 |
| | | | | | *772* |
| Share in Associate's profit / (loss) and others | | | | | *(25)* |
| | | | | | *(1)* |
| **Profit before income taxes** | | | | | **4,933** |
| | | | | | ***4,991*** |
| Income tax expense | | | | | 1,330 |
| | | | | | *1,394* |
| **Net profit** | | | | | **3,603** |
| | | | | | ***3,597*** |
| Depreciation and amortization | | | | | 446 |
| | | | | | *419* |
| Non-cash expenses other than depreciation and amortization | | | | | 3 |
| | | | | | *6* |

**Year ended March 31, 2017 and *March 31, 2016***

*(In ₹ crore)*

| Particulars | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenues** | **42,408** | **15,392** | **2,180** | **8,504** | **68,484** |
| | ***39,139*** | ***14,373*** | ***1,623*** | ***7,306*** | ***62,441*** |
| Identifiable operating expenses | 21,618 | 7,694 | 1,002 | 3,930 | 34,244 |
| | *19,283* | *6,966* | *711* | *3,264* | *30,224* |
| Allocated expenses | 9,799 | 3,548 | 442 | 1,837 | 15,626 |
| | *9,591* | *3,510* | *338* | *1,685* | *15,124* |
| **Segment profit** | **10,991** | **4,150** | **736** | **2,737** | **18,614** |
| | ***10,265*** | ***3,897*** | ***574*** | ***2,357*** | ***17,093*** |
| Unallocable expenses | | | | | 1,713 |
| | | | | | *1,473* |
| **Operating profit** | | | | | **16,901** |
| | | | | | ***15,620*** |
| Other income, net | | | | | 3,080 |
| | | | | | *3,125* |
| Share in Associate's profit / (loss) and others | | | | | (30) |
| | | | | | *(3)* |
| **Profit before income taxes** | | | | | **19,951** |
| | | | | | ***18,742*** |
| Income tax expense | | | | | 5,598 |
| | | | | | *5,251* |
| **Net profit** | | | | | **14,353** |
| | | | | | ***13,491*** |
| Depreciation and amortization | | | | | 1,703 |
| | | | | | *1,459* |
| Non-cash expenses other than depreciation and amortization | | | | | 10 |
| | | | | | *14* |

**2.19.3 Significant clients**

No client individually accounted for more than 10% of the revenues in the three months and year ended March 31, 2017 and March 31, 2016.

*As per our report of even date attached*
*for* B S R & Co. LLP
*Chartered Accountants*
Firm's Registration No : 101248W/W-100022

*for and on behalf of the Board of Directors of Infosys Limited*

Supreet Sachdev
*Partner*
Membership No. 205385

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and Subsidiaries**

**Unaudited Condensed Consolidated Balance Sheets as of**

*(Dollars in millions except equity share)*

| | Note | March 31, 2017 | March 31, 2016 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 2.1 | 3,489 | 4,935 |
| Current investments | 2.2 | 1,538 | 11 |
| Trade receivables | | 1,900 | 1,710 |
| Unbilled revenue | | 562 | 457 |
| Prepayments and other current assets | 2.4 | 749 | 672 |
| Derivative financial instruments | 2.3 | 44 | 17 |
| **Total current assets** | | **8,282** | **7,802** |
| **Non-current assets** | | | |
| Property, plant and equipment | 2.7 | 1,807 | 1,589 |
| Goodwill | 2.8 | 563 | 568 |
| Intangible assets | | 120 | 149 |
| Investment in associate | | 11 | 16 |
| Non-current investments | 2.2 | 984 | 273 |
| Deferred income tax assets | | 83 | 81 |
| Income tax assets | | 881 | 789 |
| Other non-current assets | 2.4 | 123 | 111 |
| **Total Non-current assets** | | **4,572** | **3,576** |
| **Total assets** | | **12,854** | **11,378** |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Trade payables | | 57 | 58 |
| Derivative financial instruments | 2.3 | - | 1 |
| Current income tax liabilities | | 599 | 515 |
| Client deposits | | 5 | 4 |
| Unearned revenue | | 274 | 201 |
| Employee benefit obligations | | 209 | 202 |
| Provisions | 2.6 | 63 | 77 |
| Other current liabilities | 2.5 | 954 | 940 |
| **Total current liabilities** | | **2,161** | **1,998** |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | 32 | 39 |
| Other non-current liabilities | 2.5 | 24 | 17 |
| **Total liabilities** | | **2,217** | **2,054** |
| **Equity** | | | |
| Share capital - ₹5/- ($0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,655,150 (2,285,621,088) net of 11,289,514 (11,323,576) treasury shares, as of March 31, 2017 (March 31, 2016), respectively | | 199 | 199 |
| Share premium | | 587 | 570 |
| Retained earnings | | 12,190 | 11,083 |
| Cash flow hedge reserve | | 6 | - |
| Other reserves | | - | - |
| Other components of equity | | (2,345) | (2,528) |
| **Total equity attributable to equity holders of the company** | | **10,637** | **9,324** |
| Non-controlling interests | | - | - |
| **Total equity** | | **10,637** | **9,324** |
| **Total liabilities and equity** | | **12,854** | **11,378** |

*The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.*

*for and on behalf of the Board of Directors of Infosys Limited*

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and Subsidiaries**

**Unaudited Condensed Consolidated Statements of Comprehensive Income**

*(Dollars in millions except equity share and per equity share data)*

| | Note | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|
| **Revenues** | | **10,208** | **9,501** |
| Cost of sales | 2.15 | 6,446 | 5,950 |
| **Gross profit** | | **3,762** | **3,551** |
| **Operating expenses:** | | | |
| Selling and marketing expenses | 2.15 | 535 | 522 |
| Administrative expenses | 2.15 | 707 | 654 |
| Total operating expenses | | 1,242 | 1,176 |
| **Operating profit** | | **2,520** | **2,375** |
| Other income, net | | 459 | 476 |
| Share in associate's profit / (loss) and others | | (5) | - |
| **Profit before income taxes** | | **2,974** | **2,851** |
| Income tax expense | 2.11 | 834 | 799 |
| **Net profit** | | **2,140** | **2,052** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Re-measurements of the net defined benefit liability/asset | | (7) | (2) |
| Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 | 2.2 | (5) | - |
| Equity instruments through other comprehensive income | | (1) | - |
| | | (13) | (2) |
| *Items that will be reclassified subsequently to profit or loss:* | | | |
| Fair value changes on investments | 2.2 | (2) | 6 |
| Fair value changes on derivatives designated as cash flow hedge, net | | 6 | - |
| Foreign currency translation | | 198 | (436) |
| | | 202 | (430) |
| **Total other comprehensive income, net of tax** | | **189** | **(432)** |
| **Total comprehensive income** | | **2,329** | **1,620** |
| **Profit attributable to:** | | | |
| Owners of the company | | 2,140 | 2,052 |
| Non-controlling interests | | - | - |
| | | **2,140** | **2,052** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the company | | 2,329 | 1,620 |
| Non-controlling interests | | - | - |
| | | **2,329** | **1,620** |
| **Earnings per equity share** | | | |
| Basic ($) | | 0.94 | 0.90 |
| Diluted ($) | | 0.94 | 0.90 |
| **Weighted average equity shares used in computing earnings per equity share** | 2.12 | | |
| Basic | | 2,285,639,447 | 2,285,616,160 |
| Diluted | | 2,286,396,745 | 2,285,718,894 |

*The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.*

*for and on behalf of the Board of Directors of Infosys Limited*

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Bengaluru
April 13, 2017

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

**Infosys Limited and Subsidiaries**

**Unaudited Condensed Consolidated Statements of Changes in Equity**

*(Dollars in millions except equity share data)*

| | Shares[2] | Share capital | Share premium | Retained earnings | Other reserves [3] | Cash flow hedge reserve | Other components of equity | Total equity attributable to equity holders of the company |
|---|---|---|---|---|---|---|---|---|
| **Balance as of April 1, 2015** | **1,142,805,132** | **109** | **659** | **10,090** | **-** | **-** | **(2,096)** | **8,762** |
| **Changes in equity for the year ended March 31, 2016** | | | | | | | | |
| Shares issued on exercise of employee stock options | 10,824 | - | - | - | - | - | - | - |
| Increase in share capital on account of bonus issue[1] (Refer Note 2.17) | 1,142,805,132 | 90 | - | - | - | - | - | 90 |
| Amount utilized for bonus issue[1] (Refer Note 2.17) | - | - | (90) | - | - | - | - | (90) |
| Transfer to other reserves | - | - | - | (89) | 89 | - | - | - |
| Transfer from other reserves on utilization | - | - | - | 89 | (89) | - | - | - |
| Employee stock compensation expense (Refer note 2.10) | - | - | 1 | - | - | - | - | 1 |
| Fair value of investments (Refer note 2.2) | - | - | - | - | - | - | 6 | 6 |
| Remeasurement of the net defined benefit liability/asset, net of tax effect | - | - | - | - | - | - | (2) | (2) |
| Dividends (including corporate dividend tax) | - | - | - | (1,059) | - | - | - | (1,059) |
| Net profit | - | - | - | 2,052 | - | - | - | 2,052 |
| Foreign currency translation | - | - | - | - | - | - | (436) | (436) |
| **Balance as of March 31, 2016** | **2,285,621,088** | **199** | **570** | **11,083** | **-** | **-** | **(2,528)** | **9,324** |
| **Changes in equity for the year ended March 31, 2017** | | | | | | | | |
| Cumulative impact of Reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 (Refer note 2.2) | - | - | - | - | - | - | (5) | (5) |
| Shares issued on exercise of employee stock options (Refer note 2.10) | 34,062 | - | - | - | - | - | - | - |
| Transfer to other reserves | - | - | - | (142) | 142 | - | - | - |
| Transfer from other reserves on utilization | - | - | - | 142 | (142) | - | - | - |
| Employee stock compensation expense (Refer note 2.10) | - | - | 17 | - | - | - | - | 17 |
| Fair value changes on derivatives designated as cash flow hedge, net of taxes (Refer note 2.3) | - | - | - | - | - | 6 | - | 6 |
| Equity instruments through other comprehensive income, net of taxes (Refer note 2.2) | - | - | - | - | - | - | (1) | (1) |
| Fair valuation of investments, net of taxes (Refer note 2.2) | - | - | - | - | - | - | (2) | (2) |
| Remeasurement of the net defined benefit liability/asset, net of tax effect | - | - | - | - | - | - | (7) | (7) |
| Dividends (including corporate dividend tax) | - | - | - | (1,033) | - | - | - | (1,033) |
| Net profit | - | - | - | 2,140 | - | - | - | 2,140 |
| Foreign currency translation | - | - | - | - | - | - | 198 | 198 |
| **Balance as of March 31, 2017** | **2,285,655,150** | **199** | **587** | **12,190** | **-** | **6** | **(2,345)** | **10,637** |

[1] *net of treasury shares*

[2] *excludes treasury shares of 11,289,514 as of March 31, 2017, 11,323,576 as of March 31, 2016 and 5,667,200 as of April 1, 2015, held by consolidated trust*

[3] *Represents the Special Economic Zone Re-investment reserve created out of the profit of the eligible SEZ unit in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act,1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.*

*The accompanying notes form an integral part of the unaudited condensed consolidated financial statements.*

*for and on behalf of the Board of Directors of Infosys Limited*

R. Seshasayee
*Chairman*

Dr. Vishal Sikka
*Chief Executive Officer and Managing Director*

U. B. Pravin Rao
*Chief Operating Officer and Whole-time Director*

Roopa Kudva
*Director*

M. D. Ranganath
*Chief Financial Officer*

A.G.S Manikantha
*Company Secretary*

Bengaluru
April 13, 2017

**Infosys Limited and Subsidiaries**

**Unaudited Condensed Consolidated Statements of Cash Flows**

*(Dollars in millions)*

| | Note | Year ended March 31, 2017 | 2016 |
|---|---|---|---|
| **Operating activities:** | | | |
| Net Profit | | 2,140 | 2,052 |
| **Adjustments to reconcile net profit to net cash provided by operating activities :** | | | |
| Depreciation and amortisation | 2.15 | 254 | 222 |
| Income on investments | | (51) | (27) |
| Income tax expense | 2.11 | 834 | 799 |
| Effect of exchange rate changes on assets and liabilities | | 6 | 10 |
| Deferred consideration pertaining to acquisition | | - | 23 |
| Impairment loss on financial assets | | 20 | (7) |
| Other adjustments | | 29 | 26 |
| **Changes in Working Capital** | | | |
| Trade receivables and unbilled revenue | | (260) | (252) |
| Prepayments and other assets | | (70) | (220) |
| Trade payables | | (3) | 37 |
| Client deposits | | 1 | - |
| Unearned revenue | | 66 | 43 |
| Other liabilities and provisions | | (24) | 48 |
| **Cash generated from operations** | | **2,942** | **2,754** |
| Income taxes paid | | (843) | (892) |
| **Net cash provided by operating activities** | | **2,099** | **1,862** |
| **Investing activities:** | | | |
| Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors | | (411) | (413) |
| Loans to employees | | 4 | (11) |
| Deposits placed with corporation | | (25) | (22) |
| Income on investments | | 32 | 26 |
| Payment for acquisition of business, net of cash acquired | 2.9 | - | (117) |
| Payment of contingent consideration pertaining to acquisition of business | | (5) | - |
| Investment in equity and preference securities | | (10) | (12) |
| Investment in others | | (4) | (3) |
| Investment in quoted debt securities | | (638) | (46) |
| Redemption of quoted debt securities | | 1 | - |
| Investment in certificate of deposits | | (1,167) | |
| Investment in liquid mutual fund units and fixed maturity plan securities | | (8,083) | (3,676) |
| Redemption of liquid mutual fund units and fixed maturity plan securities | | 7,759 | 3,800 |
| **Net cash used in investing activities** | | **(2,547)** | **(474)** |
| **Financing activities:** | | | |
| Payment of dividend (includes corporate dividend tax) | | (1,032) | (1,059) |
| **Net cash used in financing activities** | | **(1,032)** | **(1,059)** |
| Effect of exchange rate changes on cash and cash equivalents | | 34 | (253) |
| Net (decrease) in cash and cash equivalents | | (1,480) | 329 |
| Cash and cash equivalents at the beginning of the period | 2.1 | 4,935 | 4,859 |
| **Cash and cash equivalents at the end of the period** | 2.1 | **3,489** | **4,935** |
| **Supplementary information:** | | | |
| Restricted cash balance | 2.1 | 88 | 74 |

*The accompanying notes form an integral part of the unaudited condensed consolidated financial statements*

*for and on behalf of the Board of Directors of Infosys Limited*

| | | | |
|---|---|---|---|
| | R. Seshasayee<br>*Chairman* | Dr. Vishal Sikka<br>*Chief Executive Officer and Managing Director* | U. B. Pravin Rao<br>*Chief Operating Officer and Whole-time Director* |
| Bengaluru<br>April 13, 2017 | Roopa Kudva<br>*Director* | M. D. Ranganath<br>*Chief Financial Officer* | A.G.S Manikantha<br>*Company Secretary* |

**Notes to the Unaudited Condensed Consolidated Financial Statements**

**1. Company Overview and Significant Accounting Policies**

**1.1 Company overview**

Infosys is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation including Finacle, its banking solution; and offerings in the areas of Analytics, Cloud, and Digital Transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

The Company is a public limited Company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The Company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's unaudited condensed consolidated financial statements are authorized for issue by the company's Board of Directors on April 13, 2017.

**1.2 Basis of preparation of financial statements**

These condensed consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and in accordance with IAS 34, Interim Financial Reporting, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2017. Accounting policies have been applied consistently to all periods presented in these unaudited condensed consolidated financial statements.

**1.3 Basis of consolidation**

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the company, its controlled trusts and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The group's investment in associates includes goodwill identified on acquisition.

**1.4 Use of estimates**

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**1.5 Critical accounting estimates**

**a. Revenue recognition**

The group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the group to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

**b. Income taxes**

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (also refer to note 2.11).

**c. Business combinations and intangible assets**

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

**d. Property, plant and equipment**

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

**e. Impairment of Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

**1.6 Revenue recognition**

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

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-timeframe contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates. Costs and earnings in excess of billings are classified as unbilled revenue while billings in excess of costs and earnings are classified as unearned revenue. Deferred contract costs are amortized over the term of the contract. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

In arrangements for software development and related services and maintenance services, the company has applied the guidance in IAS 18, Revenue, by applying the revenue recognition criteria for each separately identifiable component of a single transaction. The arrangements generally meet the criteria for considering software development and related services as separately identifiable components. For allocating the consideration, the company has measured the revenue in respect of each separable component of a transaction at its fair value, in accordance with principles given in IAS 18. The price that is regularly charged for an item when sold separately is the best evidence of its fair value. In cases where the company is unable to establish objective and reliable evidence of fair value for the software development and related services, the company has used a residual method to allocate the arrangement consideration. In these cases the balance of the consideration, after allocating the fair values of undelivered components of a transaction has been allocated to the delivered components for which specific fair values do not exist.

License fee revenues are recognized when the general revenue recognition criteria given in IAS 18 are met. Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS). The company has applied the principles given in IAS 18 to account for revenues from these multiple element arrangements. Objective and reliable evidence of fair value has been established for ATS. Objective and reliable evidence of fair value is the price charged when the element is sold separately. When other services are provided in conjunction with the licensing arrangement and objective and reliable evidence of their fair values have been established, the revenue from such contracts are allocated to each component of the contract in a manner, whereby revenue is deferred for the undelivered services and the residual amounts are recognized as revenue for delivered elements. In the absence of objective and reliable evidence of fair value for implementation, the entire arrangement fee for license and implementation is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the services are performed. ATS revenue is recognized ratably over the period in which the services are rendered.

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

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

The company presents revenues net of value-added taxes in its statement of comprehensive income.

**1.7 Property, plant and equipment**

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

| | |
|---|---|
| Building | 22-25 years |
| Plant and machinery | 5 years |
| Computer equipment | 3-5 years |
| Furniture and fixtures | 5 years |
| Vehicles | 5 years |

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of comprehensive income when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in net profit in the statement of comprehensive income. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

**1.8 Business combinations**

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is outside the scope of IFRS 3 (Revised), Business Combinations and is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

**1.9 Financial instruments**

Effective April 1, 2016, the group has elected to early adopt IFRS 9 - Financial Instruments considering April 1, 2015 as the date of initial application of the standard even though the stipulated effective date for adoption is April 1, 2018.

