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

January 12, 2018

Dear Sir, Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated December 13, 2017, regarding the captioned subject. The Board, at their meeting held on January 11-12, 2018 transacted the following items of business:

Financial Results

1. Took on record the audited consolidated financial results of the Company and its subsidiaries as per Indian Accounting Standards (IndAS) for the quarter and nine months ended December 31, 2017;

2. Took on record the audited standalone financial results of the Company as per IndAS for the quarter and nine months ended December 31, 2017 and;

3. Took on record the audited consolidated condensed financial statements of the Company and its subsidiaries as per IFRS in INR for the quarter and nine months ended December 31, 2017.

Management changes

Rajesh K. Murthy, President, has resigned from the Company for personal reasons. His resignation will be effective January 31, 2018.

Other matters

4. Revised and adopted the Code of Conduct and Ethics.

5. Approved the dissolution of the Committee of Directors. The Committee of Directors was formed to support and advise the management in executing the Company's strategy. With the appointment of Salil. S Parekh as the CEO and Managing Director of the Company the Committee of Directors stands dissolved with effect from January 12, 2018.

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We are enclosing herewith the financial results, revised Code of Conduct and Ethics and press release 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 consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	17,794	17,567	17,273	52,439	51,364	68,484
Other income, net (Refer note b)	962	883	820	2,659	2,333	3,080
Total Income	18,756	18,450	18,093	55,098	53,697	71,564
Expenses						
Employee benefit expenses	9,869	9,604	9,420	28,839	28,349	37,659
Cost of technical sub-contractors	1,041	1,089	975	3,191	2,833	3,833
Travel expenses	496	480	502	1,503	1,762	2,235
Cost of software packages and others	472	492	461	1,404	1,119	1,597
Communication expenses	120	131	145	376	400	549
Consultancy and professional charges	238	269	165	753	505	763
Depreciation and amortisation expenses	498	456	433	1,404	1,257	1,703
Other expenses	741	800	838	2,293	2,450	3,244
Total expenses	13,475	13,321	12,939	39,763	38,675	51,583
Profit before non-controlling interest / share in net profit / (loss) of associate	5,281	5,129	5,154	15,335	15,022	19,981
Share in net profit/(loss) of associate	-	-	-	-	(5)	(12)
Write-down of investment in associate (Refer Note c)	-	-	-	(71)	-	(18)
Profit before tax	5,281	5,129	5,154	15,264	15,017	19,951
Tax expense:(Refer Note a)						
Current tax	144	1,471	1,468	3,115	4,404	5,653
Deferred tax	8	(68)	(22)	(190)	(136)	(55)
Profit for the period (Refer Note a)	5,129	3,726	3,708	12,339	10,749	14,353
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability/asset	18	6	(8)	21	(65)	(45)
Equity instruments through other comprehensive income, net	(2)	-	-	(2)	-	(5)
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	5	20	26	(41)	28	39
Exchange differences on translation of foreign operations	(86)	100	(47)	121	(60)	(257)
Fair value changes on investments, net	(25)	12	-	14	-	(10)
Total other comprehensive income/(loss), net of tax	(90)	138	(29)	113	(97)	(278)
Total comprehensive income for the period	5,039	3,864	3,679	12,452	10,652	14,075
Paid up share capital (par value ₹5/- each, fully paid)	1,088	1,144	1,144	1,088	1,144	1,144
Other equity	67,838	67,838	60,600	67,838	60,600	67,838
Earnings per equity share (par value ₹5/- each)(Refer note d)						
Basic (₹)(Refer note a)	22.55	16.30	16.22	54.06	47.03	62.80
Diluted (₹)	22.53	16.29	16.22	54.02	47.02	62.77

Note

a) During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of $225 million (₹1,432 crore) which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by ₹6.29 ($0.10) for quarter ended December 31, 2017 and ₹5.81 ($0.09) for nine months ended December 31, 2017. Further, in line with the APA, the Company expects to payout approximately US$ 233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

b) Other income includes ₹200 crore and ₹262 crore towards interest on income tax refund for the quarter and nine months ended December 31, 2017 and ₹62 crore for the quarter ended September 30, 2017

c) During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to ₹71 crore. The write-down in the carrying value of investment in associate DWA Nova LLC during the quarter and year ended March 31, 2017 was ₹18 crore.

d) EPS is not annualized for the quarter and nine months ended December 31, 2017, quarter ended September 30, 2017 and quarter and nine months ended December 31, 2016.

Notes:

1. The audited interim consolidated financial statements for the quarter and nine months ended December 31, 2017 have been taken on record by the Board of Directors at its meeting held on January 12, 2018. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim consolidated financial statements. The interim 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. Board and Management changes

a) Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on December 2, 2017 appointed Salil S. Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018 for a period of 5 years, subject to the approval of shareholders and other regulatory requirements. The Board re-designated U. B. Pravin Rao as the Chief Operating Officer and Whole Time Director with effect from January 2, 2018 upon stepping down as the interim Chief Executive Officer and Managing Director in accordance with the terms of his appointment. Further, U. B. Pravin Rao shall hold the office of Whole Time Director up to August 17, 2022.
The postal ballot notice dated January 3, 2018 seeking the approval of shareholders including the terms of appointment of the above changes is available on the Company's website at the following link- https://www.infosys.com/investors/Documents/postal-ballot-jan2018.pdf

b) Rajesh K. Murthy, President, has resigned from the company for personal reasons. His last date with Infosys will be January 31, 2018. The Board places on record its deep appreciation for his commitment to Infosys over the last 26 years and wishes him the very best for his future endeavors.

3. Buyback of equity shares of the Company

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The Company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

4. Update on Noah Consulting LLC

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the Company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

5. Information on dividends for the quarter and nine months ended December 31, 2017

The Board declared an interim dividend of ₹13/- (par value of ₹ 5/- each) per equity share on October 24, 2017 and the same was paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

(in ₹)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Dividend per share (par value ₹5/- each)						
Interim dividend	-	13.00	-	13.00	11.00	11.00
Final dividend	-	-	-	-	-	14.75

6. Audited financial results of Infosys Limited (Standalone Information)

(in ₹ crore)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenue from operations	15,631	15,356	14,949	45,957	44,369	59,289
Profit before tax	5,922	4,880	4,883	15,519	14,155	18,938
Profit for the period	6,004	3,579	3,599	12,998	10,255	13,818

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 interim condensed financial statements as stated.

7. Segment reporting (Consolidated - Audited)

(in ₹ crore)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenue by business segment						
Financial Services (FS)	4,643	4,718	4,663	13,955	13,900	18,555
Manufacturing (MFG)	1,955	1,916	1,893	5,734	5,589	7,507
Energy & utilities, Communication and Services (ECS)	4,241	4,122	3,885	12,320	11,468	15,430
Retail, Consumer packaged goods and Logistics (RCL)	2,837	2,742	2,821	8,274	8,515	11,225
Life Sciences, Healthcare and Insurance (HILIFE)	2,375	2,301	2,196	6,846	6,289	8,437
Hi-Tech	1,256	1,254	1,250	3,745	3,911	5,122
All other segments	487	514	565	1,565	1,692	2,208
Total	**17,794**	**17,567**	**17,273**	**52,439**	**51,364**	**68,484**
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	**17,794**	**17,567**	**17,273**	**52,439**	**51,364**	**68,484**
Segment profit before tax, depreciation and non-controlling interests:						
Financial Services (FS)	1,254	1,337	1,320	3,886	3,881	5,209
Manufacturing (MFG)	498	452	455	1,375	1,376	1,848
Energy & utilities, Communication and Services (ECS)	1,145	1,113	1,123	3,331	3,311	4,431
Retail, Consumer packaged goods and Logistics (RCL)	834	798	837	2,407	2,466	3,249
Life Sciences, Healthcare and Insurance (HILIFE)	689	609	632	1,896	1,712	2,308
Hi-Tech	304	314	324	892	986	1,277
All other segments	94	80	78	297	221	292
Total	**4,818**	**4,703**	**4,769**	**14,084**	**13,953**	**18,614**
Less: Other unallocable expenditure	499	457	435	1,408	1,264	1,713
Add: Unallocable other income	962	883	820	2,659	2,333	3,080
Add: Share in net profit/(loss) of associate	-	-	-	-	(5)	(12)
Less: Write-down of investment in associate	-	-	-	71	-	18
Profit before tax and non-controlling interests	**5,281**	**5,129**	**5,154**	**15,264**	**15,017**	**19,951**

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

Salil Parekh
Chief Executive Officer and Managing Director

Bengaluru, India
January 12, 2018

The Board has also taken on record the unaudited condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 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 December 31, 2017**	**Quarter ended September 30, 2017**	**Quarter ended December 31, 2016**	**Nine months ended December 31, 2017**	**Nine months ended December 31, 2016**	**Year ended March 31, 2017**
Revenues	2,755	2,728	2,551	8,134	7,639	10,208
Cost of sales	1,773	1,743	1,601	5,208	4,832	6,446
Gross profit	982	985	950	2,926	2,807	3,762
Net profit	796	578	547	1,915	1,597	2,140
Earnings per equity share *						
Basic	0.35	0.25	0.24	0.84	0.70	0.94
Diluted	0.35	0.25	0.24	0.84	0.70	0.94
Total assets	11,889	13,551	11,870	11,889	11,870	12,854
Cash and cash equivalents including current investments	3,615	5,428	4,487	3,615	4,487	5,027

** EPS is not annualized for the quarter and nine months ended December 31, 2017, quarter ended September 30, 2017 and quarter and nine months ended December 31, 2016.*

Certain statements mentioned in this release including those 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, 2017. 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 these results is January 12, 2018, 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.

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Extract of audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2017, prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore except equity share data)

Particulars	Quarter ended December 31, 2017	Nine months ended December 31, 2017	Quarter ended December 31, 2016
Revenue from operations	17,794	52,439	17,273
Profit before tax	5,281	15,264	5,154
Net profit after tax (Refer note a, b and c)	5,129	12,339	3,708
Total comprehensive income for the period (comprising profit for the period after tax and other comprehensive income after tax)	5,039	12,452	3,679
Paid-up equity share capital (par value ₹5/- each, fully paid)	1,088	1,088	1,144
Other equity	67,838	67,838	60,600
Earnings per share (par value ₹5/- each) (Refer note d)			
Basic (₹) (Refer Note a)	22.55	54.06	16.22
Diluted (₹)	22.53	54.02	16.22

Note:

a) During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of $225 million (₹1,432 crore) which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by ₹6.29 ($0.10) for quarter ended December 31, 2017 and ₹5.81 ($0.09) for nine months ended December 31, 2017. Further, in line with the APA, the Company expects to payout approximately US$ 233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

b) Other income includes ₹200 crore and ₹262 crore towards interest on income tax refund for the quarter and nine months ended December 31, 2017 and ₹62 crore for the quarter ended September 30, 2017

c) During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to ₹71 crore. The write-down in the carrying value of investment in associate DWA Nova LLC during the quarter and year ended March 31, 2017 was ₹18 crore.

d) EPS is not annualized for the quarter and nine months ended December 31, 2017 and quarter ended December 31, 2016.

Notes

1. The audited interim consolidated financial statements for the quarter and nine months ended December 31, 2017 have been taken on record by the Board of Directors at its meeting held on January 12, 2018. The **statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim consolidated financial statements. The interim 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. Board and Management changes

a) Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on December 2, 2017 appointed Salil S. Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018 for a period of 5 years, subject to the approval of shareholders and other regulatory requirements. The Board re-designated U. B. Pravin Rao as the Chief Operating Officer and Whole Time Director with effect from January 2, 2018 upon stepping down as the interim Chief Executive Officer and Managing Director in accordance with the terms of his appointment. Further, U. B. Pravin Rao shall hold the office of Whole Time Director up to August 17, 2022.
The postal ballot notice dated January 3, 2018 seeking the approval of shareholders including the terms of appointment of the above changes is available on the Company's website at the following link-
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b) Rajesh K. Murthy, President, has resigned from the company for personal reasons. His last date with Infosys will be January 31, 2018. The Board places on record its deep appreciation for his commitment to Infosys over the last 26 years and wishes him the very best for his future endeavors.

3. Buyback of equity shares of the Company

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The Company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

4. Update on Noah Consulting LLC

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the Company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

5. Information on dividends for the quarter and nine months ended December 31, 2017

The Board declared an interim dividend of ₹13/- (par value of ₹5/- each) per equity share on October 24, 2017 and the same was paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

(in ₹)

Particulars	Quarter ended December 31, 2017	Nine months ended December 31, 2017	Quarter ended December 31, 2016
Dividend per share (par value ₹5/- each)			
Interim dividend	-	13.00	-
Final dividend	-	-	-

6. Audited financial results of Infosys Limited (Standalone information)

(in ₹ crore)

Particulars	Quarter ended December 31, 2017	Nine months ended December 31, 2017	Quarter ended December 31, 2016
Revenue from operations	15,631	45,957	14,949
Profit before tax	5,922	15,519	4,883
Profit for the period	6,004	12,998	3,599

The above is an extract of the detailed format of Quarterly audited financial results filed with Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly Financial Results are available on the Stock Exchange websites, www.nseindia.com and www.bseindia.com, and on the Company's website, www.infosys.com.

Certain statements mentioned in this release including those 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, 2017. 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 these results is January 12, 2018, 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

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Audited financial results of Infosys Limited for the quarter and nine months ended December 31, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	15,631	15,356	14,949	45,957	44,369	59,289
Other income, net (Refer note b)	1,811	849	805	3,384	2,330	3,062
Total income	**17,442**	**16,205**	**15,754**	**49,341**	**46,699**	**62,351**
Expenses						
Employee benefit expenses	8,287	8,015	7,733	24,053	23,277	30,944
Cost of technical sub-contractors	1,349	1,377	1,228	4,060	3,547	4,809
Travel expenses	366	353	356	1,111	1,296	1,638
Cost of software packages and others	315	320	358	950	894	1,235
Communication expenses	85	87	96	255	268	372
Consultancy and professional charges	190	218	124	592	362	538
Depreciation and amortisation expense	354	347	339	1,045	995	1,331
Other expenses	574	608	637	1,756	1,905	2,546
Total expenses	**11,520**	**11,325**	**10,871**	**33,822**	**32,544**	**43,413**
Profit before tax	**5,922**	**4,880**	**4,883**	**15,519**	**14,155**	**18,938**
Tax expense: (Refer note a)						
Current tax	(134)	1,346	1,287	2,607	3,927	5,068
Deferred tax	52	(45)	(3)	(86)	(27)	52
Profit for the period (Refer note a)	**6,004**	**3,579**	**3,599**	**12,998**	**10,255**	**13,818**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability / asset	17	6	(6)	21	(58)	(42)
Equity instruments through other comprehensive income, net	-	-	-	-	-	(5)
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	5	20	26	(41)	28	39
Fair value changes on investments, net	(23)	11	-	13	-	(10)
Total other comprehensive income/(loss), net of tax	**(1)**	**37**	**20**	**(7)**	**(30)**	**(18)**
Total comprehensive income for the period	**6,003**	**3,616**	**3,619**	**12,991**	**10,225**	**13,800**
Paid-up share capital (par value ₹5/- each fully paid)	1,092	1,148	1,148	1,092	1,148	1,148
Other Equity	66,869	66,869	59,934	66,869	59,934	66,869
Earnings per equity share (par value ₹5 /- each) (Refer note c)						
Basic (₹)(Refer note a)	26.27	15.58	15.67	56.68	44.65	60.16
Diluted (₹)	26.26	15.58	15.67	56.66	44.65	60.15

Note

a) During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of $225 million (₹1,432 crore) which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by ₹6.26 for quarter ended December 31, 2017 and ₹5.78 for nine months ended December 31, 2017 on a standalone basis. Further, in line with the APA, the Company expects to payout approximately US$ 233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

b) Other income includes ₹199 crore and ₹257 crore towards interest on income tax refund for the quarter and nine months ended December 31, 2017 and ₹58 crore for the quarter ended September 30, 2017

c) EPS is not annualized for the quarter and nine months ended December 31, 2017, quarter ended September 30, 2017 and quarter and nine months ended December 31, 2016.