As per IFRS 9, the group has classified its financial assets into the following categories based on the business model for managing those assets and the contractual cash flow characteristics:
- Financial assets carried at amortised cost
- Financial assets fair valued through other comprehensive income
- Financial assets fair valued through profit and loss

The adoption of IFRS 9 did not have any other material impact on the consolidated financial statements, hence prior period figures have not been restated. The impact on account of adoption of IFRS 9 is given in Note 2.2.

**1.9.1 Initial recognition**

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

**1.9.2 Subsequent measurement**

**a. Non-derivative financial instruments**

***(i) Financial assets carried at amortised cost***

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

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

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

***(iv) Financial liabilities***

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**b. Derivative financial instruments**

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

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

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

Although the group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

**(ii) Cash flow hedge**

The group designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of comprehensive income. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of comprehensive income upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of comprehensive income.

**c. Share capital and treasury shares**

**(i) Ordinary Shares**

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

**(ii) Treasury Shares**

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

**1.9.3 Derecognition of financial instruments**

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

**1.10 Fair value of financial instruments**

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

For all other financial instruments the carrying amounts approximate the fair value due to the short maturity of those instruments.

**1.11 Impairment**

**a. Financial assets**

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

**b. Non-financial assets**

**(i) Goodwill**

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

**(ii) Intangible assets and property, plant and equipment**

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

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

**1.12 Employee benefits**

**1.12.1 Gratuity**

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys BPO and EdgeVerve, contributions are made to the Infosys BPO's Employees' Gratuity Fund Trust and EdgeVerve Systems Limited Employees' Gratuity Fund Trust, respectively. Trustees administer contributions made to the Trusts and contributions are invested in a scheme with Life Insurance Corporation of India as permitted by law of India.

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/asset are recognized in other comprehensive income and are not reclassified to profit or loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of comprehensive income.

**1.12.2 Superannuation**

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

**1.12.3 Provident fund**

Eligible employees of Infosys receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The company contributes a portion to the Infosys Limited Employees' Provident Fund Trust. The trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

**1.12.4 Compensated absences**

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**1.13 Share - based compensation**

The Group recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with IFRS 2, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

**1.14 Earnings per equity share**

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

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

**1.15 Recent accounting pronouncements**

**1.15.1 Standards issued but not yet effective**

**IFRS 15 Revenue from Contract with Customers:** In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8-Accounting Policies, Changes in Accounting Estimates and Errors
• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)
The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2018, though early adoption is permitted.
The Group does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented.

The group derives revenues primarily from software development and related services and from the licensing of software products and is currently evaluating the effect of IFRS 15 on its consolidated financial statements and related disclosures.

**IFRS 16 Leases :** On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

**IFRIC 22, Foreign currency transactions and Advance consideration:** On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board (IASB) issued IFRS interpretation, IFRIC 22, Foreign currency transactions and Advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is currently evaluating the effect of IFRIC 22 on the consolidated financial statements.

**Amendments to IAS 7, 'Statement of cash flows':** In January 2016, the International Accounting Standards Board issued the amendments to IAS 7, requiring the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effective date for adoption of the amendments to IAS 7 is annual reporting periods beginning on or after January 1, 2017, though early adoption is permitted. The Group is evaluating the disclosure requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

**Amendments to IFRS 2, 'Share-based payment':** In June 2016, the International Accounting Standards Board issued the amendments to IFRS 2, providing specific guidance for measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that includes a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effective date for adoption of the amendments to IFRS 2 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is evaluating the requirements of the amendment and the impact on the consolidated financial statements is being evaluated.

**2. Notes to the Unaudited Condensed Consolidated Financial Statements**

**2.1 Cash and cash equivalents**

Cash and cash equivalents consist of the following:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Cash and bank deposits | 2,296 | 4,139 |
| Deposits with financial institutions | 1,193 | 796 |
| | **3,489** | **4,935** |

Cash and cash equivalents as of March 31, 2017 and March 31, 2016 include restricted cash and bank balances of $88 million and $74 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents :

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Current accounts** | | |
| ANZ Bank, Taiwan | - | 2 |
| Banamex Bank, Mexico | - | 1 |
| Banamex Bank, Mexico (U.S. Dollar account) | 1 | - |
| Bank of America, Mexico | 8 | 3 |
| Bank of America, USA | 159 | 103 |
| Bank Zachodni WBK S.A, Poland | 1 | 1 |
| Barclays Bank, UK | - | 3 |
| Bank Leumi, Israel (US Dollar account) | - | 3 |
| Bank Leumi, Israel | 2 | 2 |
| BNP Paribas Bank, Norway | 3 | - |
| China Merchants Bank, China | 1 | 1 |
| Citibank N.A, China | 10 | 10 |
| Citibank N.A., China (U.S. Dollar account) | 2 | 11 |
| Citibank N.A., Costa Rica | 1 | - |
| Citibank N.A., Australia | 3 | 11 |
| Citibank N.A., Brazil | 5 | 1 |
| Citibank N.A., Japan | 2 | 2 |
| Citibank N.A., New Zealand | 2 | 1 |
| Citibank N.A., South Africa | 2 | 1 |
| CitiBank N.A., USA | 12 | 9 |
| Commerzbank, Germany | 3 | 3 |
| Crédit Industriel et Commercial Bank, France | - | 1 |
| Deutsche Bank, India | 2 | 1 |
| Deutsche Bank, Philippines | 1 | 2 |
| Deutsche Bank, Philippines (U.S. Dollar account) | 1 | - |
| Deutsche Bank, Poland | 2 | 1 |
| Deutsche Bank, Poland (Euro account) | 1 | - |
| Deutsche Bank, EEFC (Australian Dollar account) | 6 | - |
| Deutsche Bank, EEFC (Euro account) | 4 | 5 |
| Deutsche Bank, EEFC (Swiss Franc account) | - | 1 |
| Deutsche Bank, EEFC (U.S. Dollar account) | 12 | 15 |
| Deutsche Bank, EEFC (United Kingdom Pound Sterling account) | 2 | 1 |
| Deutsche Bank, Belgium | 2 | 9 |
| Deutsche Bank, Malaysia | 1 | 1 |
| Deutsche Bank, Czech Republic | 1 | 2 |
| Deutsche Bank, Czech Republic (Euro account) | 1 | - |
| Deutsche Bank, Czech Republic (U.S. Dollar account) | 5 | 4 |
| Deutsche Bank, France | 1 | 2 |
| Deutsche Bank, Germany | 8 | 3 |
| Deutsche Bank, Netherlands | - | 1 |
| Deutsche Bank, Singapore | 1 | 1 |
| Deutsche Bank, Switzerland | 1 | - |
| Deutsche Bank, United Kingdom | 4 | 26 |

| | | |
|---|---|---|
| Deutsche Bank, USA | 2 | - |
| HSBC Bank, Brazil | - | 1 |
| ICICI Bank, India | 8 | 11 |
| ICICI Bank, EEFC (U.S. Dollar account) | 1 | 2 |
| ICICI Bank - Unpaid dividend account | 2 | - |
| Nordbanken, Sweden | 5 | 2 |
| Punjab National Bank, India | 1 | 1 |
| Raiffeisen Bank, Czech Republic | 1 | 1 |
| Raiffeisen Bank, Romania | 1 | 1 |
| Royal Bank of Canada, Canada | 13 | 12 |
| State Bank of India, India | 1 | 1 |
| Silicon Valley Bank, USA | 1 | 1 |
| Silicon Valley Bank, (Euro account) | 3 | 10 |
| Silicon Valley Bank, (United Kingdom Pound Sterling account) | - | 3 |
| Union Bank of Switzerland AG | - | 2 |
| Union Bank of Switzerland AG, (Euro account) | 1 | 2 |
| Union Bank of Switzerland AG, (U.S. Dollar account) | - | 4 |
| Union Bank of Switzerland AG, (United Kingdom Pound Sterling account) | - | 1 |
| Wells Fargo Bank N.A., USA | 5 | 3 |
| Westpac, Australia | - | 1 |
| | **318** | **303** |
| **Deposit accounts** | | |
| Andhra Bank | - | 143 |
| Axis Bank | 181 | 202 |
| Bank BGZ BNP Paribas S.A | 28 | - |
| Bank of India | - | 11 |
| Barclays Bank | 127 | - |
| Canara Bank | 40 | 339 |
| Central Bank of India | - | 232 |
| Citibank | 26 | 19 |
| Corporation Bank | - | 194 |
| Deutsche Bank, Poland | 11 | 36 |
| HDFC Bank | 72 | 400 |
| HSBC Bank | 77 | - |
| ICICI Bank | 751 | 634 |
| IDBI Bank | 270 | 287 |
| IDFC Bank | 31 | - |
| Indian Overseas Bank | - | 189 |
| Indusind Bank | 29 | 38 |
| Jammu & Kashmir Bank | - | 4 |
| Kotak Mahindra Bank Limited | 83 | 81 |
| Oriental Bank of Commerce | - | 297 |
| Punjab National Bank | - | 3 |
| South Indian Bank | 69 | 3 |
| Standard Chartered Bank | 77 | - |
| State Bank of India | - | 357 |
| Syndicate Bank | 8 | 191 |
| Union Bank of India | - | 21 |
| Vijaya Bank | - | 46 |
| Yes Bank | 98 | 109 |
| | **1,978** | **3,836** |
| **Deposits with financial institutions** | | |
| HDFC Limited, India | 1,085 | 796 |
| LIC Housing Finance Limited | 108 | - |
| | **1,193** | **796** |
| **Total** | **3,489** | **4,935** |

**2.2 Investments**

The carrying value of investments are as follows:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **(i) Current** | | |
| **Amortised cost** | | |
| **Quoted debt securities:** | | |
| Cost | 2 | 1 |
| **Fair value through profit and loss** | | |
| **Liquid mutual funds** | | |
| Fair Value | 278 | 10 |
| **Fixed maturity plan securities** | | |
| Fair Value | 23 | - |
| **Fair Value through Other comprehensive income** | | |
| **Quoted debt securities:** | | |
| Fair value | 16 | - |
| **Certificate of deposits** | | |
| Fair value | 1,219 | - |
| | **1,538** | **11** |
| **(ii) Non-current** | | |
| **Amortised cost** | | |
| **Quoted debt securities:** | | |
| Cost | 293 | 256 |
| **Fair value through Other comprehensive income** | | |
| **Quoted debt securities:** | | |
| Fair value | 597 | - |
| **Unquoted equity and preference securities:** | | |
| Fair value | 25 | 14 |
| **Fair value through profit and loss** | | |
| **Unquoted convertible promissory note** | | |
| Fair value | 1 | - |
| **Fixed maturity plan securities** | | |
| Fair Value | 63 | - |
| **Others:** | | |
| Fair value | 5 | 3 |
| | **984** | **273** |
| **Total investments** | **2,522** | **284** |
| Investment carried at amortized cost | 295 | 257 |
| Investments carried at fair value through other comprehensive income | 1,857 | 17 |
| Investments carried at fair value through profit and loss | 370 | 10 |

**Liquid Mutual fund:**

The cost and fair value of liquid mutual funds as of March 31, 2017 was $277 million and $278 million, respectively and as of March 31, 2016 was $10 million. The fair value is based on quoted prices.

**Fixed maturity plan securities:**

The cost and fair value as of March 31, 2017 is $86 million. The fair value is based on market observable inputs.

**Quoted debt securities carried at amortised cost:**

Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organisations. The fair value of quoted debt securities (including interest accrued) as on March 31, 2017 and March 31, 2016 was $334 million and $257 million, respectively. The fair value is based on the quoted prices and market observable inputs.

**Quoted debt securities fair valued through other comprehensive income:**

Investment in quoted debt securities represents investments made in non-convertible debentures issued by government aided institutions. The cost and fair value of non-convertible debentures (including interest accrued) as of March 31, 2017 is $614 million and $613 million. The fair value is based on quoted prices and market observable inputs. The unrealised loss of $1 million, net of taxes of less than $1 million, has been recognized in other comprehensive income for the year ended March 31, 2017.

**Certificate of deposits:**

The cost and fair value of certificate of deposits as of March 31, 2017 is $1,220 million and $1,219 million. The fair value is based on market observable inputs. The unrealised loss of $1 million, net of taxes of less than $1 million, has been recognized in other comprehensive income for the year ended March 31, 2017.

**Unquoted equity and preference securities:**

The invested amount and fair value of unquoted equity and preference securities of March 31, 2017 is $25 million each. The fair value is determined using Level 3 inputs like Discounted cash flows method, Market multiples method, Option pricing model, etc.

**Impact on account of adoption of IFRS 9**

Certain investments which were earlier carried at fair value through other comprehensive income under IAS 39, Financial Instruments: Recognition and measurement are now carried at amortised cost under IFRS 9, where the business model is to hold the asset, in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount. Further, certain investments carried at fair value through other comprehensive income under IAS 39 are now fair valued through profit and loss under IFRS 9. The impact of such change in measurement did not have a material impact on the financial statements. Hence, the company has not restated the prior period figures and the cumulative impact has been recorded in other comprehensive income for the year ended March 31, 2017.

Accordingly, for the year ended March 31, 2017, the company has recorded, in its other comprehensive income, a reversal of unrealised gain, net of taxes, of $ 5 million (recorded on quoted debt securities as on April, 1, 2016), with a corresponding change in investment and deferred taxes.

Further, under IFRS 9, the impairment of financial assets is measured under the 'Expected Credit Loss' (ECL) model, which uses a dual measurement approach, under which the loss allowance is measured as either twelve month expected credit losses or lifetime expected credit losses. The change in the impairment model did not have a material impact on the financial statements.

Details showing the changes in the classification and the corresponding differences on transition, in carrying value as of April 1, 2016:

*(Dollars in millions)*

| | As per IAS 39 | | As per IFRS 9 | |
|---|---|---|---|---|
| **Instrument** | **Category** | **Carrying value** | **Category** | **Carrying value** |
| **(i) Current** | | | | |
| Liquid mutual funds | Available for sale financial assets [1] | 10 | Fair value through profit or loss | 10 |
| Quoted debt securities: | Available for sale financial assets [1] | 1 | Amortized cost | 1 |
| Total | | **11** | | **11** |
| **(ii) Non current** | | | | |
| Quoted debt securities: | Available for sale financial assets [1] | 256 | Amortized cost | 241 |
| Unquoted equity and preference securities | Available for sale financial assets [1] | 14 | Fair value through other comprehensive income | 14 |
| Others | Available for sale financial assets [1] | 3 | Fair value through profit or loss | 3 |
| Total | | **273** | | **258** |
| Total investments | | **284** | | **269** |

[1] *Fair value changes through other comprehensive income*

Details showing the changes in the classification and the corresponding differences on transition, in carrying value as of April 1, 2015:

*(Dollars in millions)*

| | As per IAS 39 | | As per IFRS 9 | |
|---|---|---|---|---|
| **Instrument** | **Category** | **Carrying value** | **Category** | **Carrying value** |
| **(i) Current** | | | | |
| Liquid mutual funds | Available for sale financial assets [1] | 135 | Fair value through profit or loss | 135 |
| Fixed maturity plan securities: | Available for sale financial assets [1] | 5 | Fair value through profit or loss | 5 |
| Total | | **140** | | **140** |
| **(ii) Non current** | | | | |
| Quoted debt securities: | Available for sale financial assets [1] | 215 | Amortized cost | 208 |
| Unquoted equity and preference securities | Available for sale financial assets [1] | - | Fair value through other comprehensive income | - |
| Total | | **215** | | **208** |
| Total investments | | **355** | | **348** |

[1] *Fair value changes through other comprehensive income*

**2.3 Financial instruments**

**Financial instruments by category**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

*(Dollars in millions)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.1) | 3,489 | - | - | - | - | 3,489 | 3,489 |
| Investments (Refer Note 2.2) | | | | | | | |
| Liquid mutual funds | - | - | 278 | - | - | 278 | 278 |
| Fixed maturity plans | - | - | 86 | - | - | 86 | 86 |
| Quoted debt securities | 295 | - | - | - | 613 | 908 | 947 [(1)] |
| Certificate of deposits | - | - | - | - | 1,219 | 1,219 | 1,219 |
| Unquoted equity and preference securities: | - | - | - | 25 | - | 25 | 25 |
| Unquoted investments others | - | - | 5 | - | - | 5 | 5 |
| Unquoted convertible promissory note: | - | - | 1 | - | - | 1 | 1 |
| Trade receivables | 1,900 | - | - | - | - | 1,900 | 1,900 |
| Unbilled revenue | 562 | - | - | - | - | 562 | 562 |
| Prepayments and other assets (Refer Note 2.4) | 410 | - | - | - | - | 410 | 410 |
| Derivative financial instruments | - | - | 36 | - | 8 | 44 | 44 |
| **Total** | **6,656** | **-** | **406** | **25** | **1,840** | **8,927** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 57 | - | - | - | - | 57 | 57 |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Client deposits | 5 | - | - | - | - | 5 | 5 |
| Other liabilities including contingent consideration (Refer Note 2.5) | 763 | - | 13 | - | - | 776 | 776 |
| **Total** | **825** | **-** | **13** | **-** | **-** | **838** | |

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

*(Dollars in millions)*

| | Amortised cost | Financial assets/ liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying value | Total fair value |
|---|---|---|---|---|---|---|---|
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| **Assets:** | | | | | | | |
| Cash and cash equivalents (Refer Note 2.1) | 4,935 | - | - | - | - | 4,935 | 4,935 |
| Investments (Refer Note 2.2) | | - | | | | | |
| Liquid mutual funds | - | - | 10 | - | - | 10 | 10 |
| Quoted debt securities | 257 | - | - | - | - | 257 | 257 [(1)] |
| Unquoted equity and preference securities: | - | - | - | 17 | - | 17 | 17 |
| Trade receivables | 1,710 | - | - | - | - | 1,710 | 1,710 |
| Unbilled revenue | 457 | - | - | - | - | 457 | 457 |
| Prepayments and other assets (Refer Note 2.4) | 393 | - | - | - | - | 393 | 393 |
| Derivative financial instruments | - | - | 17 | - | - | 17 | 17 |
| **Total** | **7,752** | **-** | **27** | **17** | **-** | **7,796** | |
| **Liabilities:** | | | | | | | |
| Trade payables | 58 | - | - | - | - | 58 | 58 |
| Derivative financial instruments | - | - | 1 | - | - | 1 | 1 |
| Client deposits | 4 | - | - | - | - | 4 | 4 |
| Other liabilities including contingent consideration (Refer Note 2.5) | 737 | - | 17 | - | - | 754 | 754 |
| **Total** | **799** | **-** | **18** | **-** | **-** | **817** | |

[(1)] On account of fair value changes including interest accrued

**Fair value hierarchy**

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

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

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

**Fair value hierarchy of assets and liabilities as of March 31, 2017:**

*(Dollars in millions)*

| | As of March 31, 2017 | Fair value measurement at end of the reporting period / year | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.2) | 278 | 278 | - | - |
| Investments in fixed maturity plans (Refer Note 2.2) | 86 | - | 86 | - |
| Investments in quoted debt securities (Refer Note 2.2) | 947 | 565 | 382 | - |
| Investments in certificate of deposit (Refer Note 2.2) | 1,219 | - | 1,219 | |
| Investments in equity and preference securities (Refer Note 2.2) | 25 | - | - | 25 |
| Investment in unquoted investments others (Refer Note 2.2) | 5 | - | - | 5 |
| Investments in convertible promissory note (Refer Note 2.2) | 1 | - | - | 1 |
| Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts | 44 | - | 44 | - |
| **Liabilities** | | | | - |
| Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts | - | - | - | - |
| Liability towards contingent consideration (Refer Note 2.5)* | 13 | - | - | 13 |

During the year ended March 31, 2017, quoted debt securities of $17 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

**Discounted $14 million at 14.2%.*

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

**Fair value hierarchy of assets and liabilities as of March 31, 2016:**

*(Dollars in millions)*

| | As of March 31, 2016 | Fair value measurement at end of the reporting period / year using | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | |
| Investments in liquid mutual fund units (Refer Note 2.2) | 10 | 10 | - | - |
| Investments in quoted debt securities (Refer Note 2.2) | 257 | 57 | 200 | - |
| Investments in equity and preference securities (Refer Note 2.2) | 14 | - | - | 14 |
| Others (Refer Note 2.2) | 3 | - | - | 3 |
| Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts | 17 | - | 17 | - |
| **Liabilities** | | | | |
| Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts | 1 | - | 1 | - |
| Liability towards contingent consideration (Refer Note 2.5)* | 17 | - | - | 17 |

**Discounted $20 million at 13.7%.*

A one percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact in its value.

The movement in contingent consideration as of March 31, 2017 from March 31, 2016 is on account of settlement of contingent consideration of $6 million and change in discount rates and passage of time.

Income from financial assets or liabilities is as follows:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Interest income on financial assets carried at amortized cost | 352 | 402 |
| Interest income on financial assets fair valued through other comprehensive income | 28 | - |
| Dividend income on investments carried at fair value through profit or loss | 4 | 10 |
| Gain / (loss) on investments carried at fair value through profit or loss | 18 | - |
| | **402** | **412** |

**Financial risk management**

**Financial risk factors**

The Group's activities expose it to a variety of financial risks - market risk, credit risk and liquidity risk. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

**Market risk**

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States and elsewhere, and purchases from overseas suppliers in various foreign currencies. The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are adversely affected as the Indian rupee appreciates / depreciates against these currencies.

The following table analyses foreign currency risk from financial instruments as of March 31, 2017:

*(Dollars in millions)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 206 | 20 | 6 | 28 | 108 | 368 |
| Trade receivables | 1,287 | 192 | 119 | 87 | 108 | 1,793 |
| Unbilled revenue | 376 | 68 | 50 | 19 | 47 | 560 |
| Other assets | 65 | 15 | 7 | 6 | 15 | 108 |
| Trade payables | (18) | (5) | (2) | (1) | (24) | (50) |
| Client deposits | (2) | - | (2) | - | (1) | (5) |
| Accrued expenses | (147) | (33) | (22) | (6) | (23) | (231) |
| Employee benefit obligation | (86) | (13) | (3) | (23) | (19) | (144) |
| Other liabilities | (94) | (17) | (5) | (3) | (42) | (161) |
| **Net assets / (liabilities)** | **1,587** | **227** | **148** | **107** | **169** | **2,238** |

The following table analyses foreign currency risk from financial instruments as of March 31, 2016:

*(Dollars in millions)*

| | U.S. dollars | Euro | United Kingdom Pound Sterling | Australian dollars | Other currencies | Total |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 170 | 25 | 30 | 26 | 91 | 342 |
| Trade receivables | 1,141 | 193 | 109 | 90 | 105 | 1,638 |
| Unbilled revenue | 282 | 56 | 29 | 17 | 38 | 422 |
| Other assets | 14 | 6 | 4 | 2 | 12 | 38 |
| Trade payables | (19) | (11) | (11) | (1) | (11) | (53) |
| Client deposits | (3) | - | - | - | (1) | (4) |
| Accrued expenses | (119) | (23) | (18) | (5) | (33) | (198) |
| Employee benefit obligation | (87) | (12) | (7) | (25) | (19) | (150) |
| Other liabilities | (159) | (20) | (5) | (6) | (32) | (222) |
| **Net assets / (liabilities)** | **1,220** | **214** | **131** | **98** | **150** | **1,813** |

For the years ended March 31, 2017 and 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's incremental operating margins by approximately 0.50%.

Sensitivity analysis is computed based on the changes in the income and expenses in foreign currency upon conversion into functional currency, due to exchange rate fluctuations between the previous reporting period and the current reporting period.

**Derivative financial instruments**

The Group holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The following table gives details in respect of outstanding foreign exchange forward and options contracts:

*(In millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Derivatives designated as cash flow hedges** | | |
| **Forward contracts** | | |
| In Euro | 95 | - |
| In United Kingdom Pound Sterling | 40 | - |
| In Australian dollars | 130 | - |
| **Option Contracts** | | |
| In Euro | 40 | - |
| In United Kingdom Pound Sterling | - | - |
| In Australian dollars | - | - |
| **Other derivatives** | | |
| **Forward contracts** | | |
| In U.S. dollars | 526 | 510 |
| In Euro | 114 | 100 |
| In United Kingdom Pound Sterling | 75 | 65 |
| In Australian dollars | 35 | 55 |
| In Swiss Franc | 10 | 25 |
| In Singapore dollars | 5 | - |
| In Swedish Krona | 50 | - |
| **Options contracts** | | |
| In U.S. dollars | 195 | 125 |
| In Euro | 25 | - |
| In United Kingdom Pound Sterling | 30 | - |
| In Canadian dollars | 13 | - |

The Group recognized a net gain of $89 million and a net gain of $4 million on derivative financial instruments for the year ended March 31, 2017 and 2016, respectively, which are included under other income.

The foreign exchange forward and option contracts mature within 12 months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Not later than one month | 355 | 238 |
| Later than one month and not later than three months | 666 | 516 |
| Later than three months and not later than one year | 329 | 157 |
| | **1,350** | **911** |

During the year ended March 31, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

The following table provides the reconciliation of cash flow hedge reserve for the year ended March 31, 2017: *(Dollars in millions)*

| | **Year ended March 31, 2017** |
|---|---|
| **Gain / (Loss)** | |
| Balance at the beginning of the period | - |
| Gain / (Loss) recognised in other comprehensive income during the period | 18 |
| Amount reclassified to revenue during the period | (10) |
| Tax impact on above | (2) |
| Balance at the end of the period | **6** |

The group offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognized amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

*(Dollars in millions)*

| | As of | | | |
|---|---|---|---|---|
| | **March 31, 2017** | | **March 31, 2016** | |
| | **Derivative financial asset** | **Derivative financial liability** | **Derivative financial asset** | **Derivative financial liability** |
| Gross amount of recognized financial asset/liability | 44 | - | 18 | (2) |
| Amount set off | - | - | (1) | 1 |
| **Net amount presented in balance sheet** | **44** | **-** | **17** | **(1)** |

**Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to $1,900 million and $1,710 million as of March 31, 2017 and March 31, 2016, respectively and unbilled revenue amounting to $562 million and $457 million as of March 31, 2017 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

*(In %)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Revenue from top customer | 3.4 | 3.6 |
| Revenue from top five customers | 12.6 | 13.8 |

**Credit risk exposure**

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was $20 million. The reversal of allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was $7 million.

*(Dollars in millions)*

| ` | Year ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Balance at the beginning | 44 | 59 |
| Translation differences | (1) | (3) |
| Impairment loss recognized/(reversed) | 20 | (7) |
| Write offs | - | (5) |
| **Balance at the end** | **63** | **44** |

The Company's credit period generally ranges from 30-60 days.

*(Dollars in millions except otherwise stated)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| Trade receivables | 1,900 | 1,710 |
| Unbilled revenues | 562 | 457 |
| Days Sales Outstanding- DSO (days) | 68 | 66 |

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, fixed maturity plans, quoted bonds issued by government and quasi government organizations, non convertible debentures and certificates of deposits..

**Liquidity risk**

The Group's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Group has no outstanding bank borrowings. The Group believes that the working capital is sufficient to meet its current requirements.

As of March 31, 2017, the Group had a working capital of $6,121 million including cash and cash equivalents of $3,489 million and current investments of $1,538 million. As of March 31, 2016, the Group had a working capital of $5,804 million including cash and cash equivalents of $4,935 million and current investments of $11 million.

As of March 31, 2017 and March 31, 2016, the outstanding employee benefit obligations were $209 million and $202 million, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

*(Dollars in millions)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 57 | - | - | - | 57 |
| Client deposits | 5 | - | - | - | 5 |
| Other liabilities (excluding liability towards contingent consideration - Refer Note 2.5) | 758 | 5 | - | - | 763 |
| Liability towards contingent consideration on an undiscounted basis -Refer Note 2.5 | 7 | 7 | - | - | 14 |

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

*(Dollars in millions)*

| Particulars | Less than 1 year | 1-2 years | 2-4 years | 4-7 years | Total |
|---|---|---|---|---|---|
| Trade payables | 58 | - | - | - | 58 |
| Client deposits | 4 | - | - | - | 4 |
| Other liabilities (excluding liability towards acquisition - Refer Note 2.5) | 732 | 4 | 1 | - | 737 |
| Liability towards acquisitions on an undiscounted basis (Refer Note 2.5) | 13 | 7 | - | - | 20 |

**2.4 Prepayments and other assets**

Prepayments and other assets consist of the following:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | March 31, 2017 | March 31, 2016 |
| **Current** | | |
| Rental deposits | 1 | 2 |
| Security deposits | 2 | 1 |
| Loans to employees | 42 | 46 |
| Prepaid expenses [(1)] | 68 | 30 |
| Interest accrued and not due | 89 | 106 |
| Withholding taxes and others[(1)] | 291 | 272 |
| Advance payments to vendors for supply of goods [(1)] | 20 | 17 |
| Deposit with corporations | 218 | 187 |
| Deferred contract cost[(1)] | 12 | 7 |
| Other assets | 6 | 4 |
| | **749** | **672** |
| **Non-current** | | |
| Loans to employees | 5 | 4 |
| Security deposits | 13 | 12 |
| Deposit with corporations | 7 | 9 |
| Prepaid gratuity [(1)] | 12 | 1 |
| Prepaid expenses [(1)] | 15 | 13 |
| Deferred contract cost [(1)] | 44 | 50 |
| Rental Deposits | 27 | 22 |
| | **123** | **111** |
| | **872** | **783** |
| **Financial assets in prepayments and other assets** | **410** | **393** |

[(1)] *Non financial assets*

Withholding taxes and others primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverable. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront costs incurred for the contract and are amortised over the term of the contract.

Deposit with corporation represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

**2.5 Other liabilities**

Other liabilities comprise the following:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| **Current** | | |
| Accrued compensation to employees | 290 | 342 |
| Accrued expenses | 399 | 331 |
| Withholding taxes and others [1] | 189 | 196 |
| Retainage | 34 | 12 |
| Liabilities of controlled trusts | 22 | 25 |
| Liability towards contingent consideration (Refer note 2.9) | 7 | 12 |
| Others | 13 | 22 |
| | **954** | **940** |
| **Non-Current** | | |
| Liability towards contingent consideration (Refer note 2.9) | 6 | 5 |
| Accrued compensation to employees | 5 | 5 |
| Deferred income - government grant on land use rights [1] | 6 | 7 |
| Deferred income [1] | 7 | - |
| | **24** | **17** |
| | **978** | **957** |
| Financial liabilities included in other liabilities | 776 | 754 |
| Contingent consideration on undiscounted basis | 14 | 20 |

[1] *Non financial liabilities*

Accrued expenses primarily relate to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unpaid dividend balances and capital creditors.

**2.6 Provisions**

Provisions comprise the following:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Provision for post sales client support and other provisions | 63 | 77 |
| | **63** | **77** |

Provision for post sales client support and other provisions represents costs associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support and other provisions is as follows:

*(Dollars in millions)*

| | **Year ended March 31, 2017** |
|---|---|
| **Balance at the beginning** | 77 |
| Translation differences | - |
| Provision recognized/(reversed) | 15 |
| Provision utilized | (29) |
| **Balance at the end** | **63** |

Provision for post sales client support and other provisions is included in cost of sales in the statement of comprehensive income.

As of March 31, 2017 and March 31, 2016, claims against the company, not acknowledged as debts, net of amounts paid (excluding demands from Indian income tax authorities- Refer to Note 2.11) amounted to $46 million (₹301 crore) and $42 million (₹277 crore), respectively.

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

**2.7 Property, plant and equipment**

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2017:

*(Dollars in millions)*

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2016** | **244** | **955** | **392** | **615** | **218** | **4** | 2,428 |
| Additions | 22 | 147 | 73 | 120 | 57 | 1 | 420 |
| Deletions | - | - | (8) | (47) | (17) | (1) | (73) |
| Translation difference | 6 | 21 | 9 | 12 | 3 | 1 | 52 |
| **Gross carrying value as of March 31, 2017** | **272** | **1,123** | **466** | **700** | **261** | **5** | **2,827** |
| **Accumulated depreciation as of April 1, 2016** | **(3)** | **(332)** | **(243)** | **(395)** | **(149)** | **(3)** | **(1,125)** |
| Depreciation | (1) | (35) | (57) | (101) | (31) | (1) | (226) |
| Accumulated depreciation on deletions | - | - | 5 | 34 | 14 | 1 | 54 |
| Translation difference | - | (9) | (6) | (9) | (2) | - | (26) |
| **Accumulated depreciation as of March, 2017** | **(4)** | **(376)** | **(301)** | **(471)** | **(168)** | **(3)** | **(1,323)** |
| **Capital work-in progress as of March 31, 2017** | | | | | | | **303** |
| **Carrying value as of March 31, 2017** | **268** | **747** | **165** | **229** | **93** | **2** | **1,807** |
| **Capital work-in progress as of April 1, 2016** | | | | | | | **286** |
| **Carrying value as of April 1, 2016** | **241** | **623** | **149** | **220** | **69** | **1** | **1,589** |

Following are the changes in the carrying value of property, plant and equipment for the year ended March 31, 2016:

*(Dollars in millions)*

| | Land | Buildings | Plant and machinery | Computer equipment | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value as of April 1, 2015** | **250** | **940** | **337** | **535** | **189** | **6** | **2,257** |
| Additions | 9 | 68 | 76 | 168 | 40 | 1 | 362 |
| Deletions | - | - | (1) | (60) | (1) | (2) | (64) |
| Translation difference | (15) | (53) | (20) | (28) | (10) | (1) | (127) |
| **Gross carrying value as of March 31, 2016** | **244** | **955** | **392** | **615** | **218** | **4** | **2,428** |
| **Accumulated depreciation as of April 1, 2015** | **(3)** | **(317)** | **(207)** | **(365)** | **(132)** | **(3)** | **(1,027)** |
| Depreciation | (1) | (33) | (49) | (84) | (24) | (1) | (192) |
| Accumulated depreciation on deletions | - | - | 1 | 36 | 1 | 1 | 39 |
| Translation difference | 1 | 18 | 12 | 18 | 6 | - | 55 |
| **Accumulated depreciation as of March 31, 2016** | **(3)** | **(332)** | **(243)** | **(395)** | **(149)** | **(3)** | **(1,125)** |
| **Capital work-in progress as of March 31, 2016** | | | | | | | **286** |
| **Carrying value as of March 31, 2016** | **241** | **623** | **149** | **220** | **69** | **1** | **1,589** |
| **Capital work-in progress as of April 1, 2015** | | | | | | | **230** |
| **Carrying value as of April 1, 2015** | **247** | **623** | **130** | **170** | **57** | **3** | **1,460** |

The depreciation expense is included in cost of sales in the statement of comprehensive income.

During the year ended March 31, 2017, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the year ended March 31, 2017 is higher by $3 million due to the revision.

Carrying value of land includes $99 million and $95 million as of March 31, 2017 and March 31, 2016, respectively, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to either purchase the properties or renew the lease on expiry of the lease period.

The contractual commitments for capital expenditure were $179 million and $224 million as of March 31, 2017 and March 31, 2016, respectively.

**2.8 Goodwill**

Following is a summary of changes in the carrying amount of goodwill:

*(Dollars in millions)*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Carrying value at the beginning | 568 | 495 |
| Goodwill on Kallidus d.b.a Skava acquisition (Refer note 2.9) | - | 71 |
| Goodwill on Noah acquisition (Refer note 2.9) | - | 5 |
| Translation differences | (5) | (3) |
| Carrying value at the end | **563** | **568** |

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in IFRS 8, Operating Segments. (Refer Note 2.14). Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2016.

The following table presents the allocation of goodwill to operating segments as at March 31, 2017 and March 31, 2016:

*(Dollars in millions)*

| **Segment** | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Financial services | 127 | 128 |
| Manufacturing | 63 | 64 |
| Retail, Consumer packaged goods and Logistics | 86 | 87 |
| Life Sciences, Healthcare and Insurance | 98 | 99 |
| Energy & utilities, Communication and Services | 118 | 119 |
| | 492 | 497 |
| Operating segments without significant goodwill | 71 | 71 |
| **Total** | **563** | **568** |

The entire goodwill relating to Infosys BPO’s acquisition of McCamish has been allocated to the group of CGU’s which is represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava acquisitions has been allocated to the groups of CGU’s which are represented by the entity’s operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. As of March 31, 2016, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

*In %*

| | As of | |
|---|---|---|
| | **March 31, 2017** | **March 31, 2016** |
| Long term growth rate | 8-10 | 8-10 |
| Operating margins | 17-20 | 17-20 |
| Discount rate | 14.4 | 14.2 |

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

**2.9 Business combination**

**Noah Consulting LLC**

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $33 million, contingent consideration of upto $5 million and an additional consideration of upto $32 million, referred to as retention bonus payable to the employees of Noah at each anniversary year following the acquisition date for the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(Dollars in millions)*

| **Component** | **Acquiree's carrying amount** | **Fair value adjustments** | **Purchase price allocated** |
|---|---|---|---|
| Net assets(*) | 6 | – | 6 |
| Intangible assets – technical knowhow | – | 4 | 4 |
| Intangible assets – trade name | – | 4 | 4 |
| Intangible assets - customer contracts and relationships | – | 18 | 18 |
| | **6** | **26** | **32** |
| Goodwill | | | 5 |
| **Total purchase price** | | | **37** |

**Includes cash and cash equivalents acquired of $3 million.*

Goodwill of $1 million is tax deductible.