Notes

1. The audited interim condensed financial statements for the quarter and nine months ended December 31, 2017 have been taken on record by the Board of Directors at its meeting held on January 12, 2018. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim condensed financial statements. The interim condensed 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. Board and Management changes

a) Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on December 2, 2017 appointed Salil S. Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018 for a period of 5 years, subject to the approval of shareholders and other regulatory requirements. The Board re-designated U. B. Pravin Rao as the Chief Operating Officer and Whole Time Director with effect from January 2, 2018 upon stepping down as the interim Chief Executive Officer and Managing Director in accordance with the terms of his appointment. Further, U. B. Pravin Rao shall hold the office of Whole Time Director up to August 17, 2022.

The postal ballot notice dated January 3, 2018 seeking the approval of shareholders including the terms of appointment of the above changes is available on the Company's website at the following link- https://www.infosys.com/investors/Documents/postal-ballot-jan2018.pdf

b)Rajesh K. Murthy, President, has resigned from the company for personal reasons. His last date with Infosys will be January 31, 2018. The Board places on record its deep appreciation for his commitment to Infosys over the last 26 years and wishes him the very best for his future endeavors.

3. Buyback of equity shares of the Company

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The Company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

4. Update on Noah Consulting LLC

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the Company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary . Subsequently in November 2017, Noah Consulting LLC has been liquidated.

5. Information on dividends for the quarter and nine months ended December 31, 2017

The Board declared an interim dividend of ₹13/- (par value of ₹ 5/- each) per equity share on October 24, 2017 and the same was paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

(in ₹)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Dividend per share (par value ₹5/- each)						
Interim dividend	-	13.00	-	13.00	11.00	11.00
Final dividend	-	-	-	-	-	14.75

6. Segment reporting (Standalone-Audited)

(in ₹ crore)

Particulars	Quarter ended December 31,	Quarter ended September 30,	Quarter ended December 31,	Nine months ended December 31,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenue by business segment						
Financial services (FS)	3,951	4,000	3,939	11,848	11,810	15,735
Manufacturing (MFG)	1,652	1,612	1,541	4,820	4,519	6,086
Energy & utilities, communication and services (ECS)	3,913	3,782	3,519	11,350	10,370	13,999
Retail, consumer packaged goods and logistics (RCL)	2,586	2,543	2,596	7,630	7,777	10,280
Life sciences, healthcare and insurance (HILIFE)	2,014	1,903	1,842	5,779	5,206	7,065
Hi-Tech	1,191	1,198	1,199	3,543	3,744	4,901
All Other Segments	324	318	313	987	943	1,223
Total	**15,631**	**15,356**	**14,949**	**45,957**	**44,369**	**59,289**
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	**15,631**	**15,356**	**14,949**	**45,957**	**44,369**	**59,289**
Segment profit before tax and depreciation:						
Financial Services (FS)	1,011	1,073	1,085	3,154	3,175	4,291
Manufacturing (MFG)	464	432	452	1,309	1,311	1,770
Energy & utilities, communication and services (ECS)	1,153	1,106	1,093	3,361	3,229	4,355
Retail, consumer packaged goods and logistics (RCL)	805	795	816	2,368	2,402	3,159
Life sciences, healthcare and insurance (HILIFE)	625	570	566	1,765	1,517	2,089
Hi-Tech	319	331	341	946	1,047	1,354
All other segments	90	73	66	281	146	199
Total	**4,467**	**4,380**	**4,419**	**13,184**	**12,827**	**17,217**
Less: Other unallocable expenditure	356	349	341	1,049	1,002	1,341
Add: Unallocable other income	1,811	849	805	3,384	2,330	3,062
Profit before tax	**5,922**	**4,880**	**4,883**	**15,519**	**14,155**	**18,938**

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

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

Salil Parekh
Chief Executive Officer and Managing Director

Bengaluru, India
January 12, 2018

Certain statements mentioned in this release including those 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, 2017. 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 these results is January 12, 2018, 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.

Deloitte Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru - 560 001
Karnataka, India

Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of **INFOSYS LIMITED** ("the Company"), for the quarter and nine months period ended December 31, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim condensed standalone financial statements which has been prepared in accordance with Indian Accounting Standard 34 "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. Our responsibility is to express an opinion on the Statement based on our audit of such interim condensed standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

   We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

   (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

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(ii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the profit, total comprehensive income and other financial information of the Company for the quarter and nine months period ended December 31, 2017.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P.R. Ramesh

P. R. RAMESH
Partner
(Membership No.70928)

Bengaluru, January 12, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
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Karnataka, India

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Fax: +91 80 6188 6011

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") for the quarter and nine months period ended December 31, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim consolidated financial statements which has been prepared in accordance with Indian Accounting Standard 34 "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. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal financial controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

   We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

   a. includes the results of the subsidiaries and an associate as given in the Annexure to this report;

   b. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated profit and total comprehensive income for the period and other financial information of the Group for the quarter and nine months period ended December 31, 2017.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P.R. Ramesh

P. R. RAMESH
Partner
(Membership No.70928)

Bengaluru, January 12, 2018

Deloitte
Haskins & Sells LLP

Annexure to Auditors' Report

List of Subsidiaries;

1. Infosys BPM Limited (formerly known as Infosys BPO Limited)
2. Infosys Technologies (China) Co. Limited
3. Infosys Technologies S. de R. L. de C. V.
4. Infosys Technologies (Sweden) AB.
5. Infosys Technologies (Shanghai) Company Limited
6. Infosys Tecnologia DO Brasil LTDA.
7. Infosys Public Services, Inc.
8. Infosys Americas Inc.,
9. Infosys (Czech Republic) Limited s.r.o.
10. Infosys Poland Sp z.o.o
11. Infosys McCamish Systems LLC
12. Portland Group Pty Ltd
13. Infosys BPO Americas LLC.
14. Infosys Technologies (Australia) Pty. Limited
15. EdgeVerve Systems Limited
16. Infosys Consulting Holding AG
17. Lodestone Management Consultants Inc.
18. Infosys Management Consulting Pty Limited
19. Infosys Consulting AG
20. Infosys Consulting (Belgium) NV
21. Infosys Consulting GmbH
22. Infosys Consulting Pte Ltd.
23. Infosys Consulting SAS
24. Infosys Consulting s.r.o.
25. Lodestone Management Consultants GmbH
26. Lodestone Management Consultants Co., Ltd.
27. Infy Consulting Company Limited
28. Infy Consulting B.V.
29. Infosys Consulting Ltda.
30. Infosys Consulting Sp. Z.o.o.
31. Lodestone Management Consultants Portugal,Unipessoal, Lda
32. S.C. Infosys Consulting S.R.L.
33. Infosys Consulting S.R.L.
34. Infosys Canada Public Services Ltd.
35. Infosys Nova Holdings LLC.
36. Panaya Inc.
37. Panaya Limited.
38. Panaya GmbH
39. Panaya Japan Co. Ltd.
40. Skava Systems Pvt. Ltd.
41. Kallidus Inc.
42. Infosys Chile SpA (incorporated on November 20, 2017)
43. Noah Consulting LLC (liquidated on November 9, 2017)
44. Noah Information Management Consulting Inc. (liquidated on December 20, 2017)
45. Brilliant Basics Holdings Limited
46. Brilliant Basics Limited

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47. Brilliant Basics (MENA) DMCC
48. Infosys Science Foundation
49. Infosys Employees' Welfare Trust
50. Infosys Employee Benefits Trust

List of Associate;

1. DWA Nova LLC (liquidated on November 17, 2017)

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Infosys (NYSE: INFY) announces results for the Quarter ended December 31, 2017

Reported year-on-year revenue growth of 8.0% in USD terms for the quarter and 24.3% operating margin

Bengaluru, India – January 12, 2018

1. Highlights of financial results for the quarter and nine months ended December 31, 2017

- Q3 revenues grew year-on-year by 8.0% in USD terms; 5.8% in constant currency terms
- Q3 revenues grew sequentially by 1.0% in USD terms; 0.8 % in constant currency terms
- Q3 operating margin improved to 24.3% from 24.2% in Q2 18
- Q3 EPS at $ 0.35, year-on-year growth of 46.1% and sequential growth of 38.2%
- Q3 EPS of $ 0.35 includes positive impact of $ 0.10 from Advance Pricing Agreement (APA) with the US IRS
- 9 months year-on-year revenue growth at 6.5% in USD terms; 5.6% in constant currency terms
- Q3 cash flow from operating activities were at $ 657 mn, compared to $ 441 mn in Q2 18
- Utilization excluding trainees at all-time high of 84.9%
- Q3 standalone attrition declined to 15.8% from 17.2% in Q2 18
- FY 18 revenue guidance in constant currency retained at 5.5%-6.5%
- FY 18 operating margin range unchanged at 23%-25%

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2017

- Revenues were $ 2,755 million for the quarter ended December 31, 2017
- Operating profit was $ 669 million for the quarter ended December 31, 2017
  QoQ growth of 1.4%; YoY growth of 4.5%
- Net profit was $ 796 million for the quarter ended December 31, 2017
  QoQ growth of 37.6%; YoY growth of 45.4%
- Basic EPS at $ 0.35 for the quarter ended December 31, 2017

  During the quarter, on account of the conclusion of an APA with the US IRS, net profit has increased which has led to an increase in Basic EPS by $ 0.10 for the quarter

Consolidated results under International Financial Reporting Standards (IFRS) for the nine months ended December 31, 2017

- Revenues were $ 8,134 million for the nine months ended December 31, 2017
  YoY growth of 6.5% in reported terms; 5.6% in constant currency terms
- Operating profit was $ 1,966 million for the nine months ended December 31, 2017
  YoY growth of 4.3%
- Net profit was $ 1,915 million for the nine months ended December 31, 2017
  YoY growth of 19.9%

During the nine months period ended December 31, 2017, on account of the conclusion of an APA with the US IRS, net profit has increased which has led to an increase in Basic EPS by $ 0.09

"It is a privilege for me to be appointed as the CEO & MD of Infosys, helping our clients navigate the digital future and employees build new skills and capabilities. Our Q3 performance is strong. We had 8% year-on-year growth and 24.3% operating margin with US$ 593 million of free cash flow." said Salil Parekh, CEO & MD. "We are progressing towards stability and are well positioned to serve our clients in the new areas of demand" he added.

"Increased adoption of our digital offerings and new services helped stabilize price realization. We were able to grow client relationships across revenue categories." said Pravin Rao, COO. "During the quarter, we provided compensation increases and higher variable payouts to our employees. Our investments in employees continues to deliver results as reflected in lower attrition."

"Our operating margins were stable on the back of broad-based improvement in operational efficiency parameters. Our cash generation continued to be robust during the quarter." said M.D. Ranganath, CFO. "We successfully executed the share buyback of Rs. 13,000 crores in line with our capital allocation policy."

2. Outlook for FY 2018

The Company's outlook (consolidated) for the fiscal year ending March 31, 2018, under IFRS is as follows:

- Revenues are expected to grow 5.5%-6.5% in constant currency*;
- Revenues are expected to grow 6.5%-7.5% in USD terms based on the exchange rates as of December 31, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*
***Currency rates as of December 31, 2017 - AUD/USD – 0.78; Euro/USD – 1.20; GBP/USD – 1.35*

3. Board and Management Changes

Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on December 2, 2017 appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018 for a period of 5 years, subject to the approval of shareholders and other regulatory requirements, if any. The Board re-designated Pravin Rao as the Chief Operating Officer and Whole Time Director with effect from January 2, 2018 upon stepping down as the interim Chief Executive Officer and Managing Director in accordance with the terms of his appointment. Further, Pravin Rao shall hold the office of Whole Time Director up to August 17, 2022.

The postal ballot notice dated January 3, 2018 seeking the approval of shareholders including the terms of appointment of the above changes is available on the Company's website at the following link- https://www.infosys.com/investors/Documents/postal-ballot-jan2018.pdf

Rajesh K. Murthy, President, has resigned from the company for personal reasons. His last date with Infosys will be January 31, 2018. The Board places on record its deep appreciation for his commitment to Infosys over the last 26 years and wishes him the very best for his future endeavours.

4. Committee of Directors

The Committee of Directors was formed on April 13, 2017 to support and advise the management in executing the Company's strategy. With the appointment of Salil Parekh as the CEO and Managing Director of the Company, the Committee of Directors stands dissolved with effect from January 12, 2018.

5. Update on Shareholders consultation by SRC

The Company has completed the previously announced shareholder consultation. The feedback received was presented and taken on record by the Board on January 11, 2018

6. Signing of the Advance Pricing Agreement ("APA") with the US Internal Revenue Service

Infosys has concluded an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"). Under the APA, Infosys and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's U.S. operations. This agreement covers financial years from 2011 to 2021. The APA will enhance predictability of Infosys' tax obligations in respect of its U.S. operations.

In accordance with the APA, Infosys has reversed tax provisions of approximately US$ 225 million made in previous periods which are no longer required (both under International Financial Reporting Standards and Indian Accounting Standards). Further, in line with the APA, Infosys expects to payout approximately US$ 233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

The reversal of the tax provisions of approximately US$ 225 million had a positive impact on the consolidated Basic EPS for the quarter ending December 31, 2017 by approximately US$ 0.10. Further, on account of the APA methodology, Infosys expects its overall effective tax rate to be lower by about 100 basis points for future periods covered under the APA.

7. Share buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹ 13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹ 1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The Company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of $ 9 million equal to the nominal value of the shares bought back as an appropriation from general reserve.

About Infosys Ltd.

Infosys is a global leader in technology services and consulting. We enable clients in 45 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 including those concerning our future growth prospects, predictability of the Company's tax obligations in respect of its US operations, the amount and timing of tax payments to be made by the Company, the impact on consolidated Basic EPS, and the Company's overall effective tax rate for future periods, are forward-looking statements 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 the profit margins for client contracts that are executed in whole or in part by the Company's US operations, as well as changes in US tax laws. Additional risks that could cause actual results to differ materially 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, 2017. 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 any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this press release. 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.