The gross amount of trade receivables acquired and its fair value is $4 million and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(Dollars in millions)*

| **Component** | **Consideration** |
|---|---|
| Cash paid | 33 |
| Fair value of contingent consideration | 4 |
| **Total purchase price** | **37** |

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During year ending March 31, 2016, based on an assessment of Noah achieving the targets for the year ending December 31, 2015 and December 31, 2016, the entire contingent consideration has been reversed in the statement of comprehensive income

The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. For fiscal 2017, $14 million has been recorded as post-acquisition remuneration expense in the statement of comprehensive income.

The transaction costs of $2 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

**Finacle and Edge Services**

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company had undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore (approximately $491 million) and ₹177 crore (approximately $27 million) for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore (approximately $129 million) and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore (approximately $389 million) in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the year ended March 31, 2016, EdgeVerve has repaid ₹420 crore (approximately $63 million) by redeeming proportionate number of debentures.

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

**Kallidus Inc. (d.b.a Skava)**

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $91 million and a contingent consideration of up to $20 million.

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

*(Dollars in millions)*

| Component | Acquiree's carrying amount | Fair value adjustments | Purchase price allocated |
|---|---|---|---|
| Net assets(*) | 6 | – | 6 |
| Intangible assets – technology | – | 21 | 21 |
| Intangible assets – trade name | – | 2 | 2 |
| Intangible assets - customer contracts and relationships | – | 27 | 27 |
| Deferred tax liabilities on Intangible assets | – | (20) | (20) |
| | **6** | **30** | **36** |
| Goodwill | | | 71 |
| **Total purchase price** | | | **107** |

**Includes cash and cash equivalents acquired of $4 million.*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is $9 million and the amounts have been fully collected.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

*(Dollars in millions)*

| Component | Consideration |
|---|---|
| Cash paid | 91 |
| Fair value of contingent consideration | 16 |
| **Total purchase price** | **107** |

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the year ended March 31, 2017 contingent consideration of $6 million was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of March 31, 2017 and March 31, 2016 is $14 million and $20 million on an undiscounted basis.

The transaction costs of $2 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

**2.10 Employees' Stock Option Plans (ESOP)**

**2015 Stock Incentive Compensation Plan (the 2015 Plan):** SEBI issued the Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014 ('SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999. The 2011 Plan (as explained below) was required to be amended and restated in accordance with the SEBI Regulations. Consequently, to effect this change and to further introduce stock options/ADR's and other stock incentives, the Company put forth the 2015 Stock Incentive Compensation Plan (the 2015 Plan) for approval to the shareholders of the Company. Pursuant to the approval by the shareholders through postal ballot which ended on March 31, 2016, the Board of Directors have been authorised to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Plan. The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which were held by the Trust towards the 2011 Plan as at March 31, 2016). 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

On August 1, 2016, the company granted 17,83,615 RSUs (includes equity shares and equity shares represented by ADS) at par value, to employees upto mid management (excluding grants made to Dr. Vishal Sikka). Further, the company granted 73,020 Incentive Units (cash-settled) to eligible employees. These instruments will vest equally over a period of 4 years and are subject to continued service.

Further on November 1, 2016, the company granted 9,70,375 RSUs (includes equity shares and equity shares represented by ADS) at par value, 12,05,850 employee stock options (ESOPs) (including equity shares and equity shares represented by ADS) to be exercised at market price at the time of grant, to certain employees at the senior management level. Further the company granted 20,640 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

Additionally, on February 1, 2017, the company granted 18,550 incentive units (cash-settled) to certain employees at the senior management level. These instruments will vest equally over a period of 4 years and are subject to continued service.

As of March 31, 2017, 11,289,514 shares are held by the trust towards 2015 Plan. As of March 31, 2017, 106,845 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is less than $1 million.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. $2 million of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer (COO), under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs will be granted w.e.f May 2, 2017. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSU's will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by the shareholders. Though these RSUs and ESOPs have not been granted as of March 31, 2017, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

**2011 RSU Plan (the 2011 Plan) now called 2015 Stock Incentive Compensation Plan ( the 2015 Plan):** The Company had a 2011 RSU Plan which provided for the grant of restricted stock units (RSUs) to eligible employees of the Company. The Board of Directors recommended the establishment of the 2011 Plan to the shareholders on August 30, 2011 and the shareholders approved the recommendation of the Board of Directors on October 17, 2011 through a postal ballot. The maximum aggregate number of shares that may be awarded under the plan was 1,13,34,400 as on date of approval of plan adjusted for bonus shares and the plan was expected to continue in effect for a term of 10 years from the date of initial grant under the plan. Awards have been granted to the Dr Vishal Sikka under the 2011 RSU plan as detailed below. Further the Company has earmarked 1,00,000 equity shares for welfare activities of the employees, approved by the shareholders vide postal ballot which ended on March 31, 2016. The equity shares as of March 31, 2016 held under this plan, i.e. 1,12,23,576 equity shares (this includes the aggregate number of equity shares that may be awarded under the 2011 Plan as reduced by 10,824 equity shares already exercised by Dr. Vishal Sikka and 1,00,000 equity shares which have been earmarked for welfare activities of the employees) have been subsumed under the 2015 Plan.

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

The award granted to Dr. Vishal Sikka on June 22, 2015 was modified by the Nomination and remuneration committee on April 14, 2016. There is no modification or change in the total number of RSUs granted or the vesting period (which is four years). The modifications relate to the criteria of vesting for each of the years. Based on the modification, the first tranche of the RSUs will vest subject to achievement of certain key performance indicators for the year ended March 31, 2016. Subsequent vesting of RSU's for each of the remaining years would be subject to continued employment.

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transaction during the year ended March 31, 2017 is set out below:

| Particulars | Year ended March 31, 2017 | |
|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)** | | |
| Outstanding at the beginning* | 221,505 | 5 |
| Granted | 1,878,025 | 5 |
| Forfeited and expired | 61,540 | 5 |
| Exercised | 34,062 | 5 |
| **Outstanding at the end** | **2,003,928** | **5** |
| Exercisable at the end | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)** | | |
| Outstanding at the beginning | - | - |
| Granted | 309,650 | 998 |
| Forfeited and expired | - | - |
| Exercised | - | - |
| **Outstanding at the end** | **309,650** | **998** |
| Exercisable at the end | - | - |

*adjusted for bonus issues (Refer note 2.17)*

| Particulars | Year ended March 31, 2017 | |
|---|---|---|
| | Shares arising out of options | Weighted average exercise price ($) |
| **2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 996,665 | 0.07 |
| Forfeited and expired | 39,220 | 0.07 |
| Exercised | - | - |
| **Outstanding at the end** | **957,445** | **0.07** |
| Exercisable at the end | - | - |
| **2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)** | | |
| Outstanding at the beginning | - | - |
| Granted | 896,200 | 15.26 |
| Forfeited and expired | 8,200 | 15.26 |
| Exercised | - | - |
| **Outstanding at the end** | **888,000** | **15.26** |
| Exercisable at the end | - | - |

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transaction during the year ended March 31, 2016 is set out below:

| Particulars | Year ended March 31, 2016 | |
|---|---|---|
| | Shares arising out of options | Weighted average exercise price (₹) |
| **2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)** | | |
| Outstanding at the beginning* | 108,268 | 5 |
| Granted | 124,061 | 5 |
| Forfeited and expired | - | - |
| Exercised* | 10,824 | 5 |
| **Outstanding at the end** | **221,505** | **5** |
| Exercisable at the end | - | - |

*adjusted for bonus issues (Refer note 2.17)*

During the year ended March 31, 2017 and March 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was $16.10 and $16.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of March 31, 2017

| Range of exercise prices per share ($) | Options outstanding | | |
|---|---|---|---|
| | No. of shares arising out of options | Weighted average remaining contractual life | Weighted average exercise price ($) |
| **2015 Plan: ADS and IES** | | | |
| 0.07 (RSU) | 2,961,373 | 1.88 | 0.07 |
| 14 - 16 (ESOP) | 1,197,650 | 7.09 | 15.83 |
| | **4,159,023** | **3.38** | **4.61** |

The weighted average remaining contractual life of RSUs outstanding as of March 31, 2016 under the 2015 Plan was 1.98 years.

The fair value of each equity settled RSU is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares- RSU | Fiscal 2017- Equity shares ESOP | Fiscal 2017- ADS-RSU | Fiscal 2017- ADS- ESOP |
| Grant date | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 | 1-Nov-16 |
| Weighted average share price (₹) / ($- ADS) | 989 | 989 | 15.26 | 15.26 |
| Exercise price (₹)/ ($- ADS) | 5.00 | 998 | 0.07 | 15.26 |
| Expected volatility (%) | 24-29 | 27-29 | 26-29 | 27-31 |
| Expected life of the option (years) | 1 - 4 | 3 - 7 | 1 - 4 | 3 - 7 |
| Expected dividends (%) | 2.37 | 2.37 | 2.29 | 2.29 |
| Risk-free interest rate (%) | 6- 7 | 6- 7 | 1 - 2 | 1 - 2 |
| Weighted average fair value as on grant date (₹) / ($- ADS) | 929 | 285 | 14.35 | 3.46 |

| Particulars | For options granted in | | | |
|---|---|---|---|---|
| | Fiscal 2017- Equity Shares | Fiscal 2017- ADS | Fiscal 2016- Equity Shares | Fiscal 2015- Equity Shares |
| Grant date | 1-Aug-16 | 1-Aug-16 | 22-Jun-15 | 21-Aug-14 |
| Weighted average share price (₹) / ($- ADS)* | 1,085 | 16.57 | 1,024 | 3,549 |
| Exercise price (₹)/ ($- ADS)* | 5.00 | 0.07 | 5.00 | 5.00 |
| Expected volatility (%) | 25-29 | 26-30 | 28-36 | 30-37 |
| Expected life of the option (years) | 1 - 4 | 1 - 4 | 1 - 4 | 1 - 4 |
| Expected dividends (%) | 2.37 | 2.29 | 2.43 | 1.84 |
| Risk-free interest rate (%) | 6- 7 | 0.5 - 1 | 7- 8 | 8- 9 |
| Weighted average fair value as on grant date (₹) / ($- ADS)* | 1,019 | 15.59 | 948 | 3,355 |

** Data for Fiscal 2015 is not adjusted for bonus issues*

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP. Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

The company recorded an employee stock compensation expense in the statement of comprehensive income for the year ended March 31, 2017 and March 31, 2016 of $17 million and $1 million, respectively. The cash settled stock compensation expense for the year ended March 31, 2017 was less than $1 million.

**2.11 Income taxes**

Income tax expense in the consolidated statement of comprehensive income comprises:

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| **Current taxes** | | |
| Domestic taxes | 616 | 642 |
| Foreign taxes | 226 | 167 |
| | **842** | **809** |
| **Deferred taxes** | | |
| Domestic taxes | (1) | 3 |
| Foreign taxes | (7) | (13) |
| | **(8)** | **(10)** |
| **Income tax expense** | **834** | **799** |

Income tax expense for the year ended March 31, 2017 and March 31, 2016 includes reversals (net of provisions) of $23 million and $47 million, respectively, pertaining to earlier periods.

Entire deferred income tax for fiscal 2017 and 2016 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Profit before income taxes | 2,974 | 2,851 |
| Enacted tax rates in India | 34.61% | 34.61% |
| Computed expected tax expense | 1,029 | 987 |
| Tax effect due to non-taxable income for Indian tax purposes | (295) | (268) |
| Overseas taxes | 112 | 109 |
| Tax provision (reversals), overseas and domestic | (23) | (47) |
| Effect of differential overseas tax rates | 10 | 1 |
| Effect of exempt non operating income | (10) | (13) |
| Effect of unrecognized deferred tax assets | 14 | 9 |
| Effect of non-deductible expenses | 4 | 30 |
| Additional deduction on research and development expense | (8) | (9) |
| Others | 1 | - |
| **Income tax expense** | **834** | **799** |

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

During the year ended March 31, 2017, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto March 31, 2017. The weighted tax deduction is equal to 200% of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR.

During year ended March 31, 2016 Infosys had claimed weighted tax deduction on eligible research and development till July 31, 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from August 1, 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Reinvestment Reserve out of the profit for the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

As of March 31, 2017, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of $722 million (₹4682 crore) amounted to $262 million (₹1,696 crore).

As of March 31, 2016, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of $662 million (₹4,383 crore) amounted to $1 million (₹7 crore).

Payment of $722 million ( ₹4,682 crore) includes demands from the Indian Income tax authorities of $944 million (₹ 6,122 crore), including interest of $291 million (₹1,885 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013. The company has filed an appeal with the income tax appellate authorities.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011, fiscal 2012 and fiscal 2013 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2012 & fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before 1st April 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008, fiscal 2009 and fiscal 2013 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

| | **Year ended March 31,** | |
|---|---|---|
| | **2017** | **2016** |
| Basic earnings per equity share - weighted average number of equity shares outstanding[(1)(2)] | 2,285,639,447 | 2,285,616,160 |
| Effect of dilutive common equivalent shares | 757,298 | 102,734 |
| Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding | **2,286,396,745** | **2,285,718,894** |

[(1)] *excludes treasury shares*

[(2)] *adjusted for bonus issues (Refer note 2.17)*

For the year ended March 31, 2017, 112,190 number of options to purchase equity shares had an anti-dilutive effect.

For the year ended March 31, 2016, there was no outstanding options to purchase equity shares which had an anti-dilutive effect

**2.13 Related party transactions**

Infosys has provided guarantee for performance of certain contracts entered into by its subsidiaries.

**Transactions with key management personnel**

During the the year ended March 31, 2017 , the company has additionally identified its Presidents - Mohit Joshi, Sandeep Dadlani, Rajesh K Murthy, Ravi Kumar S, and Group Head - Human Resources - Krishnamurthy Shankar as key managerial personnel as defined under IAS 24 – Related Party Disclosures w.e.f from October 14, 2016. The Company's Deputy General Counsel, Gopi Krishnan Radhakrishnan has assumed the responsibilities as acting General Counsel w.e.f. December 31, 2016.

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

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)(3)(4)(5)] | 12 | 15 |
| Commission and other benefits to non-executive/ independent directors | 2 | 2 |
| Total | **14** | **17** |

[(1)] *Includes employee stock compensation expense of $5 million and $1 million for the year ended March 31, 2017 and March 31, 2016, respectively towards key management personnel. Refer to note 2.10*

[(2)] *Year ended March 31, 2017 includes $0.87 million payable payable under severance agreement to David Kennedy, who stepped down as General counsel and Chief compliance officer w.e.f December 31, 2016.*

[(3)] *Year ended March 31, 2016 includes $2.58 million payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015*

*(4) The Board based on the recommendations of the Nominations committee approved on April 13, 2017, $0.82 million as variable pay to CEO for the year ended March 31, 2017. The shareholders vide postal ballot had approved a variable pay of $3 million at target.*

*Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value $2 million which vest over time, subject to continued service and an annual grant of performance based equity and stock options of $5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. The Board based on the recommendations of the nominations committee approved on April 13, 2017, RSUs amounting to $1.9 Mn and ESOP's amounting to $ 0.96 Mn representing the performance based equity and stock options for the financial year 2017. Further, the Board also approved the annual time based vesting grant for financial year 2018 amounting to RSU's of $2 million.*

*The year ended March 31, 2016 includes provision for variable pay amounting to $4.33 million to CEO. The shareholders in the EGM dated July 30, 2014 had approved a variable pay of $4.18 million at a target level and also authorized the Board to alter and vary the terms of remuneration. Accordingly, the Board based on the recommendations of the Nominations committee approved on April 15, 2016, $4.33 million as variable pay for the year ended March 31, 2016.*

[(5)] *On March 31, 2017, the shareholders vide postal ballot approved a revision in the salary of U.B. Pravin Rao, whole-time director and COO.*

**Investment in Associate**

Share of associate profit/loss & others for the year ended March 31, 2017 includes an impairment loss of $3million on investment in DWA Nova LLC.

**2.14 Segment Reporting**

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. During the quarter ended March 31, 2016, the Group reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight consequent to which, erstwhile manufacturing segment is now being reviewed as Hi-Tech, Manufacturing and others included in ECS. Additionally, Infosys Public services (IPS) is being reviewed separately by the Chief Operating Decision Maker (CODM). Consequent to the internal reorganizations, there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Financial Services (FS), enterprises in Manufacturing (MFG), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Hi-Tech (Hi-Tech), enterprises in Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. The FS reportable segments has been aggregated to include the Financial Services operating segment and the Finacle operating segment. All other segments represents the operating segments of businesses in India, Japan and China and IPS. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India. Consequent to the above changes in the composition of reportable business segments, the prior period comparatives have been restated.

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

Assets and liabilities used in the Group's business are not identified to any of the reportable segments, as these are used interchangeably between segments. Management believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

Geographical information on revenue and business segment revenue information is collated based on individual customers invoiced or in relation to which the revenue is otherwise recognized.

**2.14.1 Business Segments**

**Year ended March 31, 2017 and March 31, 2016**

*(Dollars in millions)*

| | FS | MFG | ECS | RCL | HILIFE | Hi-Tech | All other segments | Total |
|---|---|---|---|---|---|---|---|---|
| **Revenues** | **2,765** | **1,119** | **2,300** | **1,673** | **1,258** | **763** | **330** | 10,208 |
| | *2,590* | *1,047* | *2,061* | *1,556* | *1,231* | *756* | *260* | 9,501 |
| Identifiable operating expenses | 1,382 | 584 | 1,107 | 802 | 623 | 396 | 210 | 5,104 |
| | *1,248* | *555* | *944* | *742* | *585* | *371* | *156* | 4,601 |
| Allocated expenses | 607 | 259 | 532 | 387 | 291 | 177 | 76 | 2,329 |
| | *606* | *257* | *505* | *381* | *302* | *185* | *65* | 2,301 |
| **Segment profit** | **776** | **276** | **661** | **484** | **344** | **190** | **44** | **2,775** |
| | *736* | *235* | *612* | *433* | *344* | *200* | *39* | *2,599* |
| Unallocable expenses | | | | | | | | 255 |
| | | | | | | | | *224* |
| **Operating profit** | | | | | | | | **2,520** |
| | | | | | | | | *2,375* |
| Other income, net | | | | | | | | 459 |
| | | | | | | | | *476* |
| Share in associate's profit / (loss) | | | | | | | | (5) |
| | | | | | | | | - |
| **Profit before Income taxes** | | | | | | | | **2,974** |
| | | | | | | | | *2,851* |
| Income tax expense | | | | | | | | 834 |
| | | | | | | | | *799* |
| **Net profit** | | | | | | | | **2,140** |
| | | | | | | | | *2,052* |
| Depreciation and amortisation | | | | | | | | 254 |
| | | | | | | | | *222* |
| Non-cash expenses other than depreciation and amortisation | | | | | | | | 1 |
| | | | | | | | | *2* |

**2.14.2 Geographic Segments**

**Year ended March 31, 2017 and March 31, 2016**

*(Dollars in millions)*

| | North America | Europe | India | Rest of the World | Total |
|---|---|---|---|---|---|
| **Revenues** | **6,320** | **2,295** | **325** | **1,268** | **10,208** |
| | *5,957* | *2,186* | *246* | *1,112* | *9,501* |
| Identifiable operating expenses | 3,222 | 1,147 | 149 | 586 | 5,104 |
| | *2,936* | *1,060* | *109* | *496* | *4,601* |
| Allocated expenses | 1,460 | 529 | 66 | 274 | 2,329 |
| | *1,459* | *534* | *51* | *257* | *2,301* |
| **Segment profit** | **1,638** | **619** | **110** | **408** | **2,775** |
| | *1,562* | *592* | *86* | *359* | *2,599* |
| Unallocable expenses | | | | | 255 |
| | | | | | *224* |
| **Operating profit** | | | | | **2,520** |
| | | | | | *2,375* |
| Other income, net | | | | | 459 |
| | | | | | *476* |
| Share in associate's profit / (loss) | | | | | (5) |
| | | | | | - |
| **Profit before Income taxes** | | | | | **2,974** |
| | | | | | *2,851* |
| Income Tax expense | | | | | 834 |
| | | | | | *799* |
| **Net profit** | | | | | **2,140** |
| | | | | | *2,052* |
| Depreciation and amortisation | | | | | 254 |
| | | | | | *222* |
| Non-cash expenses other than depreciation and amortisation | | | | | 1 |
| | | | | | *2* |

**2.14.3 Significant clients**

No client individually accounted for more than 10% of the revenues for the year ended March 31, 2017 and March 31, 2016.

**2.15 Break-up of expenses**

**Cost of sales**

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Employee benefit costs | 4,987 | 4,627 |
| Deferred purchase price pertaining to acquisition | - | 23 |
| Depreciation and amortisation (refer to note 2.7) | 254 | 222 |
| Travelling costs | 246 | 250 |
| Cost of technical sub-contractors | 571 | 537 |
| Cost of software packages for own use | 118 | 111 |
| Third party items bought for service delivery to clients | 120 | 81 |
| Operating lease payments | 46 | 37 |
| Consultancy and professional charges | 4 | 3 |
| Communication costs | 39 | 27 |
| Repairs and maintenance | 46 | 28 |
| Provision for post-sales client support | 12 | 1 |
| Others | 3 | 3 |
| **Total** | **6,446** | **5,950** |

**Sales and marketing expenses**

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Employee benefit costs | 405 | 403 |
| Travelling costs | 52 | 54 |
| Branding and marketing | 51 | 44 |
| Operating lease payments | 10 | 7 |
| Consultancy and professional charges | 7 | 7 |
| Communication costs | 3 | 3 |
| Others | 7 | 4 |
| **Total** | **535** | **522** |

**Administrative expenses**

*(Dollars in millions)*

| | Year ended March 31, | |
|---|---|---|
| | **2017** | **2016** |
| Employee benefit costs | 220 | 206 |
| Consultancy and professional charges | 103 | 107 |
| Repairs and maintenance | 145 | 131 |
| Power and fuel | 34 | 33 |
| Communication costs | 40 | 38 |
| Travelling costs | 35 | 41 |
| Rates and taxes | 22 | 17 |
| Operating lease payments | 17 | 11 |
| Insurance charges | 8 | 9 |
| Impairment loss recognised/(reversed) on financial assets | 21 | (7) |
| Commission to non-whole time directors | 2 | 1 |
| Contributions towards Corporate Social Responsibility | 34 | 33 |
| Others | 26 | 34 |
| **Total** | **707** | **654** |

**2.16 Dividends**

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2017 includes final dividend of ₹14.25/- per equity share (approximately $0.22 per equity share) and an interim dividend of ₹11/- per equity share ($0.17 per equity share). The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2016 includes final divided of ₹29.50/- per equity share ($0.47 per equity share) (not adjusted for June 17, 2015 bonus issue) and an interim dividend of ₹10/- per equity share ($0.15 per equity share).

The Board of Directors, in their meeting on October 14, 2016, declared an interim dividend of ₹11/- per equity share ($0.17 per equity share), which resulted in a net cash outflow of approximately $453 million, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

The Board of Directors, in its meeting on April 13, 2017, have proposed a final dividend of ₹14.75/- per equity share ($0.23 per equity share) for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on June 24, 2017 and if approved would result in a cash outflow of approximately $626 million (excluding dividend paid on treasury shares), including corporate dividend tax.

**2.17 Share capital and share premium**

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. The Company has allotted 1,148,472,332 fully paid up equity shares of face value ₹5/- each during the three months ended June 30, 2015 pursuant to a bonus issue approved by the shareholders through postal ballot. Book closure date fixed by the Board was June 17, 2015. Bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares. 11,289,514 and 11,323,576 shares were held by controlled trust, as of March 31, 2017 and March 31, 2016, respectively.

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. Amounts have been utilised for bonus issue from share premium account.

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*for and on behalf of the Board of Directors of Infosys Limited*

| | | |
|---|---|---|
| R. Seshasayee<br>*Chairman* | Dr. Vishal Sikka<br>*Chief Executive Officer and Managing Director* | U. B. Pravin Rao<br>*Chief Operating Officer and Whole-time Director* |

Bengaluru
April 13, 2017

| | | |
|---|---|---|
| Roopa Kudva<br>*Director* | M. D. Ranganath<br>*Chief Financial Officer* | A.G.S Manikantha<br>*Company Secretary* |

**Infosys Limited and Subsidiaries**

**Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended March 31,**

*(Dollars in millions except equity share and per equity share data)*

| | 2017 | 2016 |
|---|---|---|
| **Revenues** | 2,569 | 2,446 |
| Cost of sales | 1,614 | 1,516 |
| **Gross profit** | **955** | **930** |
| **Operating expenses:** | | |
| Selling and marketing expenses | 133 | 134 |
| Administrative expenses | 188 | 171 |
| Total operating expenses | 321 | 305 |
| **Operating profit** | **634** | **625** |
| Other income, net | 112 | 114 |
| Share in associate's profit/ (loss) and others | (4) | - |
| **Profit before income taxes** | **742** | **739** |
| Income tax expense | 199 | 206 |
| **Net profit** | **543** | **533** |
| **Other comprehensive income** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| Re-measurements of the net defined benefit liability/asset | 3 | - |
| Equity instruments through other comprehensive income | (1) | - |
| | 2 | - |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| Fair valuation of investments | (2) | 3 |
| Fair value changes on derivatives designated as cash flow hedge, net | 2 | - |
| Foreign currency translation | 441 | 11 |
| | 441 | 14 |
| **Total other comprehensive income, net of tax** | **443** | **14** |
| **Total comprehensive income** | **986** | **547** |
| **Profit attributable to:** | | |
| Owners of the company | 543 | 533 |
| Non-controlling interests | - | - |
| | **543** | **533** |
| **Total comprehensive income attributable to:** | | |
| Owners of the company | 986 | 547 |
| Non-controlling interests | - | - |
| | **986** | **547** |
| **Earnings per equity share** | | |
| Basic ($) | 0.24 | 0.23 |
| Diluted ($) | 0.24 | 0.23 |
| **Weighted average equity shares used in computing earnings per equity share** | | |
| Basic | 2,285,654,881 | 2,285,620,957 |
| Diluted | 2,286,652,003 | 2,285,750,316 |

Infosys (NSE, BSE: INFY) Announces Results for the Quarter and Year ended March 31, 2017

Bangalore, India – April 13, 2017

## 1. Highlights

FY 17 revenues crossed $10 billion, at $10,208 million

FY 17 revenues grew 9.7% to ₹68,484 crore in INR terms; 8.3% in constant currency terms

FY 17 operating margin at 24.7% as compared to 25.0% in FY 16

FY 17 Basic EPS at ₹62.80, a growth of 6.4% YoY

Q4 revenues declined by 0.9% QoQ in INR terms; flat in constant currency terms

Q4 operating margin at 24.6% and Basic EPS at ₹15.77

Liquid assets including cash & cash equivalents and investments at ₹38,773 crore as on March 31, 2017

FY 18 revenue guidance at 6.5%-8.5% in constant currency. FY 18 operating margin guidance at 23%-25%

## 2. Dividend for Financial Year 2017

For Financial Year 2017, the Board announced a final dividend of ₹14.75 per share amounting to ₹4,078 crore. After including the interim dividend of ₹11 per share, the aggregate dividend for Financial Year 2017 amounts to ₹25.75 per share resulting in total payout of ₹7,119 crore. The total payout amounts to 49.6% of post-tax profits and 63.0% of free cash flow* for Financial Year 2017.

## 3. Capital Allocation Policy

The Board reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow* of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any.

2. In addition to the above, the Board has identified an amount of upto ₹13,000 crore ($2 billion)** to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

Further announcements in this regard will be made, as appropriate, in due course.

* Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS

**USD/INR exchange rate as on March 31, 2017

Dividend payout includes Dividend Distribution Tax

This announcement contains insider information

## 4. Board Changes

The Board, at its meeting held on 13th April, 2017 appointed Mr. Ravi Venkatesan, Independent Director as Co-Chairman of the Board. Ravi Venkatesan, who has been on the Board of Infosys since April, 2011 has made valuable contribution to the development of strategic direction of the Company during his tenure.

“Ravi will help me enhance the board engagement in supporting the Management in execution of company’s strategy”, said **R. Seshasayee, Chairman of the Board**. “This is an exciting time for the technology industry and I am delighted to have the opportunity to work more closely with Sesh and with Vishal and his leadership team in their transformational journey”, said **Ravi Venkatesan, Co-Chairman**.

## Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter and year ended March 31, 2017

Year ended March 31, 2017

- **Revenues were ₹68,484 crore for the year ended March 31, 2017; YoY growth of 9.7%**
- **Operating profit was ₹16,901 crore for the year ended March 31, 2017; YoY growth of 8.2%**
- **Net profit was ₹14,353 crore for the year ended March 31, 2017; YoY growth of 6.4%**

Quarter ended March 31, 2017

- **Revenues were ₹17,120 crore for the quarter ended March 31, 2017**
  **QoQ decline of 0.9%; YoY growth of 3.4%**
- **Operating profit was ₹4,212 crore for the quarter ended March 31, 2017**
  **QoQ decline of 2.8%; YoY decline of 0.2%**
- **Net profit was ₹3,603 crore for the quarter ended March 31, 2017**
  **QoQ decline of 2.8%; YoY growth of 0.2%**

## 5. Outlook

The Company’s outlook (consolidated) for the fiscal year ending March 31, 2018, under IFRS is as follows:

- Revenues are expected to grow 6.5%-8.5% in constant currency*;
- Revenues are expected to grow 2.5%-4.5% in INR terms based on the exchange rates as of March 31, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*
***Currency rates as of March 31, 2017 – 1 US$ = Rs. 64.85*

“Unanticipated execution challenges and distractions in a seasonally soft quarter affected our overall performance. At the same time, we continued to see many positive signs of our strategy execution; our software-led offerings continued to show strong momentum and client success, with continued adoption of Mana, our AI platform; Zero Distance marked its 2-year anniversary as a grassroots cultural movement for innovation with strong client resonance, and our employee engagement continued to drive down attrition, especially with top performers," **said Dr. Vishal Sikka, CEO.** "Looking ahead, it is imperative that we increase our resilience to the dynamics of our environment and we remain resolute in executing our strategy, our path to transform Infosys, and to drive long term value for all stakeholders."

"Attrition declined during the quarter reflecting our focus on better employee engagement. Utilization during Q4 reached 82% which is the highest in Q4 over the past several years", **said U. B. Pravin Rao, COO.**

"In FY 17, operating margins were steady as we continued our sharp focus on operational efficiencies. Cash provided by operating activities during the year was robust and exceeded $2 billion, a new high", **said M. D. Ranganath, CFO. "**Our capital allocation policy is aimed at balancing the strategic and operational needs of the company as well as enhancing shareholder returns".

## 6. BUSINESS HIGHLIGHTS

In Q4, and in FY17, we continued to help clients drive automation and innovation into the core of their businesses, through our renewed services, our new software and services, and our culture of learning and education.

### RENEW

In Q4, we worked closely with clients on their embrace of new digital and cloud technologies, new data and analytics capabilities and modernizing their mainframe landscapes. We also continued to drive grassroots innovation in every project through our Zero Distance (ZD) initiative, and in doing so, we continued to fuel the cultural transformation of Infosys. In March, we celebrated the two-year anniversary of ZD, and the implementation of 2,000 innovation ideas – among these innovation ideas were key engagements with Aon Affinity and Colony Brands.

"Infosys helped us focus on driving performance improvements to our annual processes for PLUS, one of Aon's key business units, and some of our monthly financial reconciliation processes. With **Zero Distance**, Infosys came up with an idea to help us significantly reduce the entire process cycle time for PLUS renewals by 80 percent, which was phenomenal. Additionally, Infosys developed some in-house tools to partially automate some of the major finance processes which earlier took an entire day to complete. These processes are now completed in 90 minutes, which has resulted in highly impactful productivity improvements for us and led to cost-saving due to effort-saving. We greatly appreciate the support provided by Infosys for streamlining these key processes at AON enabling us to complete the entire renewal processes well ahead of schedule." **– James Branan, IT PM Aon Affinity.**

**Colony Brands**, a billion-dollar catalog and multi-channel marketing powerhouse, has partnered with Infosys to migrate its mainframe applications to Amazon Web Services cloud. "To boost elasticity, better scale to meet peak seasonal demand, and drive down operational costs, we partnered with Infosys to define our **mainframe modernization** approach and migration strategy to AWS cloud. This strategy called for a combination of re-platforming and reengineering of core business processes such as customer management, manufacturing, warehouse management, mail-order processing and receivables. Now in the midst of executing this migration, we have every confidence in Infosys' expertise, capabilities, and performance, cementing a critical IT partnership for the long-term." - **Steve Cretney, VP/CIO, SC Data Center, Inc., an affiliate of Colony Brands**

### NEW

In new software and services, we continued to drive new value for clients, helping them to find new kinds of opportunities, leverage data in new ways, drive measurable improvements in operational efficiencies through automation and capture the insights and knowledge of complex systems. In addition, we continued to bring Design Thinking services to clients to help them find and solve their most important business challenges.

"Intelligent applications based on cognitive computing, artificial intelligence and deep learning are the next wave of technology transforming how consumers and enterprises work, learn and play. The release of Infosys Mana and its use by a wide-ranging variety of clients and customers is showing that the cognitive/AI industry is transforming from research only to commercialization and Infosys Mana is a commercially viable platform for cognitive/AI-enabled solutions within the marketplace. IDC recommends that organizations actively evaluate cognitive/AI software platforms like Infosys Mana for suitability and feasibility in areas such as process automation, digital transformation, automated customer service, IT automation, and automated advisory services." - **Dave Schubmehl, Research Director and Lead Analyst, IDC's Cognitive Systems and Content Analytics research, in the report** Infosys Mana: An Integrated AI Platform for the Enterprise

With a vision to improve the experience of a world in motion, **Adient** is the global leader in multi industrial seating, producing seats and components for 25,000,000 vehicles each year across all major automakers and vehicle classes. "We are creating a digital ecosystem to accelerate growth and deliver more value to our automotive customers. Infosys Mana, a knowledge-based Artificial Intelligence Platform, will help us with robotic process automation and cognitive automation. By identifying and capturing the know-how within our complex systems, Infosys Mana will help us further improve agility and boost innovation, efficiency, and excellence across our enterprise." **Randy Urban, Vice President, Digital Office, Adient**

**CSX,** a leading US transportation and logistics provider, is committed to being the safest and most progressive railroad in North America. As part of its business transformation strategy to create the CSX of Tomorrow, CSX has partnered with Infosys to implement innovative, leading-edge IT infrastructure solutions that drive the company's competitive advantage. "We have collaborated with our strategic partner, Infosys, to deliver infrastructure solutions that will modernize and optimize our IT operations. These solutions will enable us to transform our IT Infrastructure, delivering process simplification and efficiencies in our core IT operations, as Technology supports CSX in becoming a highly automated railroad and further improving its safety, resource efficiency and service." - **Caroline Crawford, Assistant Vice President and head of IT Infrastructure, CSX**.

"Globe is at the forefront of transforming the telecoms industry in the Philippines by being a Digital Service Provider, well-equipped to serve the needs of Filipinos in living out their digital lifestyle. Once again we are changing the game by adopting Artificial Intelligence concepts and technologies that would give more than 68 million customers of Globe improved service while being cost-efficient. When we decided to demonstrate the potential and applicability of Cognitive Digital Agent through TM Forum's Catalyst program, we partnered with Infosys because of its leadership position in Telco industry and the richness of Infosys' Artificial Intelligence and Machine Learning platform. I am happy to see that our partner ecosystem with Infosys, Amdocs and Huawei were able to demonstrate this potential value to our industry and what it can do for our customers which has been appreciated by TMF." - **Pebbles Sy-Manalang, Chief Information Officer, Globe Telecom.**

In **EdgeVerve**, we delivered strong performance with **30 wins** and **26 go-lives** from Finacle and Edge suite of solutions across various regions.

**The Housing Bank**, one of the most respected banks in the Middle East, selected the Finacle suite of solutions to power the bank's operations in Algeria. "As a private bank in the Algerian market, we are continuously looking to offer our customers with new products and services. We recognize today's challenges and competition. Our strategy is to benefit from information technology evolvement by empowering and complementing the bank's business, sales and marketing. We believe that these Finacle Solutions will support us in our mission and help us enhance our customer's banking experience, and above all inspire us to innovate." **- Houcine Hannachi, General Manager, Housing Bank Algeria**

Among other offerings, a South Asia-based farming and agriculture major chose the EdgeVerve Blockchain Framework to bring transparency into its supply chain processes. A leading global fashion brand chose TradeEdge to gain visibility into sales data across its channel partners in North America.