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Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except equity share data)

	December 31, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	3,226	3,489
Current investments	389	1,538
Trade receivables	2,057	1,900
Unbilled revenue	573	562
Prepayments and other current assets	891	749
Income tax assets	84	-
Derivative financial instruments	13	44
Total current assets	**7,233**	**8,282**
Non-current assets		
Property, plant and equipment	1,853	1,807
Goodwill	583	563
Intangible assets	94	120
Investment in associate	-	11
Non-current investments	957	984
Deferred income tax assets	184	83
Income tax assets	863	881
Other non-current assets	122	123
Total non-current assets	**4,656**	**4,572**
Total assets	**11,889**	**12,854**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	79	57
Derivative financial instruments	1	-
Current income tax liabilities	397	599
Client deposits	24	5
Unearned revenue	362	274
Employee benefit obligations	227	209
Provisions	71	63
Other current liabilities	1,040	954
Total current liabilities	**2,201**	**2,161**
Non-current liabilities		
Deferred income tax liabilities	100	32
Employee benefit obligations	8	-
Other non-current liabilities	36	24
Total liabilities	**2,345**	**2,217**
Equity		
Share capital- ₹5 ($0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,173,143,893 (2,285,655,150), net of 10,805,896 (11,289,514) treasury shares as of December 31, 2017 (March 31, 2017), respectively	190	199
Share premium	243	587
Retained earnings	11,099	12,190
Cash flow hedge reserve	-	6
Other reserves	161	-
Capital redemption reserve	9	-
Other components of equity	(2,158)	(2,345)
Total equity attributable to equity holders of the company	**9,544**	**10,637**
Non-controlling interests	-	-
Total equity	**9,544**	**10,637**
Total liabilities and equity	**11,889**	**12,854**

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(Dollars in millions except share and per equity share data)

	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenues	**2,755**	**2,551**	**8,134**	**7,639**
Cost of sales	1,773	1,601	5,208	4,832
Gross profit	**982**	**950**	**2,926**	**2,807**
Operating expenses:				
Selling and marketing expenses	136	131	405	402
Administrative expenses	177	179	555	519
Total operating expenses	313	310	960	921
Operating profit	**669**	**640**	**1,966**	**1,886**
Other income, net	149	121	413	347
Share in associate's profit / (loss)	-	-	-	(1)
Write-down of investment in associate	-	-	(11)	-
Profit before income taxes	**818**	**761**	**2,368**	**2,232**
Income tax expense	22	214	453	635
Net profit	**796**	**547**	**1,915**	**1,597**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurements of the net defined benefit liability/asset	2	(1)	3	(10)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	-	(5)
Equity instruments through other comprehensive income, net	-	-	-	-
Items that will be reclassified subsequently to profit or loss:				
Fair valuation of investments, net	(4)	-	2	-
Fair value changes on derivatives designated as cash flow hedge, net	1	4	(6)	4
Foreign currency translation	229	(189)	182	(243)
Total other comprehensive income, net of tax	**228**	**(186)**	**181**	**(254)**
Total comprehensive income	**1,024**	**361**	**2,096**	**1,343**
Profit attributable to:				
Owners of the Company	796	547	1,915	1,597
Non-controlling interests	-	-	-	-
	796	**547**	**1,915**	**1,597**
Total comprehensive income attributable to:				
Owners of the Company	1,024	361	2,096	1,343
Non-controlling interests	-	-	-	-
	1,024	**361**	**2,096**	**1,343**
Earnings per equity share				
Basic ($)	0.35	0.24	0.84	0.70
Diluted ($)	0.35	0.24	0.84	0.70
Weighted average equity shares used in computing earnings per equity share				
Basic	2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Diluted	2,276,381,570	2,286,229,042	2,284,287,492	2,286,076,462

NOTES:

1. *The unaudited* ***Condensed Consolidated Balance sheets and Condensed Consolidated Statements of Comprehensive Income*** *for the three months and nine months ended December 31, 2017 have been taken on record at the Board meeting held on January 12, 2018*

2. *A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com*

3. *Other income for three months and nine months ended December 31, 2017 includes interest on income tax refund of $ 31 million and $ 41 million respectively*

4. *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has in accordance with the APA, reversed income tax expense provision of $ 225 million which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by $0.10 for quarter ended December 31, 2017 and $0.09 for nine months ended December 31, 2017*

5. *During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is $ 11 million*

Infosys (NYSE: INFY) announces results for the Quarter ended December 31, 2017

Reported year-on-year revenue growth of 3.0% in INR terms for the quarter and 24.3% operating margin

Bengaluru, India – January 12, 2018

1. Highlights of financial results for the quarter and nine months ended December 31, 2017

- Q3 revenues grew year-on-year by 8.0% in USD terms; 5.8% in constant currency terms; 3.0% in INR terms
- Q3 revenues grew sequentially by 1.3% in INR terms; 0.8% in constant currency terms
- Q3 operating margin improved to 24.3% from 24.2% in Q2 18
- Q3 EPS at ₹ 22.55, year-on-year growth of 39.0% and sequential growth of 38.3%
- Q3 EPS of ₹ 22.55 includes positive impact of ₹ 6.29 from Advance Pricing Agreement (APA) with the US IRS
- 9 months year-on-year revenue growth at 2.1% in INR terms; 5.6% in constant currency terms
- Q3 cash flow from operating activities were at ₹ 4,257 crore, compared to ₹ 2,831 crore in Q2 18
- Utilization excluding trainees at all-time high of 84.9%
- Q3 standalone attrition declined to 15.8% from 17.2% in Q2 18
- FY 18 revenue guidance in constant currency retained at 5.5%-6.5%
- FY 18 operating margin range unchanged at 23%-25%

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2017

- Revenues were ₹ 17,794 crore for the quarter ended December 31, 2017
- Operating profit was ₹ 4,319 crore for the quarter ended December 31, 2017
  QoQ growth of 1.7%; YoY decline of 0.4%
- Net profit was ₹ 5,129 crore for the quarter ended December 31, 2017
  QoQ growth of 37.6%; YoY growth of 38.3%
- Basic EPS at ₹ 22.55 for the quarter ended December 31, 2017

  During the quarter, on account of the conclusion of an APA with the US IRS, net profit has increased which has led to an increase in Basic EPS by ₹ 6.29 for the quarter

Consolidated results under International Financial Reporting Standards (IFRS) for the nine months ended December 31, 2017

- Revenues were ₹ 52,439 crore for the nine months ended December 31, 2017
  YoY growth of 2.1% in reported terms; 5.6% in constant currency terms
- Operating profit was ₹ 12,676 crore for the nine months ended December 31, 2017
  YoY decline of 0.1%
- Net profit was ₹ 12,339 crore for the nine months ended December 31, 2017
  YoY growth of 14.8%

During the nine months period ended December 31, 2017, on account of the conclusion of an APA with the US IRS, net profit has increased which has led to an increase in Basic EPS by ₹ 5.81

"It is a privilege for me to be appointed as the CEO & MD of Infosys, helping our clients navigate the digital future and employees build new skills and capabilities. Our Q3 performance is strong. We had 8% year-on-year growth and 24.3% operating margin with US$ 593 million of free cash flow." said Salil Parekh, CEO & MD. "We are progressing towards stability and are well positioned to serve our clients in the new areas of demand" he added.

"Increased adoption of our digital offerings and new services helped stabilize price realization. We were able to grow client relationships across revenue categories." said Pravin Rao, COO. "During the quarter, we provided compensation increases and higher variable payouts to our employees. Our investments in employees continues to deliver results as reflected in lower attrition."

"Our operating margins were stable on the back of broad-based improvement in operational efficiency parameters. Our cash generation continued to be robust during the quarter." said M.D. Ranganath, CFO. "We successfully executed the share buyback of ₹ 13,000 crores in line with our capital allocation policy."

2. Outlook for FY 2018

The Company's outlook (consolidated) for the fiscal year ending March 31, 2018, under IFRS is as follows:

- Revenues are expected to grow 5.5%-6.5% in constant currency*;
- Revenues are expected to grow 2.1%-3.1% in INR terms based on the exchange rates as of December 31, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*
***Currency rates as of December 31, 2017 – 1 US $ = ₹63.88*

3. Board and Management Changes

Based on the recommendations of the Nomination and Remuneration Committee, the Board in its meeting held on December 2, 2017 appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018 for a period of 5 years, subject to the approval of shareholders and other regulatory requirements, if any. The Board re-designated Pravin Rao as the Chief Operating Officer and Whole Time Director with effect from January 2, 2018 upon stepping down as the interim Chief Executive Officer and Managing Director in accordance with the terms of his appointment. Further, Pravin Rao shall hold the office of Whole Time Director up to August 17, 2022.

The postal ballot notice dated January 3, 2018 seeking the approval of shareholders including the terms of appointment of the above changes is available on the Company's website at the following link- https://www.infosys.com/investors/Documents/postal-ballot-jan2018.pdf

Rajesh K. Murthy, President, has resigned from the company for personal reasons. His last date with Infosys will be January 31, 2018. The Board places on record its deep appreciation for his commitment to Infosys over the last 26 years and wishes him the very best for his future endeavours.

4. Committee of Directors

The Committee of Directors was formed on April 13, 2017 to support and advise the management in executing the Company's strategy. With the appointment of Salil Parekh as the CEO and Managing Director of the Company, the Committee of Directors stands dissolved with effect from January 12, 2018.

5. Update on Shareholders consultation by SRC

The Company has completed the previously announced shareholder consultation. The feedback received was presented and taken on record by the Board on January 11, 2018

6. Signing of the Advance Pricing Agreement ("APA") with the US Internal Revenue Service

Infosys has concluded an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"). Under the APA, Infosys and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's U.S. operations. This agreement covers financial years from 2011 to 2021. The APA will enhance predictability of Infosys' tax obligations in respect of its U.S. operations.

In accordance with the APA, Infosys has reversed tax provisions of approximately ₹ 1,432 crore made in previous periods which are no longer required (both under International Financial Reporting Standards and Indian Accounting Standards). Further, in line with the APA, Infosys expects to payout approximately US$ 233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

The reversal of the tax provisions of approximately ₹ 1,432 crore had a positive impact on the consolidated Basic EPS for the quarter ending December 31, 2017 by approximately ₹ 6.29. Further, on account of the APA methodology, Infosys expects its overall effective tax rate to be lower by about 100 basis points for future periods covered under the APA.

7. Share buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹ 13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of 11,30,43,478 Equity Shares aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹ 1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The Company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the Company has created 'Capital Redemption Reserve' of ₹ 56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

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Infosys Limited and subsidiaries
Condensed Consolidated Balance Sheets as of

(In ₹ crore except share data)

	December 31, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	20,611	22,625
Current investments	2,481	9,970
Trade receivables	13,143	12,322
Unbilled revenue	3,663	3,648
Prepayments and other current assets	5,694	4,856
Income tax assets	537	-
Derivative financial instruments	84	284
Total current assets	**46,213**	**53,705**
Non-current assets		
Property, plant and equipment	11,835	11,716
Goodwill	3,727	3,652
Intangible assets	599	776
Investment in associate	-	71
Non-current investments	6,111	6,382
Deferred income tax assets	1,177	540
Income tax assets	5,514	5,716
Other non-current assets	779	797
Total non-current assets	**29,742**	**29,650**
Total assets	**75,955**	**83,355**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	502	367
Derivative financial instruments	10	2
Current income tax liabilities	2,536	3,885
Client deposits	151	32
Unearned revenue	2,313	1,777
Employee benefit obligations	1,452	1,359
Provisions	452	405
Other current liabilities	6,644	6,186
Total current liabilities	**14,060**	**14,013**
Non-current liabilities		
Deferred income tax liabilities	638	207
Employee benefit obligations	51	-
Other non-current liabilities	232	153
Total liabilities	**14,981**	**14,373**
Equity		
Share capital- ₹5 par value 2,40,00,00,000 (2,40,00,00,000) equity shares authorized, issued and outstanding 2,17,31,43,893 (2,28,56,55,150), net of 1,08,05,896 (1,12,89,514) treasury shares, as of December 31, 2017 (March 31, 2017), respectively	1,088	1,144
Share premium	158	2,356
Retained earnings	58,093	65,056
Cash flow hedge reserves	(2)	39
Other reserves	1,040	-
Capital redemption reserve	56	-
Other components of equity	541	387
Total equity attributable to equity holders of the company	**60,974**	**68,982**
Non-controlling interests	-	-
Total equity	**60,974**	**68,982**
Total liabilities and equity	**75,955**	**83,355**

Infosys Limited and subsidiaries
Condensed Consolidated Statements of Comprehensive Income

(In ₹ crore except equity share and per equity share data)

	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenues	**17,794**	**17,273**	**52,439**	**51,364**
Cost of sales	11,450	10,840	33,576	32,483
Gross profit	**6,344**	**6,433**	**18,863**	**18,881**
Operating expenses:				
Selling and marketing expenses	877	885	2,612	2,702
Administrative expenses	1,148	1,214	3,575	3,490
Total operating expenses	2,025	2,099	6,187	6,192
Operating profit	**4,319**	**4,334**	**12,676**	**12,689**
Other income, net	962	820	2,659	2,333
Share in associate's profit/(loss)	-	-	-	(5)
Write-down of investment in associate	-	-	(71)	-
Profit before income taxes	**5,281**	**5,154**	**15,264**	**15,017**
Income tax expense	152	1,446	2,925	4,268
Net profit	**5,129**	**3,708**	**12,339**	**10,749**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement of the net defined benefit liability/asset	18	(8)	21	(65)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	-	(35)
Equity instruments through other comprehensive income, net	(2)	-	(2)	-
Items that will be reclassified subsequently to profit or loss:				
Fair value changes on derivatives designated as cash flow hedge, net	5	26	(41)	28
Exchange differences on translation of foreign operations	(86)	(47)	121	(60)
Fair value changes on investments, net	(25)	-	14	-
Total other comprehensive income/, net of tax	**(90)**	**(29)**	**113**	**(132)**
Total comprehensive income	**5,039**	**3,679**	**12,452**	**10,617**
Profit attributable to:				
Owners of the Company	5,129	3,708	12,339	10749
Non-controlling interests	-	-	-	-
	5,129	**3,708**	**12,339**	**10,749**
Total comprehensive income attributable to:				
Owners of the Company	5,039	3,679	12,452	10,617
Non-controlling interests	-	-	-	-
	5,039	**3,679**	**12,452**	**10,617**
Earnings per equity share				
Basic (`)	22.55	16.22	54.06	47.03
Diluted (`)	22.53	16.22	54.02	47.02
Weighted average equity shares used in computing earnings per equity share				
Basic	2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Diluted	2,276,381,570	2,286,229,042	2,284,287,492	2,286,076,462

NOTES:

1. *The unaudited **Condensed Consolidated Balance sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months and nine months ended December 31, 2017 have been taken on record at the Board meeting held on January 12, 2018*

2. *A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com*

3. *Other income for three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹ 200 crore and ₹ 262 crore respectively*

4. *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has in accordance with the APA, reversed income tax expense provision of ₹ 1,432 crore which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by ₹ 6.29 for quarter ended December 31, 2017 and ₹ 5.81 for nine months ended December 31, 2017*

5. *During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is ₹71 crore*

Statement of Comprehensive Income for three months ended,

(As per IFRS) *In US $ million, except per equity share data*

Particulars	Dec 31, 2017	Dec 31, 2016	Growth % Q3 18 over Q3 17	Sep 30, 2017	Growth % Q3 18 over Q2 18
Revenues	**2,755**	**2,551**	**8.0**	**2,728**	**1.0**
Cost of sales	1,773	1,601	10.7	1,743	1.7
Gross Profit	**982**	**950**	**3.4**	**985**	**(0.3)**
Operating Expenses:					
Selling and marketing expenses	136	131	3.8	132	3.0
Administrative expenses	177	179	(1.1)	194	(8.8)
Total Operating Expenses	**313**	**310**	**1.0**	**326**	**(4.0)**
Operating Profit	**669**	**640**	**4.5**	**659**	**1.4**
Other Income, net	149	121	23.1	137	8.8
Share in associate's profit/(loss)	-	-	-	-	-
Write-down of investment in associate	-	-	-	-	-
Profit before income taxes	**818**	**761**	**7.5**	**796**	**2.8**
Income tax expense*	22	214	(89.7)	218	(89.9)
Net Profit*	**796**	**547**	**45.4**	**578**	**37.6**
Earnings per equity share					
Basic ($)*	**0.35**	**0.24**	**46.1**	**0.25**	**38.2**
Diluted ($)	**0.35**	**0.24**	**46.0**	**0.25**	**38.2**

Note: *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of $225 million which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by $0.10 for quarter ended December 31, 2017.