## INVESTMENTS & ECOSYSTEM

We continue to deepen our partnerships, invest in technology and expertise that complements our strategy, and participate with clients and partners in the technical communities that drive value for clients and create new opportunities for Infosys.

Together with Salesforce, Infosys recently announced plans to create a new practice focused on building and providing implementation services for Salesforce's Analytics Cloud applications. This implementation partnership will help business users access, explore and act on their organizational intelligence faster. Infosys will be among the first Analytics Cloud partners to bring both systems integrator leadership as well as a proven independent software vendor (ISV) capability. "Salesforce Analytics Cloud is seeing rapid global adoption, as companies everywhere look to transform the way they explore data, find answers and take action. Partners such as Infosys provide the best practices, industry experience and expertise that make it easier than ever for Salesforce customers to extend Analytics Cloud for every business need." **- Bob Stutz, CEO of Marketing Cloud and Chief Analytics Officer at Salesforce**.

Infosys achieved Cloud Elite status in the **Oracle PartnerNetwork** (OPN), to help Oracle customers achieve their cloud transformation roadmaps non-disruptively. "Infosys' achievement of the Oracle PartnerNetwork Cloud Elite designation is a demonstration of its commitment to delivering industry leading use case solutions that reduce our joint customers' implementation timelines in their journey to the cloud. Infosys' industry-led cloud offerings deliver pre-built integrations, enhanced customer experience, personalization and ROI-based outcomes that simplify these companies' cloud transformations." - **Camillo Speroni, Vice President, Worldwide Strategic Alliances, Oracle.**

## CULTURE

Education continues to be the foundation for driving Infosys' strategy of Automation and Innovation, while enabling its transformation as a company. Through this quarter, we have advanced our investments in our infrastructure for life-long learning among our employees. We continue to enhance our capabilities, beginning with the ongoing adoption of Design Thinking and the innovator's mindset, which has now covered 134,738 employees across the organization. Beyond this, we are bringing new, immersive, hands-on approaches to learning across our curricula, such as in the launch of a new class for Power Programmers on Scala/AKKA using the 'flight simulator' model. And we continue to expand our learning for the digital age through digital platforms: both the Digital Tutor social learning platform (which has now been made available on cloud and is accessible on mobile devices) and the Infosys Learning Platform have gained momentum with additional courses added on various topics across technologies and business effectiveness.

## AWARDS & RECOGNITION

- **Leader** In Gartner Magic Quadrant for SAP® Application Services, North America
- **Leader** In Gartner Magic Quadrant for SAP® Application Services, EMEA
- **Leader** In Gartner Magic Quadrant for Oracle Application Services, North America
- **Leader** In Gartner Magic Quadrant for Oracle Application Services, EMEA
- **Leader** in NelsonHall NEAT Big Data and Analytics
- **Winner's Circle** in the Horses for Sources Blueprint on Managed Security Service Providers
- **Leader** in IDC MarketScape: Worldwide Omni-Channel Engagement IT Implementation Services 2017 Vendor Assessment
- **Leader**, Infosys Finacle, in Digital Banking Solutions, rated by Ovum
- Finacle won the Best Core Banking Project – Africa with United Bank of Africa, and Best Core Banking Project - Middle East with Emirates Islamic Bank at the Asian Banker Technology Innovation Awards, 2017
- Infosys won the 2017 IBM Beacon Award, which recognizes partners delivering exceptional solutions to drive business value and transform the way clients and industries operate.
- In the recent report: The Forrester Wave(TM): Robotic Process Automation, Q1 2017, AssistEdge was ranked among the Strong Performers with competitive options. According to Forrester: 'EdgeVerve Systems brings a combined services and product approach. AssistEdge takes a broader services approach compared with the rest of the field.
- Infosys Mana is positioned as a **leading player** in the HfS Research Intelligent Automation Continuum. Source: Augmenting Automation Through AI (Webinar)March 2017

## BEYOND BUSINESS

In fiscal 2017, we have invested our resources and applied our expertise to bring about a meaningful difference to the communities around us.

In Q4, Infosys Foundation committed to the construction of sanitation facilities at Government schools and training centers in Tamil Nadu, Telangana and Karnataka. It also partnered with The Akshaya Patra Foundation to provide sanitation kits along with counselling to 20,000 school going girl children in Jaipur for a year. An endowment to Sri Ramakrishna Sevashrama during this quarter by the Foundation has provided drinking water and fodder to remote villages in and around Pavagada, Karnataka.

During the quarter, Infosys Science Foundation (ISF) honored six top researchers in science and humanities with the Infosys Prize 2016 at an awards ceremony in Bangalore and celebrated their inspiring journey and contributions to science and research.

Infosys Foundation USA announced new teacher training grants for Bootstrap, Exploring Computer Science, UTeach, Beauty and Joy of Computing, and Mobile CS Principles. This will enable 500 public school educators nationwide to attend free high quality computer science (CS) professional development in the US. Including earlier commitments to Code.org and DonorsChoose.org, the 1,000 educators supported in summer 2017 will double the number of teachers we helped in 2016 and bring Computer Science education to tens of thousands of new students. In addition, the Foundation will continue to support Hispanic Heritage Foundation (HHF) and its summer 2017 LOFT Coder Summit at Stanford University, enabling more Latinx students and young professionals to explore careers in computing.

**About Infosys Ltd.**

Infosys is a global leader in technology services and consulting. We enable clients in more than 50 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 200,000+ innovators, across the globe, is differentiated by the imagination, knowledge and experience, across industries and technologies that we bring to every project we undertake.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

*Safe Harbor*

Certain statements in this release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2016. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this press release is mentioned at the beginning of the release, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

*Contact*

| | | |
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*Infosys Limited and subsidiaries*

*Consolidated Balance Sheets as of*

*(In ₹ crore except share data)*

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | 22,625 | 32,697 |
| Current investments | 9,970 | 75 |
| Trade receivables | 12,322 | 11,330 |
| Unbilled revenue | 3,648 | 3,029 |
| Prepayments and other current assets | 4,856 | 4,448 |
| Derivative financial instruments | 284 | 116 |
| **Total current assets** | **53,705** | **51,695** |
| **Non-current assets** | | |
| Property, plant and equipment | 11,716 | 10,530 |
| Goodwill | 3,652 | 3,764 |
| Intangible assets | 776 | 985 |
| Investment in associate | 71 | 103 |
| Non-current investments | 6,382 | 1,811 |
| Deferred income tax assets | 540 | 536 |
| Income tax assets | 5,716 | 5,230 |
| Other non-current assets | 797 | 735 |
| **Total non-current assets** | **29,650** | **23,694** |
| **Total assets** | **83,355** | **75,389** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Trade payables | 367 | 386 |
| Derivative financial instruments | 2 | 5 |
| Current income tax liabilities | 3,885 | 3,410 |
| Client deposits | 32 | 28 |
| Unearned revenue | 1,777 | 1,332 |
| Employee benefit obligations | 1,359 | 1,341 |
| Provisions | 405 | 512 |
| Other current liabilities | 6,186 | 6,225 |
| **Total current liabilities** | **14,013** | **13,239** |
| **Non-current liabilities** | | |
| Deferred income tax liabilities | 207 | 256 |
| Other non-current liabilities | 153 | 115 |
| **Total liabilities** | **14,373** | **13,610** |
| **Equity** | | |
| Share capital- ₹5 par value 240,00,00,000 (240,00,00,000) equity shares authorized, issued and outstanding 228,56,55,150 (228,56,21,088), net of 1,12,89,514 (1,13,23,576) treasury shares, as of March 31, 2017 (March 31, 2016), respectively | 1,144 | 1,144 |
| Share premium | 2,356 | 2,241 |
| Retained earnings | 65,056 | 57,655 |
| Cash flow hedge reserves | 39 | - |
| Other components of equity | 387 | 739 |
| **Total equity attributable to equity holders of the company** | **68,982** | **61,779** |
| Non-controlling interests | - | - |
| **Total equity** | **68,982** | **61,779** |
| **Total liabilities and equity** | **83,355** | **75,389** |

*Infosys Limited and subsidiaries*
*Consolidated Interim Statements of Comprehensive Income*

*(In ₹ crore except share and per equity share data)*

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| **Revenues** | **17,120** | **16,550** | **68,484** | **62,441** |
| Cost of sales | 10,770 | 10,262 | 43,253 | 39,098 |
| **Gross profit** | **6,350** | **6,288** | **25,231** | **23,343** |
| **Operating expenses:** | | | | |
| Selling and marketing expenses | 889 | 909 | 3,591 | 3,431 |
| Administrative expenses | 1,249 | 1,159 | 4,739 | 4,292 |
| Total operating expenses | 2,138 | 2,068 | 8,330 | 7,723 |
| **Operating profit** | **4,212** | **4,220** | **16,901** | **15,620** |
| Other income, net | 746 | 772 | 3,080 | 3,125 |
| Share in associate's profit/(loss) and others | (25) | (1) | (30) | (3) |
| **Profit before income taxes** | **4,933** | **4,991** | **19,951** | **18,742** |
| Income tax expense | 1,330 | 1,394 | 5,598 | 5,251 |
| **Net profit** | **3,603** | **3,597** | **14,353** | **13,491** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | |
| Re-measurement of the net defined benefit liability/asset | 20 | (3) | (45) | (12) |
| Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 | - | - | (35) | - |
| Equity instruments through other comprehensive income, net | (5) | - | (5) | - |
| *Items that will be reclassified subsequently to profit or loss:* | | | | |
| Fair value changes on derivative designated as cash flow hedge, net | 11 | - | 39 | - |
| Exchange differences on translation of foreign operations | (197) | 96 | (257) | 303 |
| Fair value changes on investments, net | (10) | 19 | (10) | 41 |
| **Total other comprehensive income, net of tax** | **(181)** | **112** | **(313)** | **332** |
| **Total comprehensive income** | **3,422** | **3,709** | **14,040** | **13,823** |
| **Profit attributable to:** | | | | |
| Owners of the company | 3,603 | 3,597 | 14,353 | 13,491 |
| Non-controlling interests | - | - | - | - |
| | **3,603** | **3,597** | **14,353** | **13,491** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the company | 3,422 | 3,709 | 14,040 | 13,823 |
| Non-controlling interests | - | - | - | - |
| | **3,422** | **3,709** | **14,040** | **13,823** |
| **Earnings per equity share** | | | | |
| **Basic (₹)** | 15.77 | 15.74 | 62.80 | 59.03 |
| **Diluted (₹)** | 15.76 | 15.74 | 62.77 | 59.02 |
| **Weighted average equity shares used in computing earnings per equity share** | | | | |
| **Basic** | 2,285,654,881 | 2,285,620,957 | 2,285,639,447 | 2,285,616,160 |
| **Diluted** | 2,286,652,003 | 2,285,750,316 | 2,286,396,745 | 2,285,718,894 |

*NOTE:*

*1. The audited* ***Consolidated Balance sheets and Consolidated Interim Statements of Comprehensive Income*** *for the three months and year ended March 31, 2017 have been taken on record at the Board meeting held on April 13, 2017*
*2. A Fact Sheet providing the operating metrics of the company can be downloaded from* www.infosys.com

Infosys (NYSE: INFY) Announces Results for the Quarter and Year ended March 31, 2017

Bangalore, India – April 13, 2017

## 1. Highlights

FY 17 revenues crossed $10 billion, at $10,208 million

FY 17 revenues grew 7.4% in USD terms; 8.3% in constant currency terms

FY 17 operating margin at 24.7% as compared to 25.0% in FY 16

FY 17 Basic EPS at $0.94, a growth of 4.3% YoY

Q4 revenues grew 0.7% QoQ in USD terms; flat in constant currency terms

Q4 operating margin at 24.7% and Basic EPS at $0.24

Liquid assets including cash & cash equivalents and investments at $5,979 million as on March 31, 2017

FY 18 revenue guidance at 6.5%-8.5% in constant currency. FY 18 operating margin guidance at 23%-25%

## 2. Dividend for Financial Year 2017

For Financial Year 2017, the Board announced a final dividend of ₹14.75 per share ($0.23 per ADS*) amounting to ₹4,078 crore ($ 628 million). After including the interim dividend of ₹11 per share ($0.17 per ADS), the aggregate dividend for Financial Year 2017 amounts to ₹25.75 per share resulting in total payout of ₹7,119 crore ($1,085 million). The total payout amounts to 49.6% of post-tax profits and 63.0% of free cash flow** for Financial Year 2017.

## 3. Capital Allocation Policy

The Board reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term.

The key aspects of the Capital Allocation Policy are:

1. The Company’s current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow** of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any.

2. In addition to the above, the Board has identified an amount of upto ₹13,000 crore ($2 billion)* to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

Further announcements in this regard will be made, as appropriate, in due course.

*USD/INR exchange rate as on March 31, 2017

** Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS

Dividend payout includes Dividend Distribution Tax

This announcement contains insider information

## 4. Board Changes

The Board, at its meeting held on 13th April, 2017 appointed Mr. Ravi Venkatesan, Independent Director as Co-Chairman of the Board. Ravi Venkatesan, who has been on the Board of Infosys since April, 2011 has made valuable contribution to the development of strategic direction of the Company during his tenure.

"Ravi will help me enhance the board engagement in supporting the Management in execution of company's strategy", said **R. Seshasayee, Chairman of the Board**. "This is an exciting time for the technology industry and I am delighted to have the opportunity to work more closely with Sesh and with Vishal and his leadership team in their transformational journey", said **Ravi Venkatesan, Co-Chairman**.

## 5. Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter and year ended March 31, 2017.

Year ended March 31, 2017

- **Revenues were $10,208 million for the year ended March 31, 2017**
  **YoY growth of 7.4% in reported terms; 8.3% in constant currency terms**
- **Operating profit was $2,520 million for the year ended March 31, 2017; YoY growth of 6.1%**
- **Net profit was $2,140 million for the year ended March 31, 2017; YOY growth of 4.3%**

Quarter ended March 31, 2017

- **Revenues were $2,569 million for the quarter ended March 31, 2017**
  **QoQ growth of 0.7% in reported terms; flat in constant currency terms**
  **YoY growth of 5.0% in reported terms; 5.3% in constant currency terms**
- **Operating profit was $634 million for the quarter ended March 31, 2017**
  **QoQ decline of 0.9%;YoY growth of 1.5%**
- **Net profit was $543 million for the quarter ended March 31, 2017**
  **QoQ decline of 0.8%;YoY growth of 1.8%**

## 6. Outlook

The Company's outlook (consolidated) for the fiscal year ending March 31, 2018, under IFRS is as follows:

- Revenues are expected to grow 6.5%-8.5% in constant currency*;
- Revenues are expected to grow 6.1%-8.1% in USD terms based on the exchange rates as of March 31, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*
***Currency rates as of March 31, 2017 - AUD/USD – 0.76; Euro/USD – 1.07; GBP/USD – 1.25*

"Unanticipated execution challenges and distractions in a seasonally soft quarter affected our overall performance. At the same time, we continued to see many positive signs of our strategy execution; our software-led offerings continued to show strong momentum and client success, with continued adoption of Mana, our AI platform; Zero Distance marked its 2-year anniversary as a grassroots cultural movement for innovation with strong client resonance, and our employee engagement continued to drive down attrition, especially with top performers," **said Dr. Vishal Sikka, CEO.** "Looking ahead, it is imperative that we increase our resilience to the dynamics of our environment and we remain resolute in executing our strategy, our path to transform Infosys, and to drive long term value for all stakeholders."

"Attrition declined during the quarter reflecting our focus on better employee engagement. Utilization during Q4 reached 82% which is the highest in Q4 over the past several years", **said U. B. Pravin Rao, COO.**

"In FY 17, operating margins were steady as we continued our sharp focus on operational efficiencies. Cash provided by operating activities during the year was robust and exceeded $2 billion, a new high", **said M. D. Ranganath, CFO. "**Our capital allocation policy is aimed at balancing the strategic and operational needs of the company as well as enhancing shareholder returns".

## 7. BUSINESS HIGHLIGHTS

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### RENEW

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With a vision to improve the experience of a world in motion, **Adient** is the global leader in multi industrial seating, producing seats and components for 25,000,000 vehicles each year across all major automakers and vehicle classes. "We are creating a digital ecosystem to accelerate growth and deliver more value to our automotive customers. Infosys Mana, a knowledge-based Artificial Intelligence Platform, will help us with robotic process automation and cognitive automation. By identifying and capturing the know-how within our complex systems, Infosys Mana will help us further improve agility and boost innovation, efficiency, and excellence across our enterprise." **Randy Urban, Vice President, Digital Office, Adient**

**CSX,** a leading US transportation and logistics provider, is committed to being the safest and most progressive railroad in North America. As part of its business transformation strategy to create the CSX of Tomorrow, CSX has partnered with Infosys to implement innovative, leading-edge IT infrastructure solutions that drive the company's competitive advantage. "We have collaborated with our strategic partner, Infosys, to deliver infrastructure solutions that will modernize and optimize our IT operations. These solutions will enable us to transform our IT Infrastructure, delivering process simplification and efficiencies in our core IT operations, as Technology supports CSX in becoming a highly automated railroad and further improving its safety, resource efficiency and service." - **Caroline Crawford, Assistant Vice President and head of IT Infrastructure, CSX**.

"Globe is at the forefront of transforming the telecoms industry in the Philippines by being a Digital Service Provider, well-equipped to serve the needs of Filipinos in living out their digital lifestyle. Once again we are changing the game by adopting Artificial Intelligence concepts and technologies that would give more than 68 million customers of Globe improved service while being cost-efficient. When we decided to demonstrate the potential and applicability of Cognitive Digital Agent through TM Forum's Catalyst program, we partnered with Infosys because of its leadership position in Telco industry and the richness of Infosys' Artificial Intelligence and Machine Learning platform. I am happy to see that our partner ecosystem with Infosys, Amdocs and Huawei were able to demonstrate this potential value to our industry and what it can do for our customers which has been appreciated by TMF." - **Pebbles Sy-Manalang, Chief Information Officer, Globe Telecom.**

In **EdgeVerve**, we delivered strong performance with **30 wins** and **26 go-lives** from Finacle and Edge suite of solutions across various regions.