Statement of Comprehensive Income for nine months ended,

(As per IFRS) *In US $ million, except per equity share data*

Particulars	Dec 31, 2017	Dec 31, 2016	Growth %
Revenues	**8,134**	**7,639**	**6.5**
Cost of sales	5,208	4,832	7.8
Gross Profit	**2,926**	**2,807**	**4.2**
Operating Expenses:			
Selling and marketing expenses	405	402	0.7
Administrative expenses	555	519	6.9
Total Operating Expenses	**960**	**921**	**4.2**
Operating Profit	**1,966**	**1,886**	**4.3**
Other Income, net	413	347	19.0
Share in associate's profit/(loss)	-	(1)	-
Write-down of investment in associate#	(11)	-	-
Profit before income taxes	**2,368**	**2,232**	**6.1**
Income tax expense*	453	635	(28.7)
Net Profit*	**1,915**	**1,597**	**19.9**
Earnings per equity share			
Basic ($)*	**0.84**	**0.70**	**20.1**
Diluted ($)	**0.84**	**0.70**	**20.0**

Note: *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of $225 million which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by $0.09 for nine months ended December 31, 2017.

#During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on net profit for nine months ended December 31, 2017 is $11 million.

Statement of Comprehensive Income for three months ended,

(As per IFRS) *In ₹crore, except per equity share data*

Particulars	Dec 31, 2017	Dec 31, 2016	Growth % Q3 18 over Q3 17	Sep 30, 2017	Growth % Q3 18 over Q2 18
Revenues	**17,794**	**17,273**	**3.0**	**17,567**	**1.3**
Cost of sales	11,450	10,840	5.6	11,227	2.0
Gross Profit	**6,344**	**6,433**	**(1.4)**	**6,340**	**0.1**
Operating Expenses:					
Selling and marketing expenses	877	885	(0.9)	846	3.7
Administrative expenses	1,148	1,214	(5.4)	1,248	(8.0)
Total Operating Expenses	**2,025**	**2,099**	**(3.5)**	**2,094**	**(3.3)**
Operating Profit	**4,319**	**4,334**	**(0.4)**	**4,246**	**1.7**
Other Income, net	962	820	17.3	883	8.9
Share in associate's profit/(loss)	-	-	-	-	-
Write-down of investment in associate	-	-	-	-	-
Profit before income taxes	**5,281**	**5,154**	**2.5**	**5,129**	**3.0**
Income tax expense*	152	1,446	(89.5)	1,403	(89.2)
Net Profit*	**5,129**	**3,708**	**38.3**	**3,726**	**37.6**
Earnings per equity share					
Basic (₹)*	**22.55**	**16.22**	**39.0**	**16.30**	**38.3**
Diluted (₹)	**22.53**	**16.22**	**38.9**	**16.29**	**38.3**

Note: *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of ₹1,432 crore which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore has led to an increase in Basic earnings per equity share by ₹6.29 for quarter ended December 31, 2017.

Statement of Comprehensive Income for nine months ended,

(As per IFRS) *In ₹crore, except per equity share data*

Particulars	Dec 31, 2017	Dec 31, 2016	Growth %
Revenues	**52,439**	**51,364**	**2.1**
Cost of sales	33,576	32,483	3.4
Gross Profit	**18,863**	**18,881**	**(0.1)**
Operating Expenses:			
Selling and marketing expenses	2,612	2,702	(3.3)
Administrative expenses	3,575	3,490	2.4
Total Operating Expenses	**6,187**	**6,192**	**(0.1)**
Operating Profit	**12,676**	**12,689**	**(0.1)**
Other Income, net	2,659	2,333	14.0
Share in associate's profit/(loss)	-	(5)	-
Write-down of investment in associate#	(71)	-	-
Profit before income taxes	**15,264**	**15,017**	**1.6**
Income tax expense*	2,925	4,268	(31.5)
Net Profit*	**12,339**	**10,749**	**14.8**
Earnings per equity share			
Basic (₹)*	**54.06**	**47.03**	**15.0**
Diluted (₹)	**54.02**	**47.02**	**14.9**

Note: *During the quarter ended December 31, 2017, on account of the conclusion of an Advance Pricing Agreement ("APA") with the U.S. Internal Revenue Service ("IRS"), the Company has, in accordance with the APA, reversed income tax expense provision of ₹1,432 crore which pertains to previous periods which are no longer required. Consequently, profit for the period has increased and therefore led to an increase in Basic earnings per equity share by ₹5.81 for nine months ended December 31, 2017.

#During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on net profit for nine months ended December 31, 2017 is ₹71 crore.

Revenues by Client Geography

(In %)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
North America	60.4	60.6	62.0	61.9
Europe	24.4	23.2	22.2	22.5
India	3.0	3.3	3.4	3.2
Rest of the world	12.2	12.9	12.4	12.4
Total	**100.0**	**100.0**	**100.0**	**100.0**

Revenues by Service Offering

(in %)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Business IT Services	**61.9**	**62.3**	**62.0**	**62.3**
Application Development	15.4	15.6	15.5	15.2
Application Maintenance	16.2	16.0	17.0	17.9
Infrastructure Management Services	8.8	9.0	8.6	8.4
Testing Services	9.4	9.4	9.1	9.1
Product Engineering Services	4.0	4.1	3.9	3.8
Business Process Management	5.3	5.1	4.9	5.0
Others	2.8	3.1	3.0	2.9
Consulting, Package Implementation & Others	**32.8**	**32.5**	**32.4**	**32.3**
Products and Platforms	**5.3**	**5.2**	**5.6**	**5.4**
Total	**100.0**	**100.0**	**100.0**	**100.0**

Revenues from New Services and New Software launched from April 01, 2015 are included in Table above:

(in %)

	Q3 18	Q2 18
New Services *	9.9	9.4
*New Software***	1.7	1.6

* New Services include Cloud Ecosystem, Big Data and Analytics, API and Micro services, Data and Mainframe Modernization, Cyber Security, IoT Engineering Services.
** New Software include Edge, NIA, Panaya, Skava

Revenues by Project Type *

(in %)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Fixed Price	51.4	50.4	49.5	48.0
Time & Materials	48.6	49.6	50.5	52.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

* *Excluding products*

Revenues by Client Industry

(in %)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Banking & Financial Services, Insurance	**33.1**	**33.4**	**33.3**	**33.2**
Banking & financial services	26.3	27.0	27.2	27.3
Insurance	6.8	6.4	6.1	5.9
Manufacturing & Hi-Tech	**21.8**	**22.0**	**22.5**	**22.6**
Retail & Life Sciences	**22.7**	**22.6**	**23.5**	**23.4**
Retail & CPG	14.1	13.8	14.6	14.7
Transport & Logistics	2.1	2.0	2.0	2.0
Life Sciences	4.6	4.8	4.6	4.6
Healthcare	1.9	2.0	2.3	2.1
Energy, Utilities, Communications & Services	**22.4**	**22.0**	**20.7**	**20.8**
Energy & Utilities	5.8	5.5	5.0	4.9
Telecom	10.5	10.4	9.1	9.4
Others	6.1	6.1	6.6	6.5
Total	**100.0**	**100.0**	**100.0**	**100.0**

Client Data

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Number of Clients				
Active	1,191	1,173	1,152	1,162
Added during the period (gross)	79	72	77	321
Number of million dollar clients*				
1 Million dollar +	630	620	591	598
5 Million dollar +	290	286	275	282
10 Million dollar +	198	186	195	189
25 Million dollar +	101	100	90	91
50 Million dollar +	56	55	54	56
75 Million dollar +	34	31	32	31
100 Million dollar +	20	19	18	19
Client contribution to revenues				
Top client	3.4%	3.4%	3.1%	3.4%
Top 10 clients	19.2%	19.5%	20.1%	21.0%
Top 25 clients	35.3%	36.0%	36.3%	36.7%
Repeat business	98.3%	98.7%	96.7%	97.3%
Days Sales Outstanding	70	71	69	68

**LTM (Last twelve months) Revenues*

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Effort				
Onsite	29.0	29.4	29.8	29.8
Offshore	71.0	70.6	70.2	70.2
Revenues				
Onsite	54.8	55.6	56.5	56.8
Offshore	45.2	44.4	43.5	43.2
Utilization				
Including trainees	82.1	81.8	77.8	77.6
Excluding trainees	84.9	84.7	81.9	81.7

Person Months Data - Consolidated IT Services

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Billed – Onsite	112,349	111,930	108,562	431,824
– Offshore	275,029	269,202	256,197	1,015,978
TOTAL	**387,378**	**381,132**	**364,759**	**1,447,802**
Non Billable	68,636	69,033	80,813	323,638
Trainees	15,951	15,623	22,976	95,310
Sales & Support	26,189	27,031	28,530	114,707
TOTAL	**498,154**	**492,819**	**497,078**	**1,981,457**

Effort and Revenues - Consolidated IT Services

Particulars	Dec 31,		Growth % Q3 18 over Q3 17	Sep 30, 2017	Growth % Q3 18 over Q2 18
	2017	2016			
Effort - (Person months)					
Onsite	112,349	108,562	3.5	111,930	0.4
Offshore	275,029	256,197	7.4	269,202	2.2
Total	**387,378**	**364,759**	**6.2**	**381,132**	**1.6**
Revenues – ($ million)					
Onsite	1,368	1,299	5.3	1,374	(0.4)
Offshore	1,129	1,001	12.8	1,099	2.7
Total	**2,497**	**2,300**	**8.6**	**2,473**	**1.0**

Revenue per Employee

(In US $ K)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Revenue per Employee - Consolidated	53.7	52.7	51.2	51.4

Employee Metrics

(Nos.)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Total employees	2,01,691	1,98,440	1,99,763	2,00,364
S/W professionals	1,89,998	1,86,806	1,87,919	1,88,665
Billable	1,80,842	1,80,397	1,78,548	1,78,474
Banking product group	4,367	4,498	4,941	4,753
Trainees	4,789	1,911	4,430	5,438
Sales & Support	11,693	11,634	11,844	11,699
Gross addition	12,622	10,514	9,120	44,235
Attrition	9,371	10,627	9,186	37,915
Net addition	3,251	(113)	(66)	6,320
Attrition % (Annualized Standalone)	15.8%	17.2%	14.9%	15.0%
Attrition % (Annualized Consolidated)	18.7%	21.4%	18.4%	19.2%

Rupee Dollar Rate (₹)

	Quarter ended			Year Ended
	Dec 31, 2017	Sep 30, 2017	Dec 31, 2016	Mar 31, 2017
Period closing rate	63.88	65.29	67.93	64.85
Period average rate	64.59	64.39	67.70	67.11

Constant Currency Reporting

Reported revenues	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17
Revenues ($ mn)	2,755	2,728	2,651	2,569	2,551
Sequential growth (%)	1.0	2.9	3.2	0.7	(1.4)
YoY growth (%)	8.0	5.4	6.0	5.0	6.0

Constant currency – Q o Q	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17
Revenues ($ mn)	2,762	2,702	2,628	2,552	2,579
Sequential growth (%)	0.8	2.2	2.7	0.0	(0.3)

Constant currency – Y o Y	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17
Revenues ($ mn)	2,698	2,707	2,659	2,576	2,582
YoY growth (%)	5.8	4.6	6.3	5.3	7.3

Notes:

Basis of computation

1. Foreign exchange rates are as per FEDAI.
2. Average rates for major global currencies:

Average rate of USD	Q3 18	Q2 18	Q1 18	FY 17	Q4 17	Q3 17
AUD	0.77	0.79	0.75	0.75	0.76	0.74
EUR	1.18	1.18	1.11	1.09	1.07	1.07
GBP	1.33	1.32	1.28	1.30	1.25	1.23

3. Proportion of revenues from major global currencies:

Revenue by currency (%)	Q3 18	Q2 18	Q1 18	FY 17	Q4 17	Q3 17
AUD	7.3	7.9	7.8	7.3	7.3	7.1
EUR	11.7	10.8	10.1	9.6	9.5	10.0
GBP	5.4	5.3	5.4	5.8	5.3	5.1

Q3 2018

Geographical segment – growth

North America grew by 0.7% both sequentially and in constant currency

Europe grew by 5.9% sequentially; and 4.7% in constant currency

India declined by 6.1% sequentially; and 5.9% in constant currency

Rest of the world declined by 4.6% sequentially; and 4.0% in constant currency

Industry segment – growth

FSI grew by 0.3% sequentially; and 0.1% in constant currency

MFG & Hi-Tech grew by 0.1% sequentially; and declined by 0.1% in constant currency

RCL grew by 1.4% sequentially; and 1.2% in constant currency

ECS grew by 2.6% sequentially; and 2.5% in constant currency

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Balance Sheet as at

(Dollars in millions except equity share data)

	Note	December 31, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,226	3,489
Current investments	2.2	389	1,538
Trade receivables		2,057	1,900
Unbilled revenue		573	562
Prepayments and other current assets	2.4	891	749
Income tax assets		84	
Derivative financial instruments	2.3	13	44
Total current assets		**7,233**	**8,282**
Non-current assets			
Property, plant and equipment	2.7	1,853	1,807
Goodwill	2.8	583	563
Intangible assets		94	120
Investment in associate		-	11
Non-current investments	2.2	957	984
Deferred income tax assets		184	83
Income tax assets		863	881
Other non-current assets	2.4	122	123
Total Non-current assets		**4,656**	**4,572**
Total assets		**11,889**	**12,854**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		79	57
Derivative financial instruments	2.3	1	-
Current income tax liabilities		397	599
Client deposits		24	5
Unearned revenue		362	274
Employee benefit obligations		227	209
Provisions	2.6	71	63
Other current liabilities	2.5	1,040	954
Total current liabilities		**2,201**	**2,161**
Non-current liabilities			
Deferred income tax liabilities		100	32
Employee benefit obligations		8	-
Other non-current liabilities	2.5	36	24
Total liabilities		**2,345**	**2,217**
Equity			
Share capital - ₹5 ($0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,173,143,893 (2,285,655,150) net of 10,805,896 (11,289,514) treasury shares, as at December 31, 2017 (March 31, 2017), respectively		190	199
Share premium		243	587
Retained earnings		11,099	12,190
Cash flow hedge reserve		-	6
Other reserves		161	-
Capital redemption reserve		9	-
Other components of equity		(2,158)	(2,345)
Total equity attributable to equity holders of the company		**9,544**	**10,637**
Non-controlling interests		-	-
Total equity		**9,544**	**10,637**
Total liabilities and equity		**11,889**	**12,854**

The accompanying notes form an integral part of the unaudited interim condensed consolidated financial statements.

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

	Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive officer and Managing Director*	U. B. Pravin Rao *Chief Operating Officer and Whole-time Director*
Bengaluru January 12, 2018	D. Sundaram *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	Three months ended December 31,		Nine months ended December 31,	
		2017	**2016**	**2017**	**2016**
Revenues		**2,755**	**2,551**	**8,134**	**7,639**
Cost of sales	2.15	1,773	1,601	5,208	4,832
Gross profit		**982**	**950**	**2,926**	**2,807**
Operating expenses:					
Selling and marketing expenses	2.15	136	131	405	402
Administrative expenses	2.15	177	179	555	519
Total operating expenses		313	310	960	921
Operating profit		**669**	**640**	**1,966**	**1,886**
Other income, net		149	121	413	347
Share in associate's profit / (loss)		-	-	-	(1)
Write-down of investment in associate		-	-	(11)	-
Profit before income taxes		**818**	**761**	**2,368**	**2,232**
Income tax expense	2.11	22	214	453	635
Net profit		**796**	**547**	**1,915**	**1,597**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of the net defined benefit liability/asset		2	(1)	3	(10)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	2.2	-	-	-	(5)
Equity instruments through other comprehensive income, net		-	-	-	-
		2	(1)	3	(15)
Items that will be reclassified subsequently to profit or loss:					
Fair valuation of investments, net	2.2	(4)	-	2	-
Fair value changes on derivatives designated as cash flow hedge, net		1	4	(6)	4
Foreign currency translation		229	(189)	182	(243)
		226	(185)	178	(239)
Total other comprehensive income/(loss), net of tax		**228**	**(186)**	**181**	**(254)**
Total comprehensive income		**1,024**	**361**	**2,096**	**1,343**
Profit attributable to:					
Owners of the company		796	547	1,915	1,597
Non-controlling interests		-	-	-	-
		796	**547**	**1,915**	**1,597**
Total comprehensive income attributable to:					
Owners of the company		1,024	361	2,096	1,343
Non-controlling interests		-	-	-	-
		1,024	**361**	**2,096**	**1,343**
Earnings per equity share					
Basic ($)		0.35	0.24	0.84	0.70
Diluted ($)		0.35	0.24	0.84	0.70
Weighted average equity shares used in computing earnings per equity share	2.12				
Basic		2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Diluted		2,276,381,570	2,286,229,042	2,284,287,492	2,286,076,462

The accompanying notes form an integral part of the unaudited interim condensed consolidated financial statements.

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
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[1]	Share capital	Share premium	Retained earnings	Other reserves [2]	Capital redemption reserve	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the company
Balance as at April 1, 2016	**2,285,621,088**	**199**	**570**	**11,083**	**-**	**-**	**-**	**(2,528)**	**9,324**
Changes in equity for the nine months ended December 31, 2016									
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 [3]	-	-	-	-	-	-	-	(5)	(5)
Shares issued on exercise of employee stock options (refer to note 2.10)	30,642	-	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(122)	122	-	-	-	-
Transfer from other reserves on utilization	-	-	-	122	(122)	-	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	10	-	-	-	-	-	10
Fair value changes on derivatives designated as cash flow hedge, net	-	-	-	-	-	-	4	-	4
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	-	(10)	(10)
Dividends (including corporate dividend tax)	-	-	-	(1,033)	-	-	-	-	(1,033)
Net profit	-	-	-	1,597	-	-	-	-	1,597
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(243)	(243)
Balance as at December 31, 2016	**2,285,651,730**	**199**	**580**	**11,647**	**-**	**-**	**4**	**(2,786)**	**9,644**
Balance as at April 1, 2017	**2,285,655,150**	**199**	**587**	**12,190**	**-**	**-**	6	**(2,345)**	**10,637**
Changes in equity for the nine months ended December 31, 2017									
Shares issued on exercise of employee stock options (refer to note 2.10)	532,221	-	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(227)	227		-	-	-
Transfer from other reserves on utilization	-	-	-	66	(66)	-	-	-	-
Employee stock compensation expense (Refer to note 2.10)	-	-	9	-	-	-	-	-	9
Transfer on account of options not exercised	-	-	-	-	-	-	-	-	-
Amount paid upon buyback (refer note 2.16)	(113,043,478)	(9)	(346)	(1,680)	-	-	-	-	(2,035)
Transaction costs related to buyback (refer note 2.16)	-	-	(7)	-	-	-	-	-	(7)
Amount transferred to capital redemption reserve upon Buyback (refer note 2.16)	-	-	-	(9)	-	9	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net of taxes (Refer to note 2.3)	-	-	-	-	-	-	(6)	-	(6)
Equity instruments through other comprehensive income, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	-	-	-
Fair value changes on investments, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	-	2	2
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	-	3	3
Dividends (including corporate dividend tax)	-	-	-	(1,156)	-	-	-	-	(1,156)
Net profit	-	-	-	1,915	-	-	-	-	1,915
Foreign currency translation	-	-	-	-	-	-	-	182	182
Balance as at December 31, 2017	**2,173,143,893**	**190**	**243**	**11,099**	**161**	**9**	**-**	**(2,158)**	**9,544**

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.

[1] excludes treasury shares of 10,805,896 as at December 31, 2017, 11,289,514 as at April 1, 2017, 11,292,934 as at December 31, 2016 and 11,323,576 as at April 1, 2016, held by consolidated trust.

[2] 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.

[3] Represents cumulative impact on account of adoption of IFRS 9, recorded in other comprehensive income during the year ended March 31, 2017. The adoption of IFRS 9 did not have a material impact on the financial statements.

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer
and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statements of Cash Flows

(Dollars in millions)

	Note	Nine months ended December 31, 2017	2016
Operating activities:			
Net Profit		1,915	1,597
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortization	2.15	218	187
Interest and dividend income		(104)	(23)
Income tax expense	2.11	453	635
Effect of exchange rate changes on assets and liabilities		2	6
Impairment loss on financial assets		10	11
Other adjustments		3	24
Changes in working capital			
Trade receivables and unbilled revenue		(138)	(308)
Prepayments and other assets		(94)	(137)
Trade payables		20	(8)
Client deposits		18	-
Unearned revenue		83	73
Other liabilities and provisions		102	93
Cash generated from operations		**2,488**	**2,150**
Income taxes paid		(746)	(598)
Net cash provided by operating activities		**1,742**	**1,552**
Investing activities:			
Expenditure on property, plant and equipment, net of sale proceeds		(213)	(311)
Loans to employees		3	8
Deposits placed with corporation		(5)	(22)
Interest and dividend received		50	20
Payment for acquisition of business, net of cash acquired	2.9	(4)	-
Payment of contingent consideration pertaining to acquisition of business		(5)	(5)
Investment in equity and preference securities		(4)	(8)
Investment in others		(2)	(3)
Proceeds from sale of equity and preference securities		4	-
Investment in quoted debt securities		(16)	(536)
Redemption of quoted debt securities		2	1
Investment in certificate of deposits		(352)	-
Redemption of certificate of deposits		1,504	-
Investment in liquid mutual fund units and fixed maturity plan securities		(7,431)	(5,541)
Redemption of liquid mutual fund units and fixed maturity plan securities		7,592	4,911
Net cash used in investing activities		**1,123**	**(1,486)**
Financing activities:			
Payment of dividend (including corporate dividend tax)		(1,156)	(1,032)
Buy back of shares including transaction costs		(2,042)	-
Net cash used in financing activities		**(3,198)**	**(1,032)**
Effect of exchange rate changes on cash and cash equivalents		70	(125)
Net increase / (decrease) in cash and cash equivalents		(333)	(966)
Cash and cash equivalents at the beginning of the period	2.1	3,489	4,935
Cash and cash equivalents at the end of the period	2.1	**3,226**	**3,844**
Supplementary information:			
Restricted cash balance	2.1	87	76

The accompanying notes form an integral part of the unaudited interim condensed consolidated financial statements

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. 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. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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 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 unaudited condensed consolidated interim financial statements are authorized for issue by the company's Board of Directors on January 12, 2018.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), 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 interim financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated interim 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 interim condensed consolidated financial statements.

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The consolidated interim financial statements comprise the financial statements of the company, its controlled trusts, its subsidiaries and associate. 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 interim condensed 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 Group presents revenues net of indirect 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
Leasehold improvements	Over lease term

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to 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 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 amortized 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.

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 amortized cost

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

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

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 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(OCI).

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

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 as 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.

Refer to Note 2.3 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 recognized 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 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 BPM (formerly 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 not reclassified to profit and loss in subsequent period. 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 BPM (formerly 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 of the contributions 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.

Amendment to IFRS 2:

Effective April 1, 2017, the company has early adopted amendment to IFRS 2 which 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. The adoption of the amendment did not have any material effect on the consolidated financial statements.

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 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.

Amendment to IAS 7:

Effective April 1, 2017, the company adopted the amendment to IAS 7, which require 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 adoption of amendment did not have any material effect on the consolidated financial statements.

1.16 Recent accounting pronouncements

1.16.1 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.

IFRIC 23, Uncertainty over Income Tax Treatments: In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, IFRIC 23 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 IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives

The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements.

2. Notes to the Condensed Consolidated Interim Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

	As at	
	December 31, 2017	March 31, 2017
Cash and bank deposits	1,857	2,296
Deposits with financial institutions	1,369	1,193
	3,226	**3,489**

Cash and cash equivalents as at December 31, 2017 and March 31, 2017 include restricted cash and bank balances of $87 million and $88 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 at	
	December 31, 2017	March 31, 2017
Current accounts		
ANZ Bank, Taiwan	2	-
Banamex Bank, Mexico	1	-
Banamex Bank, Mexico (U.S. Dollar account)	2	1
Bank of America, Mexico	9	8
Bank of America, USA	147	159
Bank Leumi, Israel (US Dollar account)	1	-
Bank Leumi, Israel	2	2
Bank Zachodni WBK S.A, Poland	2	1
Barclays Bank, UK	5	-
BNP Paribas Bank, Norway	5	3
China Merchants Bank, China	1	1
Citibank N.A., Australia	13	3
Citibank N.A., Brazil	2	5
Citibank N.A., China	18	10
Citibank N.A., China (U.S. Dollar account)	4	2
Citibank N.A., Costa Rica	-	1
Citibank N.A., Dubai	1	-
Citibank N.A., Hungary	1	-
Citibank N.A., Japan	5	2
Citibank N.A., New Zealand	2	2
Citibank N.A., Portugal	1	-
Citibank N.A., South Africa	4	2
Citibank N.A., USA	9	12
Commerzbank, Germany	1	3
Deutsche Bank, Belgium	1	2
Deutsche Bank, Czech Republic	3	1
Deutsche Bank, Czech Republic (Euro account)	1	1
Deutsche Bank, Czech Republic (U.S. Dollar account)	4	5
Deutsche Bank, EEFC (Australian Dollar account)	2	6
Deutsche Bank, EEFC (Euro account)	4	4
Deutsche Bank, EEFC (U.S. Dollar account)	10	12
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	1	2
Deutsche Bank, France	2	1
Deutsche Bank, Germany	14	8
Deutsche Bank, India	1	2
Deutsche Bank, Malaysia	-	1
Deutsche Bank, Netherlands	1	-
Deutsche Bank, Philippines	3	1
Deutsche Bank, Philippines (U.S. Dollar account)	1	1
Deutsche Bank, Poland	3	2
Deutsche Bank, Poland (Euro account)	-	1
Deutsche Bank, Singapore	-	1
Deutsche Bank, Switzerland	2	1
Deutsche Bank, United Kingdom	8	4
Deutsche Bank, USA	1	2
ICICI Bank, EEFC (U.S. Dollar account)	15	1
ICICI Bank, India	8	8
ICICI Bank - Unpaid dividend account	2	2
Nordbanken, Sweden	5	5
Punjab National Bank, India	1	1
Raiffeisen Bank, Czech Republic	1	1
Raiffeisen Bank, Romania	1	1
Royal Bank of Canada, Canada	25	13

State Bank of India, India	-	1
Silicon Valley Bank, USA	1	1
Silicon Valley Bank (Euro account)	1	3
Splitska Banka D.D., Société Générale Group, Croatia	1	-
Union Bank of Switzerland AG (Euro account)	-	1
Wells Fargo Bank N.A., USA	-	5
Yes Bank, India	5	-
	366	**318**
Deposit accounts		
Axis Bank	-	181
Bank BGZ BNP Paribas S.A	22	28
Barclays Bank	129	127
Canara Bank	37	40
Citibank	27	26
Deutsche Bank, Poland	33	11
HDFC Bank	336	72
HSBC Bank	-	77
ICICI Bank	644	751
IDBI Bank	-	270
IDFC Bank	31	31
IndusInd Bank	-	29
Kotak Mahindra Bank	32	83
South Indian Bank	71	69
Standard Chartered Bank	-	77
Syndicate Bank	-	8
Yes Bank	129	98
	1,491	**1,978**
Deposits with financial institutions		
HDFC Limited, India	1,259	1,085
LIC Housing Finance Limited	110	108
	1,369	**1,193**
Total	**3,226**	**3,489**

2.2 Investments

The carrying value of investments are as follows:

(Dollars in millions)

	As at	
	December 31, 2017	**March 31, 2017**
(i) Current		
Amortized cost		
Quoted debt securities:		
Cost	1	2
Fair value through profit and loss		
Liquid Mutual funds		
Fair value	150	278
Fixed maturity plan securities		
Fair Value	25	23
Fair Value through Other comprehensive income		
Quoted debt securities		
Fair value	85	16
Certificate of deposits		
Fair value	128	1,219
Unquoted equity and preference securities		
Fair value	-	-
	389	**1,538**
(ii) Non-current		
Amortized cost		
Quoted debt securities		
Cost	297	293
Fair value through Other comprehensive income		
Quoted debt securities		
Fair value	560	597
Unquoted equity and preference securities		
Fair value	24	25
Fair value through profit and loss		
Unquoted convertible promissory note		
Fair value	2	1
Fixed maturity plan securities		
Fair Value	66	63
Others		
Fair value	8	5
	957	**984**
Total investments	**1,346**	**2,522**
Investment carried at amortized cost	298	295
Investments carried at fair value through other comprehensive income	797	1,857
Investments carried at fair value through profit and loss	251	370

Liquid Mutual fund:

The fair value of liquid mutual funds as at December 31, 2017 was $150 million and as at March 31, 2017 was $278 million. The fair value is based on quoted prices.

Fixed maturity plan securities:

The fair value of fixed maturity plan securities as at December 31, 2017 is $91 million and as at March 31, 2017 was $86 million. 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 organizations. The fair value of quoted debt securities (including interest accrued) as on December 31, 2017 and March 31, 2017 was $338 million and $334 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 fair value of non-convertible debentures (including interest accrued) as at December 31, 2017 was $645 million and as at March 31, 2017 was $613 million. The fair value is based on quoted prices and market observable inputs. The unrealized loss of then $4 million, net of taxes of less than $1 million has been recognized in other comprehensive income for the three months ended December 31, 2017. The unrealized gain of $2 million, net of taxes of less than $1 million has been recognized in other comprehensive income for the nine months ended December 31, 2017.

Certificate of deposits:

The fair value of certificate of deposits as at December 31, 2017 was $127 million and as at March 31, 2017 was $1,219 million. The fair value is based on market observable inputs. The unrealized loss of less than $1 million, net of taxes of less than $1 million, has been recognized in other comprehensive income for the three months ended December 31, 2017. The unrealized gain of less then $1 million, net of taxes of less than $1 million has been recognized in other comprehensive income for the nine months ended December 31, 2017.

Unquoted equity, preference and other investments

The fair value is determined using Level 3 inputs like Discounted cash flows method, Market multiples method, Option pricing model, etc.