**The Housing Bank**, one of the most respected banks in the Middle East, selected the Finacle suite of solutions to power the bank's operations in Algeria. "As a private bank in the Algerian market, we are continuously looking to offer our customers with new products and services. We recognize today's challenges and competition. Our strategy is to benefit from information technology evolvement by empowering and complementing the bank's business, sales and marketing. We believe that these Finacle Solutions will support us in our mission and help us enhance our customer's banking experience, and above all inspire us to innovate." **- Houcine Hannachi, General Manager, Housing Bank Algeria**

Among other offerings, a South Asia-based farming and agriculture major chose the EdgeVerve Blockchain Framework to bring transparency into its supply chain processes. A leading global fashion brand chose TradeEdge to gain visibility into sales data across its channel partners in North America.

## INVESTMENTS & ECOSYSTEM

We continue to deepen our partnerships, invest in technology and expertise that complements our strategy, and participate with clients and partners in the technical communities that drive value for clients and create new opportunities for Infosys.

Together with Salesforce, Infosys recently announced plans to create a new practice focused on building and providing implementation services for Salesforce's Analytics Cloud applications. This implementation partnership will help business users access, explore and act on their organizational intelligence faster. Infosys will be among the first Analytics Cloud partners to bring both systems integrator leadership as well as a proven independent software vendor (ISV) capability. "Salesforce Analytics Cloud is seeing rapid global adoption, as companies everywhere look to transform the way they explore data, find answers and take action. Partners such as Infosys provide the best practices, industry experience and expertise that make it easier than ever for Salesforce customers to extend Analytics Cloud for every business need." **- Bob Stutz, CEO of Marketing Cloud and Chief Analytics Officer at Salesforce**.

Infosys achieved Cloud Elite status in the **Oracle PartnerNetwork** (OPN), to help Oracle customers achieve their cloud transformation roadmaps non-disruptively. "Infosys' achievement of the Oracle PartnerNetwork Cloud Elite designation is a demonstration of its commitment to delivering industry leading use case solutions that reduce our joint customers' implementation timelines in their journey to the cloud. Infosys' industry-led cloud offerings deliver pre-built integrations, enhanced customer experience, personalization and ROI-based outcomes that simplify these companies' cloud transformations." - **Camillo Speroni, Vice President, Worldwide Strategic Alliances, Oracle.**

## CULTURE

Education continues to be the foundation for driving Infosys' strategy of Automation and Innovation, while enabling its transformation as a company. Through this quarter, we have advanced our investments in our infrastructure for life-long learning among our employees. We continue to enhance our capabilities, beginning with the ongoing adoption of Design Thinking and the innovator's mindset, which has now covered 134,738 employees across the organization. Beyond this, we are bringing new, immersive, hands-on approaches to learning across our curricula, such as in the launch of a new class for Power Programmers on Scala/AKKA using the 'flight simulator' model. And we continue to expand our learning for the digital age through digital platforms: both the Digital Tutor social learning platform (which has now been made available on cloud and is accessible on mobile devices) and the Infosys Learning Platform have gained momentum with additional courses added on various topics across technologies and business effectiveness.

## AWARDS & RECOGNITION

- **Leader** In Gartner Magic Quadrant for SAP® Application Services, North America
- **Leader** In Gartner Magic Quadrant for SAP® Application Services, EMEA
- **Leader** In Gartner Magic Quadrant for Oracle Application Services, North America
- **Leader** In Gartner Magic Quadrant for Oracle Application Services, EMEA
- **Leader** in NelsonHall NEAT Big Data and Analytics
- **Winner's Circle** in the Horses for Sources Blueprint on Managed Security Service Providers
- **Leader** in IDC MarketScape: Worldwide Omni-Channel Engagement IT Implementation Services 2017 Vendor Assessment
- **Leader**, Infosys Finacle, in Digital Banking Solutions, rated by Ovum
- Finacle won the Best Core Banking Project – Africa with United Bank of Africa, and Best Core Banking Project - Middle East with Emirates Islamic Bank at the Asian Banker Technology Innovation Awards, 2017
- Infosys won the 2017 IBM Beacon Award, which recognizes partners delivering exceptional solutions to drive business value and transform the way clients and industries operate.
- In the recent report: The Forrester Wave(TM): Robotic Process Automation, Q1 2017, AssistEdge was ranked among the Strong Performers with competitive options. According to Forrester: 'EdgeVerve Systems brings a combined services and product approach. AssistEdge takes a broader services approach compared with the rest of the field.
- Infosys Mana is positioned as a **leading player** in the HfS Research Intelligent Automation Continuum. Source: Augmenting Automation Through AI (Webinar)March 2017

## BEYOND BUSINESS

In fiscal 2017, we have invested our resources and applied our expertise to bring about a meaningful difference to the communities around us.

In Q4, Infosys Foundation committed to the construction of sanitation facilities at Government schools and training centers in Tamil Nadu, Telangana and Karnataka. It also partnered with The Akshaya Patra Foundation to provide sanitation kits along with counselling to 20,000 school going girl children in Jaipur for a year. An endowment to Sri Ramakrishna Sevashrama during this quarter by the Foundation has provided drinking water and fodder to remote villages in and around Pavagada, Karnataka.

During the quarter, Infosys Science Foundation (ISF) honored six top researchers in science and humanities with the Infosys Prize 2016 at an awards ceremony in Bangalore and celebrated their inspiring journey and contributions to science and research.

Infosys Foundation USA announced new teacher training grants for Bootstrap, Exploring Computer Science, UTeach, Beauty and Joy of Computing, and Mobile CS Principles. This will enable 500 public school educators nationwide to attend free high quality computer science (CS) professional development in the US. Including earlier commitments to Code.org and DonorsChoose.org, the 1,000 educators supported in summer 2017 will double the number of teachers we helped in 2016 and bring Computer Science education to tens of thousands of new students. In addition, the Foundation will continue to support Hispanic Heritage Foundation (HHF) and its summer 2017 LOFT Coder Summit at Stanford University, enabling more Latinx students and young professionals to explore careers in computing.

**About Infosys Ltd.**

Infosys is a global leader in technology services and consulting. We enable clients in more than 50 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 200,000+ innovators, across the globe, is differentiated by the imagination, knowledge and experience, across industries and technologies that we bring to every project we undertake.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

*Safe Harbor*

Certain statements in this release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2016. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this press release is mentioned at the beginning of the release, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

*Contact*

| | | |
|---|---|---|
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***Infosys Limited and subsidiaries***

***Unaudited Condensed Consolidated Balance Sheets as of***

*(Dollars in millions except equity share data)*

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | 3,489 | 4,935 |
| Current investments | 1,538 | 11 |
| Trade receivables | 1,900 | 1,710 |
| Unbilled revenue | 562 | 457 |
| Prepayments and other current assets | 749 | 672 |
| Derivative financial instruments | 44 | 17 |
| **Total current assets** | **8,282** | **7,802** |
| **Non-current assets** | | |
| Property, plant and equipment | 1,807 | 1,589 |
| Goodwill | 563 | 568 |
| Intangible assets | 120 | 149 |
| Investment in Associate | 11 | 16 |
| Non-current investments | 984 | 273 |
| Deferred income tax assets | 83 | 81 |
| Income tax assets | 881 | 789 |
| Other non-current assets | 123 | 111 |
| **Total non-current assets** | **4,572** | **3,576** |
| **Total assets** | **12,854** | **11,378** |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities** | | |
| Trade payables | 57 | 58 |
| Derivative Financial Instruments | - | 1 |
| Current income tax liabilities | 599 | 515 |
| Client deposits | 5 | 4 |
| Unearned revenue | 274 | 201 |
| Employee benefit obligations | 209 | 202 |
| Provisions | 63 | 77 |
| Other current liabilities | 954 | 940 |
| **Total current liabilities** | **2,161** | **1,998** |
| **Non-current liabilities** | | |
| Deferred income tax liabilities | 32 | 39 |
| Other non-current liabilities | 24 | 17 |
| **Total liabilities** | **2,217** | **2,054** |
| **Equity** | | |
| Share capital- ₹5 ($0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,655,150 (2,285,621,088), net of 11,289,514 (11,323,576) treasury shares as of March 31, 2017 (March 31, 2016), respectively | 199 | 199 |
| Share premium | 587 | 570 |
| Retained earnings | 12,190 | 11,083 |
| Cash flow hedge reserve | 6 | - |
| Other reserves | - | - |
| Other components of equity | (2,345) | (2,528) |
| **Total equity attributable to equity holders of the company** | **10,637** | **9,324** |
| Non-controlling interests | - | - |
| **Total equity** | **10,637** | **9,324** |
| **Total liabilities and equity** | **12,854** | **11,378** |

*Infosys Limited and subsidiaries*

*Unaudited Condensed Consolidated Interim Statements of Comprehensive Income*

*(Dollars in millions except share and per equity share data)*

| | Three months ended March 31, 2017 | Three months ended March 31, 2016 | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|---|---|---|---|
| **Revenues** | **2,569** | **2,446** | **10,208** | **9,501** |
| Cost of sales | 1,614 | 1,516 | 6,446 | 5,950 |
| **Gross profit** | **955** | **930** | **3,762** | **3,551** |
| **Operating expenses:** | | | | |
| Selling and marketing expenses | 133 | 134 | 535 | 522 |
| Administrative expenses | 188 | 171 | 707 | 654 |
| Total operating expenses | 321 | 305 | 1,242 | 1,176 |
| **Operating profit** | **634** | **625** | **2,520** | **2,375** |
| Other income, net | 112 | 114 | 459 | 476 |
| Share in associate's profit / (loss) and others | (4) | - | (5) | - |
| **Profit before income taxes** | **742** | **739** | **2,974** | **2,851** |
| Income tax expense | 199 | 206 | 834 | 799 |
| **Net profit** | **543** | **533** | **2,140** | **2,052** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | | |
| Re-measurements of the net defined benefit liability/asset | 3 | - | (7) | (2) |
| Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 | - | - | (5) | - |
| Equity instruments through other comprehensive income | (1) | - | (1) | - |
| | | | | |
| *Items that will be reclassified subsequently to profit or loss:* | | | | |
| Fair valuation of investments | (2) | 3 | (2) | 6 |
| Fair value changes on derivatives designated as cash flow hedge, net | 2 | - | 6 | - |
| Foreign currency translation | 441 | 11 | 198 | (436) |
| **Total other comprehensive income, net of tax** | **443** | **14** | **189** | **(432)** |
| **Total comprehensive income** | **986** | **547** | **2,329** | **1,620** |
| | | | | |
| **Profit attributable to:** | | | | |
| Owners of the company | 543 | 533 | 2,140 | 2,052 |
| Non-controlling interests | - | - | - | - |
| | **543** | **533** | **2,140** | **2,052** |
| **Total comprehensive income attributable to:** | | | | |
| Owners of the company | 986 | 547 | 2,329 | 1,620 |
| Non-controlling interests | **-** | **-** | **-** | **-** |
| | **986** | **547** | **2,329** | **1,620** |
| **Earnings per equity share** | | | | |
| **Basic ($)** | 0.24 | 0.23 | 0.94 | 0.90 |
| **Diluted ($)** | 0.24 | 0.23 | 0.94 | 0.90 |
| **Weighted average equity shares used in computing earnings per equity share** | | | | |
| **Basic** | 2,285,654,881 | 2,285,620,957 | 2,285,639,447 | 2,285,616,160 |
| **Diluted** | 2,286,652,003 | 2,285,750,316 | 2,286,396,745 | 2,285,718,894 |

*NOTE:*

*1. The unaudited* ***Condensed Consolidated Balance sheets and Condensed Interim Consolidated Statements of Comprehensive Income*** *for the three months and year ended March 31, 2017 have been taken on record at the Board meeting held on April 13, 2017*
*2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com*

## Statement of Comprehensive Income for three months ended,

(As per IFRS) *In ₹ crore, except share data*

| Particulars | Mar 31, 2017 | Mar 31, 2016 | Growth % Q4 17 over Q4 16 | Dec 31, 2016 | Growth % Q4 17 over Q3 17 |
|---|---|---|---|---|---|
| **Revenues** | **17,120** | **16,550** | **3.4** | **17,273** | **(0.9)** |
| Cost of sales | 10,770 | 10,262 | 5.0 | 10,840 | (0.6) |
| **Gross Profit** | **6,350** | **6,288** | **1.0** | **6,433** | **(1.3)** |
| Operating Expenses: | | | | | |
| *Selling and marketing expenses* | 889 | 909 | (2.2) | 885 | 0.5 |
| *Administrative expenses* | 1,249 | 1,159 | 7.8 | 1,214 | 2.9 |
| **Total Operating Expenses** | **2,138** | **2,068** | **3.4** | **2,099** | **1.9** |
| **Operating Profit** | **4,212** | **4,220** | **(0.2)** | **4,334** | **(2.8)** |
| Other Income, net | 746 | 772 | (3.4) | 820 | (9.0) |
| Share in associate's profit/(loss) and Others | (25) | (1) | - | - | - |
| **Profit before income taxes** | **4,933** | **4,991** | **(1.2)** | **5,154** | **(4.3)** |
| Income tax expense | 1,330 | 1,394 | (4.6) | 1,446 | (8.0) |
| **Net Profit** | **3,603** | **3,597** | **0.2** | **3,708** | **(2.8)** |
| Earnings per equity share | | | | | |
| **Basic (₹)** | **15.77** | **15.74** | **0.2** | **16.22** | **(2.8)** |
| **Diluted (₹)** | **15.76** | **15.74** | **0.1** | **16.22** | **(2.8)** |

## Statement of Comprehensive Income for year ended,

(As per IFRS) *In ₹ crore, except share data*

| Particulars | Mar 31, 2017 | Mar 31, 2016 | Growth % |
|---|---|---|---|
| **Revenues** | **68,484** | **62,441** | **9.7** |
| Cost of sales | 43,253 | 39,098 | 10.6 |
| **Gross Profit** | **25,231** | **23,343** | **8.1** |
| Operating Expenses: | | | |
| *Selling and marketing expenses* | 3,591 | 3,431 | 4.7 |
| *Administrative expenses* | 4,739 | 4,292 | 10.4 |
| **Total Operating Expenses** | **8,330** | **7,723** | **7.9** |
| **Operating Profit** | **16,901** | **15,620** | **8.2** |
| Other Income, net | 3,080 | 3,125 | (1.4) |
| Share in associate's profit/(loss) and Others | (30) | (3) | - |
| **Profit before income taxes** | **19,951** | **18,742** | **6.5** |
| Income tax expense | 5,598 | 5,251 | 6.6 |
| **Net Profit** | **14,353** | **13,491** | **6.4** |
| Earnings per equity share | | | |
| **Basic (₹)** | **62.80** | **59.03** | **6.4** |
| **Diluted (₹)** | **62.77** | **59.02** | **6.4** |

## Statement of Comprehensive Income for three months ended,

**(As per IFRS)** *In US $ million, except share data*

| Particulars | Mar 31, 2017 | Mar 31, 2016 | Growth % Q4 17 over Q4 16 | Dec 31, 2016 | Growth % Q4 17 over Q3 17 |
|---|---|---|---|---|---|
| **Revenues** | **2,569** | **2,446** | **5.0** | **2,551** | **0.7** |
| Cost of sales | 1,614 | 1,516 | 6.5 | 1,601 | 0.8 |
| **Gross Profit** | **955** | **930** | **2.7** | **950** | **0.5** |
| Operating Expenses: | | | | | |
| *Selling and marketing expenses* | 133 | 134 | (0.7) | 131 | 1.5 |
| *Administrative expenses* | 188 | 171 | 9.9 | 179 | 5.0 |
| **Total Operating Expenses** | **321** | **305** | **5.2** | **310** | **3.5** |
| **Operating Profit** | **634** | **625** | **1.5** | **640** | **(0.9)** |
| Other Income, net | 112 | 114 | (1.8) | 121 | (7.4) |
| Share in associate's profit/(loss) and Others | (4) | - | - | - | - |
| **Profit before income taxes** | **742** | **739** | **0.4** | **761** | **(2.5)** |
| Income tax expense | 199 | 206 | (3.4) | 214 | (7.0) |
| **Net Profit** | **543** | **533** | **1.8** | **547** | **(0.8)** |
| Earnings per equity share | | | | | |
| **Basic ($)** | **0.24** | **0.23** | **1.8** | **0.24** | **(0.8)** |
| **Diluted ($)** | **0.24** | **0.23** | **1.8** | **0.24** | **(0.8)** |

## Statement of Comprehensive Income for year ended,

**(As per IFRS)** *In US $ million, except share data*

| Particulars | Mar 31, 2017 | Mar 31, 2016 | Growth % |
|---|---|---|---|
| **Revenues** | **10,208** | **9,501** | **7.4** |
| Cost of sales | 6,446 | 5,950 | 8.3 |
| **Gross Profit** | **3,762** | **3,551** | **5.9** |
| Operating Expenses: | | | |
| *Selling and marketing expenses* | 535 | 522 | 2.5 |
| *Administrative expenses* | 707 | 654 | 8.1 |
| **Total Operating Expenses** | **1,242** | **1,176** | **5.6** |
| **Operating Profit** | **2,520** | **2,375** | **6.1** |
| Other Income, net | 459 | 476 | (3.6) |
| Share in associate's profit/(loss) and Others | (5) | - | - |
| **Profit before income taxes** | **2,974** | **2,851** | **4.3** |
| Income tax expense | 834 | 799 | 4.4 |
| **Net Profit** | **2,140** | **2,052** | **4.3** |
| Earnings per equity share | | | |
| **Basic ($)** | **0.94** | **0.90** | **4.3** |
| **Diluted ($)** | **0.94** | **0.90** | **4.3** |

## Revenues by Client Geography

(In %)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| North America | 62.3 | 62.0 | 61.9 | 61.9 | 62.7 |
| Europe | 22.1 | 22.2 | 23.4 | 22.5 | 23.0 |
| India | 3.2 | 3.4 | 3.0 | 3.2 | 2.6 |
| Rest of the world | 12.4 | 12.4 | 11.7 | 12.4 | 11.7 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