2.3 Financial instruments

Financial instruments by category

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

(Dollars in millions)

	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	3,226	-	-	-	-	3,226	3,226
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	150	-	-	150	150
Fixed maturity plan securities	-	-	91	-	-	91	91
Quoted debt securities	298	-	-	-	645	943	983 [1]
Certificate of deposits	-	-	-	-	128	128	128
Unquoted equity and preference securities:	-	-	-	24	-	24	24
Unquoted investment others	-	-	8	-	-	8	8
Unquoted convertible promissory note	-	-	2	-	-	2	2
Trade receivables	2,057	-	-	-	-	2,057	2,057
Unbilled revenue	573	-	-	-	-	573	573
Prepayments and other assets (Refer to Note 2.4)	482	-	-	-	-	482	473 [2]
Derivative financial instruments	-	-	10	-	3	13	13
Total	**6,636**	**-**	**261**	**24**	**776**	**7,697**	**7,728**
Liabilities:							
Trade payables	79	-	-	-	-	79	79
Derivative financial instruments	-	-	-	-	1	1	1
Client deposits	24	-	-	-	-	24	24
Other liabilities including contingent consideration (Refer to note 2.5)	838	-	10	-	-	848	848
Total	**941**	**-**	**10**	**-**	**1**	**952**	**952**

[1] *On account of fair value changes including interest accrued*

[2] *Excludes interest accrued on quoted debt securities carried at amortized cost*

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

(Dollars in millions)

	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	3,489	-	-	-	-	3,489	3,489
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	278	-	-	278	278
Fixed maturity plan securities	-	-	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 investment 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 to Note 2.4)	410	-	-	-	-	410	397 [2]
Derivative financial instruments	-	-	36	-	8	44	44
Total	**6,656**	**-**	**406**	**25**	**1,840**	**8,927**	**8,953**
Liabilities:							
Trade payables	57	-	-	-	-	57	57
Derivative financial instruments	-	-	-	-	-	-	-
Client deposits	5	-	-	-	-	5	5
Other liabilities including contingent consideration (Refer to note 2.5)	763	-	13	-	-	776	776
Total	**825**	**-**	**13**	**-**	**-**	**838**	**838**

[1] *On account of fair value changes including interest accrued*

[2] *Excludes interest accrued on quoted debt securities carried at amortized cost*

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 at December 31, 2017:

(Dollars in millions)

	As at December 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 to Note 2.2)	150	150	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	91	-	91	
Investments in quoted debt securities (Refer to Note 2.2)	983	793	190	-
Investments in certificate of deposit (Refer to Note 2.2)	128	-	128	
Investments in unquoted equity and preference securities (Refer to Note 2.2)	24	-	-	24
Investments in unquoted investments others (Refer to Note 2.2)	8	-	-	8
Investments in unquoted convertible promissory note (Refer to Note 2.2)	2	-	-	2
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	13	-	13	-
Liabilities				-
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	1	-	1	-
Liability towards contingent consideration (Refer to note 2.5)*	10	-	-	10

** Discounted $7 million at 13.9% and $3 million at 10%.*

During the nine months ended December 31, 2017, quoted debt securities of $61 million were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price and $67 million 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 at March 31, 2017:

(Dollars in millions)

	As at 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 to Note 2.2)	278	278	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	86	-	86	
Investments in quoted debt securities (Refer to Note 2.2)	947	565	382	-
Investments in certificate of deposit (Refer to Note 2.2)	1,219	-	1,219	-
Investments in equity and preference securities (Refer to Note 2.2)	25	-	-	25
Investments in unquoted investments others (Refer to Note 2.2)	5	-	-	5
Investments in unquoted convertible promissory note (Refer to 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 to Note 2.5)*	13	-	-	13

**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.

The movement in contingent consideration as at December 31, 2017 from March 31, 2017 is on account of settlement of contingent consideration of $7 million pertaining to Kallidus acquisition, and change in discount rate and passage of time. Additionally during the three months ended September 30, 2017, contingent consideration of $3 million was included in relation to acquisition of Brilliant Basics Holdings Limited. (Refer to note no. 2.9)

Income from financial assets or liabilities is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Interest income on financial assets carried at amortized cost	71	92	200	285
Interest income on financial assets fair valued through other comprehensive income	23	4	85	4
Dividend income on investments carried at fair value through profit or loss	-	-		4
Gain / (loss) on investments carried at fair value through profit or loss	10	5	33	8
	104	**101**	**318**	**301**

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 primary 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 at December 31, 2017:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	198	27	14	31	160	430
Trade receivables	1,335	268	128	91	124	1,946
Unbilled revenue	297	75	46	29	50	497
Other assets	57	4	6	2	14	83
Trade payables	(35)	(10)	(9)	(4)	(7)	(65)
Client deposits	(23)	(1)	-	-	-	(24)
Accrued expenses	(171)	(35)	(22)	(7)	(16)	(251)
Employee benefit obligation	(92)	(11)	(6)	(31)	(22)	(162)
Other liabilities	(136)	(17)	(9)	(4)	(51)	(217)
Net assets / (liabilities)	**1,430**	**300**	**148**	**107**	**252**	**2,237**

The following table analyses foreign currency risk from financial instruments as at 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**

For the three months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the Group's incremental operating margins by approximately 0.50%, each.

For the nine months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the Group's incremental operating margins by approximately 0.50%, 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 Group's 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 at	
	December 31, 2017	**March 31, 2017**
Derivatives designated as cash flow hedges		
Forward contracts		
In Australian dollars	-	130
In Euro	-	95
In United Kingdom Pound Sterling	-	40
Options contracts		
In Australian dollars	130	-
In Euro	130	40
In United Kingdom Pound Sterling	40	-
Other derivatives		
Forward contracts		
In Australian dollars	43	35
In Canadian dollars	19	-
In Euro	109	114
In Japanese Yen	550	-
In New Zealand dollars	21	-
In Norwegian Krone	4	-
In Singapore dollars	5	5
In South African Rand	26	-
In Swedish Krona	50	50
In Swiss Franc	22	10
In U.S. Dollars	628	526
In United Kingdom Pound Sterling	80	75
Options contracts		
In Australian dollars	30	-
In Canadian dollars	-	13
In Euro	50	25
In Swiss Franc	5	-
In U.S. Dollars	165	195
In United Kingdom Pound Sterling	20	30

The Group recognized a net gain of $28 million and $12 million for the three months ended December 31, 2017 and December 31, 2016, respectively on derivative financial instruments, which are included in other income.. The group recognized a net gain of $20 million and $45 million for the nine months ended December 31, 2017 and December 31, 2016, respectively on derivative financial instruments, which are included in other income.

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

	(Dollars in millions)	
	As at	
	December 31, 2017	**March 31, 2017**
Not later than one month	471	355
Later than one month and not later than three months	864	666
Later than three months and not later than one year	227	329
	1,562	**1,350**

During the nine months ended December 31, 2017 and December 31 2016, the Group has designated certain foreign exchange forward and option 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 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 nine months ended December 31, 2017:

				(Dollars in millions)
	Three months ended December 31,		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Balance at the beginning of the period	(1)	-	6	-
Gain / (Loss) recognized in other comprehensive income during the period	1	8	(13)	8
Amount reclassified to revenue during the period	(2)	(2)	3	(2)
Amount reclassified to other income during the period	2	-	2	-
Tax impact on above	-	(2)	2	(2)
Balance at the end of the period	**-**	**4**	**-**	**4**

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 realize 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 at			
	December 31, 2017		**March 31, 2017**	
	Derivative financial asset	**Derivative financial liability**	**Derivative financial asset**	**Derivative financial liability**
Gross amount of recognized financial asset/liability	16	(4)	44	-
Amount set off	(3)	3	-	-
Net amount presented in balance sheet	**13**	**(1)**	**44**	**-**

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 $2,057 million and $1,900 million as at December 31, 2017 and March 31, 2017, respectively and unbilled revenue amounting to $573 million and $562 million as at December 31, 2017 and March 31, 2017, 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. 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 ten customers:

				(In %)
	Three months ended December 31,		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Revenue from top customer	3.4	3.1	3.4	3.4
Revenue from top ten customers	19.2	20.1	19.4	21.3

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended December 31, 2017 and December 31, 2016 was $4 million and $5 million respectively. The allowance for lifetime expected credit loss on customer balances for the nine months ended December 31, 2017 and December 31, 2016 was $10 million and $11 million.

Movement in credit loss allowance				*(Dollars in millions)*
	Three months ended December 31,		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Balance at the beginning	69	49	63	44
Translation differences	1	(1)	2	(2)
Impairment loss recognized/(reversed)	4	5	10	11
Write offs	-	-	(1)	-
Balance at the end	**74**	**53**	**74**	**53**
	-		-	

The Company's credit period generally ranges from 30-60 days.

Credit exposure	*(Dollars in millions except otherwise stated)*	
	As at	
	December 31, 2017	**March 31, 2017**
Trade receivables	2,057	1,900
Unbilled revenues	573	562
Days Sales Outstanding- DSO (days)	70	68

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 at December 31, 2017, the Group had a working capital of $5,032 million including cash and cash equivalents of $3,226 million and current investments of $388 million. As at 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 at December 31, 2017 and March 31, 2017, the outstanding employee benefit obligations were $235 million and $209 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 at December 31, 2017:

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	79	-	-	-	79
Client deposits	24	-	-	-	24
Other liabilities (excluding liability towards contingent consideration - Refer to Note 2.5)	838	-	-	-	838
Liability towards contingent consideration on an undiscounted basis -Refer to Note 2.5	8	1	1	-	10

The table below provides details regarding the contractual maturities of significant financial liabilities as at 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 acquisition - Refer to Note 2.5)	758	5	-	-	763
Liability towards acquisitions on an undiscounted basis (Refer to Note 2.5)	7	7	-	-	14

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As at	
	December 31, 2017	March 31, 2017
Current		
Rental deposits	3	1
Security deposits	2	2
Loans to employees	37	42
Prepaid expenses [(1)]	80	68
Interest accrued and not due	152	89
Withholding taxes and others[(1)]	364	291
Advance payments to vendors for supply of goods [(1)]	11	20
Deposit with corporations	226	218
Deferred contract cost[(1)]	9	12
Other assets	7	6
	891	**749**
Non-current		
Loans to employees	6	5
Security deposits	14	13
Deposit with corporations	8	7
Prepaid gratuity [(1)]	5	12
Prepaid expenses [(1)]	21	15
Deferred contract cost [(1)]	41	44
Rental Deposits	27	27
	122	**123**
	1,013	**872**
Financial assets in prepayments and other assets	**482**	**410**

[(1)] *Non financial assets*

Withholding taxes and others primarily consist of input tax credits. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront costs incurred for the contract and are amortized 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 at	
	December 31, 2017	**March 31, 2017**
Current		
Accrued compensation to employees	384	290
Accrued expenses	395	399
Withholding taxes and others (1)	192	189
Retainage	23	34
Liabilities of controlled trusts	21	22
Liability towards contingent consideration (Refer to note 2.9)	8	7
Deferred rent (1)	2	-
Others	15	13
	1,040	**954**
Non-Current		
Liability towards contingent consideration (Refer to note 2.9)	2	6
Accrued compensation to employees	-	5
Deferred income - government grant on land use rights (1)	6	6
Deferred income (1)	6	7
Deferred rent (1)	22	-
	36	**24**
	1,076	**978**
Financial liabilities included in other liabilities	848	776
Financial liability towards contingent consideration on an undiscounted basis (Refer to Note 2.9)	10	14

(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 at	
	December 31, 2017	**March 31, 2017**
Provision for post sales client support and other provisions	71	63
	71	**63**

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)

	Three months ended December 31, 2017	**Nine months ended December 31, 2017**
Balance at the beginning	64	63
Translation differences	-	-
Provision recognized/(reversed)	8	14
Provision utilized	(1)	(6)
Balance at the end	**71**	**71**

Provision for post sales client support and other provisions is included in cost of sales in the condensed consolidated statement of comprehensive income.

As at December 31, 2017 and March 31, 2017, claims against the company, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.11) amounted to ₹336 crore ($53 million) and ₹301 crore ($46 million), 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 December 31, 2017:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2017	**271**	**1,134**	**480**	**724**	**270**	**5**	**2,884**
Additions	7	42	19	18	9	-	95
Deletions	-	-	-	(3)	(1)	(1)	(5)
Translation difference	5	26	10	15	7	1	64
Gross carrying value as at December 31, 2017	**283**	**1,202**	**509**	**754**	**285**	**5**	**3,038**
Accumulated depreciation as at October 1, 2017	**(4)**	**(395)**	**(328)**	**(513)**	**(185)**	**(3)**	**(1,428)**
Depreciation	-	(12)	(15)	(27)	(10)	-	(64)
Accumulated depreciation on deletions	-	-	-	3	1	1	5
Translation difference	(1)	(7)	(8)	(11)	(5)	-	(32)
Accumulated depreciation as at December 31, 2017	**(5)**	**(414)**	**(351)**	**(548)**	**(199)**	**(2)**	**(1,519)**
Capital work-in progress as at December 31, 2017							**334**
Carrying value as at December 31, 2017	**278**	**788**	**158**	**206**	**86**	**3**	**1,853**
Capital work-in progress as at October 1, 2017							**358**
Carrying value as at October 1, 2017	**267**	**739**	**152**	**211**	**85**	**2**	**1,814**

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

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2016	**246**	**965**	**431**	**674**	**237**	**5**	**2,558**
Additions	6	72	16	30	23	-	147
Deletions	-	-	(5)	(32)	(5)	(1)	(43)
Translation difference	(5)	(20)	(9)	(14)	(6)	1	(53)
Gross carrying value as at December 31, 2016	**247**	**1,017**	**433**	**658**	**249**	**5**	**2,609**
Accumulated depreciation as at October 1, 2016	**(4)**	**(348)**	**(267)**	**(439)**	**(161)**	**(3)**	**(1,222)**
Depreciation	(1)	(9)	(14)	(24)	(8)	(1)	(57)
Accumulated depreciation on deletions	-	-	2	20	2	1	25
Translation difference	1	7	5	8	4	1	26
Accumulated depreciation as at December 31, 2016	**(4)**	**(350)**	**(274)**	**(435)**	**(163)**	**(2)**	**(1,228)**
Capital work-in progress as at December 31, 2016							**299**
Carrying value as at December 31, 2016	**243**	**667**	**159**	**223**	**86**	**3**	**1,680**
Capital work-in progress as at October 1, 2016							**345**
Carrying value as at October 1, 2016	**242**	**617**	**164**	**235**	**76**	**2**	**1,681**

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

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2017	**272**	**1,123**	**466**	**700**	**261**	**5**	**2,827**
Additions	7	58	37	54	21	-	177
Deletions	-	-	(2)	(12)	(3)	(1)	(18)
Translation difference	4	21	8	12	6	1	52
Gross carrying value as at December 31, 2017	**283**	**1,202**	**509**	**754**	**285**	**5**	**3,038**
Accumulated depreciation as at April 1, 2017	**(4)**	**(376)**	**(301)**	**(471)**	**(168)**	**(3)**	**(1,323)**
Depreciation	-	(33)	(46)	(81)	(29)	-	(189)
Accumulated depreciation on deletions	-	-	2	12	3	1	18
Translation difference	(1)	(5)	(6)	(8)	(5)	-	(25)
Accumulated depreciation as at December 31, 2017	**(5)**	**(414)**	**(351)**	**(548)**	**(199)**	**(2)**	**(1,519)**
Capital work-in progress as at December 31, 2017							**334**
Carrying value as at December 31, 2017	**278**	**788**	**158**	**206**	**86**	**3**	**1,853**
Capital work-in progress as at April 1, 2017							**303**
Carrying value as at April 1, 2017	**268**	**747**	**165**	**229**	**93**	**2**	**1,807**

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

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2016	**244**	**955**	**392**	**615**	**218**	**4**	**2,428**
Additions	9	87	59	98	44	1	298
Deletions	-	-	(7)	(37)	(6)	(1)	(51)
Translation difference	(6)	(25)	(11)	(18)	(7)	1	(66)
Gross carrying value as at December 31, 2016	**247**	**1,017**	**433**	**658**	**249**	**5**	**2,609**
Accumulated depreciation as at April 1, 2016	**(3)**	**(332)**	**(243)**	**(395)**	**(149)**	**(3)**	**(1,125)**
Depreciation	(1)	(26)	(42)	(75)	(22)	(1)	(167)
Accumulated depreciation on deletions	-	-	4	25	3	1	33
Translation difference	-	8	7	10	5	1	31
Accumulated depreciation as at December 31, 2016	**(4)**	**(350)**	**(274)**	**(435)**	**(163)**	**(2)**	**(1,228)**
Capital work-in progress as at December 31, 2016							**299**
Carrying value as at December 31, 2016	**243**	**667**	**159**	**223**	**86**	**3**	**1,680**
Capital work-in progress as at April 1, 2016							**286**
Carrying value as at 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, 2017:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at 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 at March 31, 2017	**272**	**1,123**	**466**	**700**	**261**	**5**	**2,827**
Accumulated depreciation as at 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 at March 31, 2017	**(4)**	**(376)**	**(301)**	**(471)**	**(168)**	**(3)**	**(1,323)**
Capital work-in progress as at March 31, 2017							**303**
Carrying value as at March 31, 2017	**268**	**747**	**165**	**229**	**93**	**2**	**1,807**
Capital work-in progress as at April 1, 2016							**286**
Carrying value as at April 1, 2016	**241**	**623**	**149**	**220**	**69**	**1**	**1,589**

The depreciation expense is included in cost of sales in the condensed consolidated statement of comprehensive income.

Carrying value of land includes $100 million and $99 million as at December 31, 2017 and March 31, 2017, 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 $111 million and $177 million as at December 31, 2017 and March 31, 2017, respectively.

2.8 Goodwill

Following is a summary of changes in the carrying amount of goodwill:

(Dollars in millions)

	As at	
	December 31, 2017	**March 31, 2017**
Carrying value at the beginning	563	568
Goodwill on Brilliant Basics acquisition (Refer to note 2.9)	5	-
Translation differences	15	(5)
Carrying value at the end	**583**	**563**

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.

The following table presents the allocation of goodwill to operating segments as at March 31, 2017:

(Dollars in millions)

Segment	As at March 31, 2017
Financial services	127
Manufacturing	63
Retail, Consumer packaged goods and Logistics	86
Life Sciences, Healthcare and Insurance	98
Energy & utilities, Communication and Services	118
	492
Operating segments without significant goodwill	71
Total	**563**

The entire goodwill relating to Infosys BPM's (formerly Infosys BPO) 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 BPM (formerly Infosys BPO), Infosys Lodestone, Portland, Panaya, Kallidus d.b.a Skava and Brilliant Basics 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 at March 31, 2017, 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 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 at March 31, 2017
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.4

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 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. The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. 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 has been reversed in the consolidated statement of comprehensive income.

Business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

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.

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 nine months ended December 31, 2017 contingent consideration of $7 million was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as at December 31, 2017 and March 31, 2017 is $7 million and $14 million on an undiscounted basis.

Brilliant Basics Holdings Limited.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of $4 million, contingent consideration of up to $3 million and an additional consideration of $2 million, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary

The payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a period of 3 years ending on March, 2020.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Brilliant Basics on achievement of certain financial targets. The key inputs used in determination of the fair value of contingent consideration are the discount rate of 10% and the probabilities of achievement of the financial targets.

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(*)	–	–	–
Intangible assets - customer relationships	–	2	2
Deferred tax liabilities on intangible assets	–	–	–
	-	**2**	**2**
Goodwill			5
Total purchase price			**7**

*Includes cash and cash equivalents acquired of less than $1 million

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is less than $1 million and the amounts are expected to be fully recoverable.

The acquisition date fair value of each major class of consideration as of the acquisition date is as follows:

(Dollars in millions)

Component	**Consideration settled**
Cash paid	4
Fair value of contingent consideration	3
Total purchase price	**7**

The transaction costs of less than $1 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months ended September 30, 2017.

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 17,038,883 equity shares will be issued as RSUs at par value and 7,000,000 equity shares will be issued as stock options at market price on the date of the grant. 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.

Controlled trust holds 10,805,896 and 11,289,514 shares as at December 31, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

Consequent to Dr. Vishal Sikka's resignation from the Company on August 24, 2017, the unvested stock incentives (time-based and performance based awards) granted to him were forfeited during the three months ended September 30, 2017. Accordingly, the Company recorded a reversal of $5 million to stock compensation cost during the three months ended September 30, 2017.

Stock incentives granted to COO:

The Nomination and Remuneration Committee ('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, under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs have been granted effective 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 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, as approved by the shareholders.

Stock incentives granted to KMPs (other than Dr. Vishal Sikka and COO)

On November 1, 2016, 247,250 RSUs and 502,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years 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.

During the nine months ended December 31, 2017, two of the KMPs have resigned (Refer to note 2.13 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded an employee stock compensation expense of $1 million and a reversal of employee stock compensation expense of $2 million, respectively, towards KMPs during the three months and nine months ended December 31, 2017. The employee stock compensation expense recorded was $2 million and $4 million during the three months and nine months ended December 31, 2016 respectively.

Stock incentive granted to other employees:

During fiscal 2017, the company granted 2,506,740 RSUs and 7,03,300 ESOPs and 112,210 incentive units (cash settled) to certain eligible employees at mid and senior levels under the 2015 plan. Further, on May 2, 2017, the company granted 37,090 RSUs (includes equity shares and equity shares represented by ADS) at par value, 73,600 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. On August 1, 2017, 7,450 incentive units (cash settled) were granted to employees at the senior management level. These instruments will vest over a period of 4 years and are subject to continued service.

The Company has recorded an employee stock compensation expense of $2 million and $10 million, respectively during the three months and nine months ended December 31, 2017 towards employees other than KMPs (employee stock compensation cost of $4 million and $6 million for the three months and nine months ended December 31, 2016 respectively).

Total stock compensation expense

The company recorded a employee stock compensation expense of $3 million for the three months ended December 31, 2017 and recorded an employee stock compensation cost of $9 million for the nine months ended December 31, 2017 (employee stock compensation cost of $6 million and $10 million for the three months and nine months ended December 31, 2016). This comprises expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for the three months and nine months ended December 31, 2017 are less than $1 million and $1 million for the and three months and nine months ended December 31, 2016 was less than $1 million.
As at December 31, 2017 and March 31, 2017 74,753 and 106,845 incentive units were outstanding (net of forfeitures).

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

Particulars	**Three months ended December 31, 2017**		**Nine months ended December 31, 2017**	
	Shares arising out of options	**Weighted average exercise price ($)**	**Shares arising out of options**	**Weighted average exercise price ($)**
2015 Plan: RSU				
Outstanding at the beginning	2,239,841	0.08	2,961,373	0.08
Granted	-	0.08	392,714	0.08
Exercised	100,177	0.08	532,221	0.08
Forfeited and expired	55,380	0.08	737,582	0.08
Outstanding at the end	**2,084,284**	**0.08**	**2,084,284**	**0.08**
Exercisable at the end	142,419	0.08	142,419	0.08
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,190,950	15	1,197,650	15
Granted	-	-	491,575	-
Exercised	-	-	-	-
Forfeited and expired	32,550	15	530,825	15
Outstanding at the end	**1,158,400**	15	**1,158,400**	15
Exercisable at the end	249,324	15	249,324	15

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

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price ($)	Shares arising out of options	Weighted average exercise price ($)
2015 Plan: RSU				
Outstanding at the beginning	2,072,408	0.07	221,505	0.07
Granted	970,375	0.07	2,874,690	0.07
Forfeited and expired	36,895	0.07	59,665	0.07
Exercised	-	0.07	30,642	0.07
Outstanding at the end	**3,005,888**	**0.07**	**3,005,888**	**0.07**
Exercisable at the end	-	-	-	-
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	1,205,850	15.26	1,205,850	15.26
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	**1,205,850**	**15.26**	**1,205,850**	**15.26**
Exercisable at the end	-	-	-	-

During the three months and nine months ended December 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was $15 each.

During the nine months ended December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was $16.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at December 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:			
0 - 0.08 (RSU)	2,084,284	1.67	0.08
13 - 17 (ESOP)	1,158,400	6.85	15
	3,242,684	**3.32**	**5**

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at 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:			
0 - 0.07 (RSU)	2,961,373	1.88	0.07
13 - 17 (ESOP)	1,197,650	7.09	15.83
	4,159,023	**3.38**	**4.61**

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 2018- Equity Shares- RSU	Fiscal 2018- Equity shares ESOP	Fiscal 2018- ADS-RSU	Fiscal 2018- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	923	923	14.73	14.65
Exercise price (₹)/ ($- ADS)	5.00	919	0.08	14.67
Expected volatility (%)	21-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / ($- ADS)	857	254	13.73	2.93

Particulars	For options granted in			
	Fiscal 2017- Equity Shares- RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ ($- 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)	1,002	285	14.84	3.46

The expected life of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behavior 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.

2.11 Income taxes

Income tax expense in the consolidated statement of comprehensive income comprises:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Current taxes				
Domestic taxes	202	159	542	487
Foreign taxes	(181)	58	(59)	168
	21	**217**	**483**	**655**
Deferred taxes				
Domestic taxes	(42)	(2)	(63)	(6)
Foreign taxes	43	(1)	33	(14)
	1	**(3)**	**(30)**	**(20)**
Income tax expense	**22**	**214**	**453**	**635**

Advance Pricing Agreement ("APA")

The Company has concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations.

During the three months ended December 31,2017, in accordance with the APA , the company has reversed income tax expense provision of $225 million which pertains to previous periods. This comprises of current tax expense of $253 million, reversal of $21 million on account of deferred tax assets pertaining to the temporary differences which are no longer required and a deferred tax liability of $7 million pertaining to Branch profit tax for the three months ended December 31, 2017 on account of conclusion of APA. In line with the APA, the Company expects to pay an amount of approximately $233 million due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters. Additionally, income tax expense for the three months and nine months ended December 31, 2017 includes reversal (net of provisions) of $3 million and $ 27 million, respectively, pertaining to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

Income tax expense for the three months and nine months ended December 31, 2016 includes reversal (net of provisions) of $8 million and $9 million, respectively, pertaining to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

The "Tax Cuts and Jobs Act (H.R. 1)" was signed into law on December 22, 2017 ("US Tax Reforms"). The US tax reforms has reduced federal tax rates from 35% to 21% effective January 1, 2018 amongst other measures. During the three months ended December 31, 2017 , the US tax reforms has resulted in a positive impact of $24 million on account of credits pertaining to deferred tax liabilities on branch profit. The impact of US tax reforms is expected to be not significant for future periods.

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

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Profit before income taxes	818	761	2,368	2,232
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	283	264	820	773
Tax effect due to non-taxable income for Indian tax purposes	(48)	(80)	(223)	(230)
Overseas taxes	3	29	70	91
Tax provision (reversals)	(228)	(8)	(235)	(9)
Effect of differential overseas tax rates	3	2	4	4
Effect of exempt non operating income	(4)	(1)	(9)	(8)
Effect of unrecognized deferred tax assets	5	1	22	9
Effect of non-deductible expenses	(8)	7	3	11
Branch profit tax (net of credits)	(24)	-	(24)	-
Subsidiary dividend distribution tax	27	-	27	-
Others	13	-	(2)	(6)
Income tax expense	**22**	**214**	**453**	**635**

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 is 34.61%, respectively.

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 December 31, 2017, Infosys' U.S. branch net assets amounted to approximately $734 million. As of December 31, 2017, the Company has provided for branch profit tax of $34 million (net of credits) for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. An additional deferred tax liability has been created for branch profit tax amounting to $7 million for the three months and nine months ended December 31, 2017 respectively on account of conclusion of APA explained above. Further, on account of US tax Reforms, the company has a credit of $24 million pertaining to Branch Profit Tax for each of the three months and nine months ended December 31, 2017.

Entire deferred income tax, except for a credit of $24 million (on account of US Tax Reforms explained above),each for the three months and nine months ended December 31, 2017 respectively, relates to origination and reversal of temporary differences.

During the three months ended December 31, 2017, the Company received $130 million as dividend from its majority owned subsidiary. Dividend distribution tax paid by the subsidiary on such dividend has been reduced as credit against dividend distribution tax payable by Infosys. Accordingly, the group has recorded a charge of $27 million as income tax expense during the three months and nine months ended December 31, 2017.

Other income for three months and nine months ended December 31, 2017, includes interest on income tax refund of $ 31 million and $ 41 million respectively

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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% 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% 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 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 at December 31, 2017, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹4,487 crore ($702 million). These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

Income tax claims amounting to ₹4,565 crore ($715 million) has not been considered as claims not acknowledged as debt because the Company has received favorable decisions on similar claims and therefore based on its assessment, is of the view that any liability resulting from these claims is remote and will not sustain on ultimate resolution.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,825 crore ($912 million).

As at March 31, 2017, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to ₹6,378 crore ($984 million). Amount paid to statutory authorities against this amounted to ₹4,682 crore ($722 million).

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:

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Basic earnings per equity share - weighted average number of equity shares outstanding[(1)]	2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Effect of dilutive common equivalent shares - share options outstanding	1,306,766	577,312	2,100,721	437,784
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**2,276,381,570**	**2,286,229,042**	**2,284,287,492**	**2,286,076,462**

[(1)] *excludes treasury shares*

For the three months and nine months ended December 31, 2017, 1,48,399 and 1,55,186 number of options to purchase equity shares had an anti-dilutive effect respectively.
For the three months and nine months ended December 31, 2016, 216,477 and 72,422 number of options to purchase equity shares had an anti-dilutive effect.

2.13 Related party transactions

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

Changes in Subsidiaries and Associates

During the three months ended December 31, 2017, the following are the changes in the subsidiaries and associate:

- the name of Infosys BPO Ltd has been changed to Infosys BPM Ltd.
- Infosys Chille Spa was incorporated as a wholly owned subsidiary of the Infosys Ltd.
- Noah Consulting LLC, Noah Information Management Consulting Inc. and DWA Nova LLC have been liquidated.

Changes in Key management personnel

The following were the changes in key management personnel:-

• Salil Parekh appointed as Chief Executive Officer and Managing Director effective January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.
• U. B. Pravin Rao, Chief Operating officer stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.
• Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
• D. Sundaram appointed as Independent director effective July 14, 2017
• R. Seshasayee, Chairman, resigned effective August 24, 2017
• Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
• Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
• Prof. John Etchemendy, Independent director resigned effective August 24, 2017
• Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
• Sandeep Dadlani, President, resigned effective July 14, 2017
• Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
• Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

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

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)(3)]	3	5	5	10
Commission and other benefits to non-executive/ independent directors	-	-	2	1
Total	**3**	**5**	**7**	**11**

[(1)] Included a reversal of stock compensation cost of $5 million towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.10)

[(2)] Total employee stock compensation expense for the three months and nine months ended December 31, 2017 includes a charge of $1 million and a reversal of $2 million, respectively towards key managerial personnel. For the three months and nine months ended December 31, 2016, an employee stock compensation expense of $2 million and $4 million, respectively, was recorded towards key managerial personnel. (Refer to note 2.10)

[(3)] Includes $0.87 million payable under severance agreement to David Kennedy, General counsel and Chief compliance officer during the three months ended December 31, 2016

[(4)] On December 2, 2017, the Board appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.

[(5)] U. B. Pravin Rao stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.

Investment in Associate

During the three months ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to $11 million.