## Revenues by Service Offering

(in %)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| **Business IT Services** | **61.9** | **62.0** | **61.6** | **62.3** | **61.8** |
| *Application Development* | 15.3 | 15.5 | 13.7 | 15.2 | 14.0 |
| *Application Maintenance* | 16.8 | 17.0 | 19.7 | 17.9 | 19.6 |
| *Infrastructure Management Services* | 8.5 | 8.6 | 8.0 | 8.4 | 8.1 |
| *Testing Services* | 9.0 | 9.1 | 9.0 | 9.1 | 9.0 |
| *Product Engineering Services* | 4.0 | 3.9 | 3.4 | 3.8 | 3.4 |
| *Business Process Management* | 5.1 | 4.9 | 5.0 | 5.0 | 4.9 |
| *Others* | 3.2 | 3.0 | 2.8 | 2.9 | 2.8 |
| **Consulting, Package Implementation & Others** | **32.6** | **32.4** | **33.2** | **32.3** | **33.2** |
| **Products, Platforms and Others** | **5.5** | **5.6** | **5.2** | **5.4** | **5.0** |
| *Products* | 3.1 | 3.2 | 3.2 | 3.1 | 3.1 |
| *Platforms* | 1.9 | 1.9 | 1.6 | 1.9 | 1.5 |
| *Others* | 0.5 | 0.5 | 0.4 | 0.4 | 0.4 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

## Revenues by Project Type *

(in %)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Fixed Price | 49.4 | 49.5 | 45.1 | 48.0 | 44.0 |
| Time & Materials | 50.6 | 50.5 | 54.9 | 52.0 | 56.0 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

* *Excluding products*

## Revenues by Client Industry

(in %)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| **Banking & Financial Services, Insurance** | **33.5** | **33.3** | **32.8** | **33.2** | **33.0** |
| *Banking & financial services* | 27.4 | 27.2 | 27.4 | 27.3 | 27.3 |
| *Insurance* | 6.1 | 6.1 | 5.4 | 5.9 | 5.7 |
| **Manufacturing & Hi-Tech** | **22.4** | **22.5** | **22.7** | **22.6** | **23.3** |
| **Retail & Life Sciences** | **22.7** | **23.5** | **24.5** | **23.4** | **24.4** |
| *Retail & CPG* | 14.1 | 14.6 | 15.0 | 14.7 | 14.9 |
| *Transport & Logistics* | 2.0 | 2.0 | 1.8 | 2.0 | 1.8 |
| *Life Sciences* | 4.6 | 4.6 | 5.7 | 4.6 | 5.8 |
| *Healthcare* | 2.0 | 2.3 | 2.0 | 2.1 | 1.9 |
| **Energy, Utilities, Communications & Services** | **21.4** | **20.7** | **20.0** | **20.8** | **19.3** |
| *Energy & Utilities* | 5.0 | 5.0 | 5.2 | 4.9 | 4.8 |
| *Telecom* | 9.9 | 9.1 | 8.6 | 9.4 | 8.2 |
| *Others* | 6.5 | 6.6 | 6.2 | 6.5 | 6.3 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

## Client Data

| | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Number of Clients | | | | | |
| Active | 1,162 | 1,152 | 1,092 | 1,162 | 1,092 |
| Added during the period (gross) | 71 | 77 | 89 | 321 | 325 |
| Number of million dollar clients* | | | | | |
| 1 Million dollar + | 598 | 591 | 558 | 598 | 558 |
| 5 Million dollar + | 282 | 275 | 268 | 282 | 268 |
| 10 Million dollar + | 189 | 195 | 177 | 189 | 177 |
| 25 Million dollar + | 91 | 90 | 88 | 91 | 88 |
| 50 Million dollar + | 56 | 54 | 52 | 56 | 52 |
| 75 Million dollar + | 31 | 32 | 31 | 31 | 31 |
| 100 Million dollar + | 19 | 18 | 14 | 19 | 14 |
| 200 Million dollar + | 6 | 6 | 6 | 6 | 6 |
| 300 Million dollar + | 1 | 1 | 1 | 1 | 1 |
| Client contribution to revenues | | | | | |
| Top client | 3.3% | 3.1% | 3.6% | 3.4% | 3.6% |
| Top 5 clients | 12.2% | 12.3% | 13.7% | 12.6% | 13.8% |
| Top 10 clients | 20.2% | 20.1% | 21.8% | 21.0% | 22.5% |
| Repeat business | 96.2% | 96.7% | 95.8% | 97.3% | 97.1% |
| Days Sales Outstanding | 68 | 69 | 66 | 68 | 66 |

**LTM (Last twelve months) Revenues*

## Effort and Utilization - Consolidated IT Services

(in %)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| **Effort** | | | | | |
| Onsite | 30.0 | 29.8 | 29.6 | 29.8 | 29.4 |
| Offshore | 70.0 | 70.2 | 70.4 | 70.2 | 70.6 |
| **Revenues** | | | | | |
| Onsite | 56.7 | 56.5 | 56.5 | 56.8 | 56.3 |
| Offshore | 43.3 | 43.5 | 43.5 | 43.2 | 43.7 |
| **Utilization** | | | | | |
| Including trainees | 78.2 | 77.8 | 74.7 | 77.6 | 75.0 |
| Excluding trainees | 82.0 | 81.9 | 80.1 | 81.7 | 80.6 |

## Person Months Data - Consolidated IT Services

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Billed – Onsite | 110,574 | 108,562 | 101,419 | 431,824 | 386,235 |
| – Offshore | 258,408 | 256,197 | 241,040 | 1,015,978 | 927,788 |
| **TOTAL** | **368,982** | **364,759** | **342,459** | **1,447,802** | **1,314,023** |
| Non Billable | 80,799 | 80,813 | 84,915 | 323,638 | 317,121 |
| Trainee | 22,044 | 22,976 | 31,329 | 95,310 | 121,200 |
| Sales & Support | 27,737 | 28,530 | 27,765 | 114,707 | 105,432 |
| **TOTAL** | **499,562** | **497,078** | **486,468** | **1,981,457** | **1,857,776** |

## Effort and Revenues - Consolidated IT Services

| | Quarter ended | | | | | | Year Ended | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Mar 31, 2017 | Sequential growth % | Dec 31, 2016 | Sequential growth % | Mar 31, 2016 | Sequential growth % | Mar 31, 2017 | Year on Year growth % | Mar 31, 2016 | Year on Year growth % |
| **Effort - (Person months)** | | | | | | | | | | |
| Onsite | 110,574 | 1.9 | 108,562 | 0.6 | 101,419 | 2.7 | 431,824 | **11.8** | 386,235 | 16.8 |
| Offshore | 258,408 | 0.9 | 256,197 | 0.1 | 241,040 | 2.3 | 1,015,978 | **9.5** | 927,788 | 13.6 |
| **Total** | **368,982** | **1.2** | **364,759** | **0.2** | **342,459** | **2.4** | **1,447,802** | **10.2** | **1,314,023** | **14.5** |
| | | | | | | | | | | |
| **Revenues – ($ million)** | | | | | | | | | | |
| Onsite | 1,316.48 | 1.3 | 1,299.39 | (2.9) | 1,248.52 | 1.3 | 5,237.78 | **8.2** | 4,842.62 | 12.1 |
| Offshore | 1,004.79 | 0.4 | 1,000.69 | (0.7) | 960.24 | 1.3 | 3,981.98 | **6.0** | 3,756.23 | 5.4 |
| **Total** | **2,321.27** | **0.9** | **2,300.08** | **(2.0)** | **2,208.76** | **1.3** | **9,219.76** | **7.2** | **8,598.85** | **9.1** |

## Revenue per Employee

(In US $ K)

| | Quarter ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Revenue per Employee - Consolidated | 51.4 | 51.2 | 50.7 | 51.4 | 50.7 |

## Employee Metrics

(Nos.)

| | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Total employees | 2,00,364 | 1,99,763 | 1,94,044 | 2,00,364 | 1,94,044 |
| S/W professionals | 1,88,665 | 1,87,919 | 1,82,329 | 1,88,665 | 1,82,329 |
| *Billable* | 1,78,474 | 1,78,548 | 171,109 | 1,78,474 | 1,71,109 |
| *Banking product group* | 4,753 | 4,941 | 5,122 | 4,753 | 5,122 |
| *Trainees* | 5,438 | 4,430 | 6,098 | 5,438 | 6,098 |
| Sales & Support | 11,699 | 11,844 | 11,715 | 11,699 | 11,715 |
| Gross addition | 9,130 | 9,120 | 9,034 | 44,235 | 52,545 |
| *Of which lateral addition* | 3,967 | 4,000 | 5,266 | 18,979 | 24,719 |
| Attrition | 8,529 | 9,186 | 8,373 | 37,915 | 34,688 |
| Net addition | 601 | (66) | 661 | 6,320 | 17,857 |
| Attrition % (Annualized Standalone) | 13.5% | 14.9% | 12.6% | 15.0% | 13.6% |
| Attrition % (Annualized Consolidated) | 17.1% | 18.4% | 17.3% | 19.2% | 18.7% |

## Infrastructure (as on Mar 31, 2017)

| | Completed | | Work in progress | | Land acquired during the Quarter (acres) |
|---|---|---|---|---|---|
| | Built-up area (Sq. Ft.) | No. of seats | Built-up area (Sq. Ft.) | No. of seats | |
| Bengaluru | 5,679,021 | 39,668 | 2,350,820 | 11,666 | - |
| Pune | 7,338,366 | 42,391 | 360,000 | - | - |
| Chennai | 4,335,292 | 26,007 | - | - | - |
| Hyderabad | 5,082,180 | 26,141 | 1,378,956 | 11,120 | - |
| Bhubaneshwar | 1,266,732 | 6,252 | 752,788 | 2,152 | - |
| Mangaluru | 1,945,636 | 6,891 | 604,064 | 4,800 | - |
| Mysuru (including ILI)* | 11,585,593 | 15,751 | 815,424 | 6,035 | - |
| Chandigarh | 1,306,483 | 7,665 | - | - | - |
| Trivandrum | 1,989,655 | 7,068 | 750,000 | 6,995 | - |
| Delhi/ NCR | 151,104 | 1,330 | 200,861 | 839 | 1.6 |
| Jaipur | 778,245 | 6,994 | - | - | - |
| Nagpur | 26,900 | 202 | 385,000 | 3,000 | - |
| Indore | 19,430 | 186 | 350,000 | 3,000 | - |
| Mohali | 19,430 | 186 | - | - | - |
| Huballi | 73,356 | 161 | 321,496 | 3,000 | - |
| Global centers | 2,930,819 | 24,785 | 9,731 | - | - |
| **Total** | **44,528,242** | **211,678** | **8,279,140** | **52,607** | **1.6** |

**Infosys Leadership Institute*

## Rupee Dollar Rate ( ₹ )

| | Quarter ended | | | Year ended | |
|---|---|---|---|---|---|
| | Mar 31, 2017 | Dec 31, 2016 | Mar 31, 2016 | Mar 31, 2017 | Mar 31, 2016 |
| Period closing rate | 64.85 | 67.93 | 66.26 | 64.85 | 66.26 |
| Period average rate | 66.73 | 67.70 | 67.72 | 67.11 | 65.69 |

## Constant Currency Reporting

| Reported revenues | Q4 17 | Q3 17 | Q2 17 | Q1 17 | Q4 16 |
|---|---|---|---|---|---|
| Revenues ($ mn) | 2,569 | 2,551 | 2,587 | 2,501 | 2,446 |
| Sequential growth (%) | 0.7 | (1.4) | 3.5 | 2.2 | 1.6 |
| YoY growth (%) | 5.0 | 6.0 | 8.2 | 10.9 | 13.3 |

| Constant currency – Q o Q | Q4 17 | Q3 17 | Q2 17 | Q1 17 | Q4 16 |
|---|---|---|---|---|---|
| Revenues ($ mn) | 2,552 | 2,579 | 2,599 | 2,489 | 2,452 |
| Sequential growth (%) | 0.0 | (0.3) | 3.9 | 1.7 | 1.9 |

| Constant currency – Y o Y | Q4 17 | Q3 17 | Q2 17 | Q1 17 | Q4 16 |
|---|---|---|---|---|---|
| Revenues ($ mn) | 2,576 | 2,582 | 2,605 | 2,529 | 2,484 |
| YoY growth (%) | 5.3 | 7.3 | 8.9 | 12.1 | 15.0 |

## Notes:

Basis of computation

1. Foreign exchange rates are as per FEDAI.
2. Average rates for major global currencies:

| Average rate of USD | FY 17 | Q4 17 | Q3 17 | Q2 17 | Q1 17 | FY 16 |
|---|---|---|---|---|---|---|
| AUD | 0.75 | 0.76 | 0.74 | 0.76 | 0.74 | 0.73 |
| EURO | 1.09 | 1.07 | 1.07 | 1.12 | 1.12 | 1.10 |
| GBP | 1.30 | 1.25 | 1.23 | 1.31 | 1.43 | 1.51 |

3. Proportion of revenues from major global currencies:

| Revenue by currency (%) | FY 17 | Q4 17 | Q3 17 | Q2 17 | Q1 17 | FY 16 |
|---|---|---|---|---|---|---|
| AUD | 7.3 | 7.3 | 7.1 | 7.5 | 7.3 | 6.9 |
| EURO | 9.6 | 9.5 | 10.0 | 9.6 | 9.4 | 9.3 |
| GBP | 5.8 | 5.3 | 5.1 | 6.0 | 6.6 | 6.6 |

## Q4 2017

### *Geographical segment – growth*

North America grew by 1.3% sequentially; and by 1.2% in constant currency

Europe was flat sequentially; and declined by 1.6% in constant currency

India declined by 5.4% sequentially; and 6.9% in constant currency

Rest of the world grew by 0.8% sequentially; and declined by 1.3% in constant currency

### *Industry segment – growth*

FSI grew by 1.3% sequentially; and 0.5% in constant currency

MFG & Hi-Tech grew by 0.4% sequentially; and was flat in constant currency

RCL declined by 2.7% sequentially; and 3.1% in constant currency

ECS grew by 3.9% sequentially; and 2.8% in constant currency

# B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
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Bangalore 560 071 India

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999


**Auditor's Report on Quarterly and Year to Date Standalone Financial Results of Infosys Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To
The Board of Directors of Infosys Limited

We have audited the quarterly standalone financial results of Infosys Limited ('the Company') for the quarter ended 31 March 2017 and the year to date standalone financial results for the period from 1 April 2016 to 31 March 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

These standalone quarterly as well as year to date financial results have been prepared on the basis of the standalone Ind AS interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such standalone Ind AS interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date standalone financial results:

(i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and

(ii) give a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter ended 31 March 2017 as well as the year to date results for the period from 1 April 2016 to 31 March 2017.

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

**Supreet Sachdev**
*Partner*
Membership number: 205385

Bengaluru
13 April 2017

# B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999


**Auditor's Report on Quarterly and Year to Date Consolidated Financial Results of Infosys Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To

The Board of Directors of Infosys Limited

We have audited the quarterly consolidated financial results of Infosys Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') for the quarter ended 31 March 2017 and the year to date consolidated financial results for the period from 1 April 2016 to 31 March 2017, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

These consolidated quarterly as well as year to date financial results have been prepared from the consolidated Ind AS interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated Ind AS interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date consolidated financial results:

(i) include the quarterly and year to date financial results of the following entities:

(a) Infosys Limited;
(b) Infosys BPO Limited;
(c) Infosys (Czech Republic) Limited s.r.o.;
(d) Infosys Technologia Do Brasil LTDA.;
(e) Infosys Technologies (Australia) Pty Limited;
(f) Infosys Technologies (China) Co. Limited;
(g) Infosys McCamish Systems, LLC.;
(h) Infosys Public Services, Inc.;
(i) Infosys Technologies S. de R.L.de C.V.;
(j) Infosys Technologies (Sweden) AB;
(k) Infosys Poland Sp z.o.o.;
(l) Infosys Technologies (Shanghai) Company Limited;


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

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

(m) Infosys Americas Inc.;
(n) Portland Group Pty Ltd.;
(o) EdgeVerve Systems Limited;
(p) Infosys Consulting Holding AG;
(q) Lodestone Management Consultants Inc.;
(r) Infosys Management Consulting Pty Limited;
(s) Infosys Consulting AG;
(t) Lodestone Augmentis AG;
(u) Lodestone GmbH;
(v) Infosys Consulting (Belgium) NV;
(w) Infosys Consulting GmbH;
(x) Infy Consulting Company Ltd.;
(y) Infy Consulting B.V.;
(z) Infosys Consulting Ltda.;
(aa) Infosys Consulting Sp. z.o.o.;
(ab) Lodestone Management Consultants Portugal, Unipessoal, Lda.;
(ac) S.C. Infosys Consulting S.R.L.;
(ad) Infosys Consulting Pte Ltd.;
(ae) Infosys Consulting SAS;
(af) Infosys Consulting s.r.o.;
(ag) Lodestone Management Consultants Co., Ltd.;
(ah) Lodestone Management Consultants GmbH;
(ai) Infosys Consulting S. R. L.;
(aj) Infosys BPO, S de R.L. de C.V.;
(ak) Infosys Limited Employees' Welfare Trust;
(al) Infosys Science Foundation;
(am) Panaya Inc.;
(an) Panaya Ltd.;
(ao) Panaya GmbH;
(ap) Panaya Pty Ltd.
(aq) Panaya Japan Co. Ltd.;
(ar) Infosys Nova Holdings LLC.;
(as) DWA Nova LLC.;
(at) Kallidus Inc.;
(au) Skava Systems Private Limited;
(av) Noah Consulting LLC;
(aw) Noah Information Management Consulting, Inc.;
(ax) Infosys Canada Public Services Ltd.;
(ay) Infosys Employee Benefits Trust; and
(az) Infosys BPO Americas LLC.

(ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and

(iii) give a true and fair view of the consolidated financial performance including other comprehensive income and other financial information for the quarter ended 31 March 2017 as well as the year to date results for the period from 1 April 2016 to 31 March 2017.

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

**Supreet Sachdev**
*Partner*
Membership number: 205385

Bengaluru
13 April 2017

Infosys®
POWERED BY INTELLECT
DRIVEN BY VALUES

**TO ALL STOCK EXCHANGES**

**BSE LIMITED**
**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

April 13, 2017

Dear Sirs/Madam,

**Sub**: Declaration pursuant to Regulation 33(3)(d) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016.

**DECLARATION**

I, M.D. Ranganath, Chief Financial Officer of Infosys Limited (CIN: L85110KA1981PLC013115) having its Registered Office at Electronics City, Hosur Road, Bangalore 560 100, India, hereby declare that, the Statutory Auditors of the Company, B S R & Co. LLP (FRN: 101248W/W100022) have issued an Audit Report with unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the quarter and year ended on 31 March, 2017.

This Declaration is given in compliance to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements} Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, vide notification No. SEBI/LAD-NRO/GN/201 6-17/001 dated May 25, 2016 and Circular no. CIR/CFD/CMD/56/2016 dated May 27, 2016.

Kindly take this declaration on your records.

Yours Sincerely,

For **Infosys Limited**

M.D. [signature]

**M.D. Ranganath**
*Chief Financial Officer*


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