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. Based on the "management approach" as defined in IFRS 8, 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. All other segments represents the operating segments of businesses in India, Japan, 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 Company's offshore software development centers and on-site expenses, which are categorized in relation to the associated turnover of the segment. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying assets are used interchangeably. Management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the 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

Three months ended December 31, 2017 and December 31, 2016

(Dollars in millions)

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	**718**	**303**	**657**	**439**	**368**	**195**	**75**	**2,755**
	689	*279*	*574*	*416*	*325*	*185*	*83*	*2,551*
Identifiable operating expenses	374	158	333	212	179	104	44	1,404
	346	*149*	*277*	*198*	*157*	*95*	*53*	*1,275*
Allocated expenses	150	68	147	98	82	43	17	605
	148	*63*	*131*	*95*	*74*	*42*	*19*	*572*
Segment profit	**194**	**77**	**177**	**129**	**107**	**48**	**14**	**746**
	195	*67*	*166*	*123*	*94*	*48*	*11*	*704*
Unallocable expenses								77
								64
Operating profit								**669**
								640
Other income, net								149
								121
Share in associate's profit / (loss)								-
								-
Profit before Income taxes								**818**
								761
Income tax expense								22
								214
Net profit								**796**
								547
Depreciation and amortization								77
								64
Non-cash expenses other than depreciation and amortization								-
								-

Nine months ended December 31, 2017 and December 31, 2016

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	**2,165**	**890**	**1,911**	**1,283**	**1,061**	**582**	**242**	**8,134**
	2,067	*831*	*1,705*	*1,266*	*936*	*582*	*252*	*7,639*
Identifiable operating expenses	1,102	474	961	619	526	311	141	4,134
	1,034	*434*	*817*	*606*	*464*	*300*	*160*	*3,815*
Allocated expenses	460	202	434	291	241	132	55	1,815
	456	*193*	*396*	*294*	*218*	*135*	*58*	*1,750*
Segment profit	**603**	**214**	**516**	**373**	**294**	**139**	**46**	**2,185**
	577	*204*	*492*	*366*	*254*	*147*	*34*	*2,074*
Unallocable expenses								219
								188
Operating profit								**1,966**
								1,886
Other income, net								413
								347
Share in associate's profit / (loss)								-
								(1)
Write-down of investment in associate								(11)
								-
Profit before Income taxes								**2,368**
								2,232
Income tax expense								453
								635
Net profit								**1,915**
								1,597
Depreciation and amortization								218
								187
Non-cash expenses other than depreciation and amortization								1
								1

2.14.2 Geographic Segments

Three months ended December 31, 2017 and December 31, 2016

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	**1,664**	**671**	**84**	**336**	**2,755**
	1,580	*568*	*87*	*316*	*2,551*
Identifiable operating expenses	869	332	38	165	1,404
	794	*292*	*40*	*149*	*1,275*
Allocated expenses	370	150	16	69	605
	359	*129*	*17*	*67*	*572*
Segment profit	**425**	**189**	**30**	**102**	**746**
	427	*147*	*30*	*100*	*704*
Unallocable expenses					77
					64
Operating profit					**669**
					640
Other income, net					149
					121
Share in associate's profit / (loss)					-
					-
Profit before Income taxes					**818**
					761
Income Tax expense					22
					214
Net profit					**796**
					547
Depreciation and amortization					77
					64
Non-cash expenses other than depreciation and amortization					-
					-

Nine months ended December 31, 2017 and December 31, 2016

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	**4,938**	**1,901**	**267**	**1,028**	**8,134**
	4,721	*1,726*	*243*	*949*	*7,639*
Identifiable operating expenses	2,566	967	110	491	4,134
	2,403	*859*	*114*	*439*	*3,815*
Allocated expenses	1,119	430	51	215	1,815
	1,095	*399*	*50*	*206*	*1,750*
Segment profit	**1,253**	**504**	**106**	**322**	**2,185**
	1,223	*468*	*79*	*304*	*2,074*
Unallocable expenses					219
					188
Operating profit					**1,966**
					1,886
Other income, net					413
					347
Share in associate's profit / (loss)					-
					(1)
Write-down of investment in associate					(11)
					-
Profit before Income taxes					**2,368**
					2,232
Income Tax expense					453
					635
Net profit					**1,915**
					1,597
Depreciation and amortization					218
					187
Non-cash expenses other than depreciation and amortization					1
					1

2.14.3 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2017 and December 31, 2016, respectively.

2.15 Break-up of expenses

Cost of sales

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	1,364	1,235	3,990	3,750
Depreciation and amortization	77	64	218	187
Travelling costs	56	53	171	195
Cost of technical sub-contractors	161	144	495	421
Cost of software packages for own use	34	30	102	86
Third party items bought for service delivery to clients	39	38	114	81
Operating lease payments	12	12	37	35
Consultancy and professional charges	1	1	5	3
Communication costs	9	10	27	28
Repairs and maintenance	12	11	35	35
Provision for post-sales client support	8	2	13	9
Others	-	1	1	2
Total	**1,773**	**1,601**	**5,208**	**4,832**

Sales and marketing expenses

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	105	101	310	303
Travelling costs	12	13	35	40
Branding and marketing	11	10	36	40
Operating lease payments	3	3	9	8
Consultancy and professional charges	3	2	8	5
Communication costs	1	1	2	2
Others	1	1	5	4
Total	**136**	**131**	**405**	**402**

Administrative expenses

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	59	55	173	164
Consultancy and professional charges	33	23	104	71
Repairs and maintenance	30	34	95	104
Power and fuel	8	8	24	27
Communication costs	9	10	29	30
Travelling costs	9	9	27	27
Rates and taxes	6	6	25	18
Operating lease payments	5	4	16	11
Insurance charges	2	2	7	6
Impairment loss recognized/(reversed) on financial assets	4	5	10	12
Commission to non-whole time directors	-	-	1	1
Contributions towards Corporate Social Responsibility	5	13	21	28
Others	7	10	23	20
Total	**177**	**179**	**555**	**519**

2.16 Capital allocation policy

The Board, in its meeting on April 13, 2017, had 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. 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. 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.

2. Additionally, the Board identified an amount of up to ₹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.

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. Dividend distribution tax paid by subsidiaries may be reduced / available as credit against dividend distribution tax payable by Infosys Limited.

The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2017 includes final dividend of ₹14.75/- per equity share ($0.23 per equity share) and Interim dividend of ₹13/- per equity share ($0.20 per equity share). The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2016 includes final dividend of ₹14.25/- per equity share ($0.22 per equity share) and Interim dividend of ₹11/- per equity share ($0.17 per equity share).

The Board of Directors, in their meeting on October 24 2017, declared an interim dividend of approximately $0.20/- per equity share (₹13/- per equity share), which resulted in a net cash outflow of approximately $526 million, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

Buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore ($2 billion). The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of **113,043,478 Equity Shares** aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 113,043,478 shares were extinguished. The company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the company has created 'Capital Redemption Reserve' of $9 million equal to the nominal value of the shares bought back as an appropriation from general reserve.

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/- each. 10,805,896 and 11,289,514 shares were held by controlled trust, as at December 31, 2017 and March 31, 2017, 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.

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

Nandan M. Nilekani
Chairman

Salil. Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries

(In ₹ crore except equity share data)

Condensed Consolidated Balance Sheet as at	Note	December 31, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	20,611	22,625
Current investments	2.2	2,481	9,970
Trade receivables		13,143	12,322
Unbilled revenue		3,663	3,648
Prepayments and other current assets	2.4	5,694	4,856
Income tax assets		537	-
Derivative financial instruments	2.3	84	284
Total current assets		**46,213**	**53,705**
Non-current assets			
Property, plant and equipment	2.7	11,835	11,716
Goodwill	2.8	3,727	3,652
Intangible assets		599	776
Investment in associate	2.13	-	71
Non-current investments	2.2	6,111	6,382
Deferred income tax assets		1,177	540
Income tax assets		5,514	5,716
Other non-current assets	2.4	779	797
Total non-current assets		**29,742**	**29,650**
Total assets		**75,955**	**83,355**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		502	367
Derivative financial instruments	2.3	10	2
Current income tax liabilities		2,536	3,885
Client deposits		151	32
Unearned revenue		2,313	1,777
Employee benefit obligations		1,452	1,359
Provisions	2.6	452	405
Other current liabilities	2.5	6,644	6,186
Total current liabilities		**14,060**	**14,013**
Non-current liabilities			
Deferred income tax liabilities		638	207
Employee benefit obligations		51	-
Other non-current liabilities	2.5	232	153
Total liabilities		**14,981**	**14,373**
Equity			
Share capital - ₹5 par value 2,40,00,00,000 (2,40,00,00,000) equity shares authorized, issued and outstanding 2,17,31,43,893 (2,28,56,55,150), net of 1,08,05,896 (1,12,89,514) treasury shares as at December 31, 2017 (March 31, 2017), respectively		1,088	1,144
Share premium		158	2,356
Retained earnings		58,093	65,056
Cash flow hedge reserves		(2)	39
Other reserves		1,040	-
Capital redemption reserve		56	-
Other components of equity		541	387
Total equity attributable to equity holders of the Company		**60,974**	**68,982**
Non-controlling interests		-	-
Total equity		**60,974**	**68,982**
Total liabilities and equity		**75,955**	**83,355**

The accompanying notes form an integral part of the interim condensed consolidated financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
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)

Condensed Consolidated Statement of Comprehensive Income	Note	Three months ended December 31,		Nine months ended December 31,	
		2017	2016	2017	2016
Revenues		**17,794**	**17,273**	**52,439**	**51,364**
Cost of sales	2.15	11,450	10,840	33,576	32,483
Gross profit		**6,344**	**6,433**	**18,863**	**18,881**
Operating expenses:					
Selling and marketing expenses	2.15	877	885	2,612	2,702
Administrative expenses	2.15	1,148	1,214	3,575	3,490
Total operating expenses		2,025	2,099	6,187	6,192
Operating profit		**4,319**	**4,334**	**12,676**	**12,689**
Other income, net		962	820	2,659	2,333
Share in associate's profit/ (loss)		-	-	-	(5)
Write-down of investment in associate	2.13	-	-	(71)	-
Profit before income taxes		**5,281**	**5,154**	**15,264**	**15,017**
Income tax expense	2.11	152	1,446	2,925	4,268
Net profit		**5,129**	**3,708**	**12,339**	**10,749**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset		18	(8)	21	(65)
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9		-	-	-	(35)
Equity instruments through other comprehensive income, net		(2)	-	(2)	-
		16	(8)	19	(100)
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		5	26	(41)	28
Exchange differences on translation of foreign operations		(86)	(47)	121	(60)
Fair value changes on investments, net	2.2	(25)	-	14	-
		(106)	**(21)**	**94**	**(32)**
Total other comprehensive income/(loss), net of tax		**(90)**	**(29)**	**113**	**(132)**
Total comprehensive income		**5,039**	**3,679**	**12,452**	**10,617**
Profit attributable to:					
Owners of the Company		5,129	3,708	12,339	10,749
Non-controlling interests		-	-	-	-
		5,129	**3,708**	**12,339**	**10,749**
Total comprehensive income attributable to:					
Owners of the Company		5,039	3,679	12,452	10,617
Non-controlling interests		-	-	-	-
		5,039	**3,679**	**12,452**	**10,617**
Earnings per equity share					
Basic (₹)		22.55	16.22	54.06	47.03
Diluted (₹)		22.53	16.22	54.02	47.02
Weighted average equity shares used in computing earnings per equity share	2.12				
Basic		227,50,74,804	228,56,51,730	228,21,86,771	228,56,38,678
Diluted		227,63,81,570	228,62,29,042	228,42,87,492	228,60,76,462

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

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January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries

Condensed Consolidated Statement of Changes in Equity

(In ₹ crore except equity share data)

	Shares[(1)]	**Share capital**	**Share premium**	**Retained earnings**	**Other reserves[(2)]**	**Capital redemption reserve**	**Other components of equity**	**Cash flow hedge reserve**	**Total equity attributable to equity holders of the Company**
Balance as at April 1, 2016	**2,285,621,088**	**1,144**	**2,241**	**57,655**	-	-	**739**	-	**61,779**
Changes in equity for the nine months ended December 31, 2016									
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 [(3)]	-	-	-	-	-	-	(35)	-	(35)
Shares issued on exercise of employee stock options (Refer to note 2.10)	30,642	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	1	-	-	-	-	-	1
Employee stock compensation expense (refer to note 2.10)	-	-	71	-	-	-	-	-	71
Transferred to other reserves	-	-	-	(821)	821	0	-	-	-
Transferred from other reserves on utilisation	-	-	-	821	(821)	-	-	-	-
Fair value changes on Cash flow hedge reserve (Refer to note 2.3)	-	-	-	-	-	-	-	28	28
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	(65)	-	(65)
Dividends (including corporate dividend tax)	-	-	-	(6,952)	-	-	-	-	(6,952)
Net profit	-	-	-	10,749	-	-	-	-	10,749
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(60)	-	(60)
Balance as at December 31, 2016	**2,285,651,730**	**1,144**	**2,313**	**61,452**	-	-	**579**	**28**	**65,516**
Balance as at April 1, 2017	**2,285,655,150**	**1,144**	**2,356**	**65,056**	-	-	**387**	**39**	**68,982**
Changes in equity for the nine months ended December 31, 2017									
Shares issued on exercise of employee stock options (Refer to note 2.10)	532,221	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	55		-	-	-	-	55
Transfer on account of options not exercised	-	-	(1)	1	-	-	-	-	-
Transferred to other reserves	-	-	-	(1,463)	1,463	-	-	-	-
Transferred from other reserves on utilisation	-	-	-	423	(423)	-	-	-	-
Amount paid upon buyback (refer note 2.16)	(113,043,478)	(56)	(2,206)	(10,738)	-	-	-		(13,000)
Transaction costs related to buyback (refer note 2.16)	-	-	(46)	-	-	-	-	-	(46)
Amount transferred to capital redemption reserve upon Buyback (refer note 2.16)	-	-	-	(56)	-	56	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net (Refer to note 2.3)	-	-	-	-	-	-	-	(41)	(41)
Equity instruments through other comprehensive income, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	(2)	-	(2)
Fair value changes on investments, net	-	-	-	-	-	-	14	-	14
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	21	-	21
Dividends (including corporate dividend tax)	-	-	-	(7,469)	-	-	-	-	(7,469)
Net profit	-	-	-	12,339	-	-	-	-	12,339
Exchange differences on translation of foreign operations	-	-	-	-	-	-	121	-	121
Balance as at December 31, 2017	**2,173,143,893**	**1,088**	**158**	**58,093**	**1,040**	**56**	**541**	**(2)**	**60,974**

(1)excludes treasury shares of 1,08,05,896 as at December 31, 2017, 11,289,514 as at April 1, 2017, 11,292,934 as at December 31, 2016 and 11,323,576 as at April 1, 2016, held by consolidated trust.

[(2)] 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.

[(3)] Represents cumulative impact on account of adoption of IFRS 9, recorded in other comprehensive income during the year ended March 31, 2017. The adoption of IFRS 9 did not have a material impact on the financial statements.

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No : 117366W/ W 100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
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U. B. Pravin Rao
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Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries

(In ₹ crore)

Condensed Consolidated Statement of Cash Flows		**Nine months ended December 31,**	
	Note	**2017**	**2016**
Operating activities:			
Net Profit		12,339	10,749
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.15	1,404	1,257
Income tax expense	2.11	2,925	4,268
Interest and dividend income		(661)	(153)
Effect of exchange rate changes on assets and liabilities		14	46
Impairment loss on financial assets		62	76
Other adjustments		17	156
Changes in working capital			
Trade receivables and unbilled revenue		(891)	(2,071)
Prepayments and other assets		(604)	(924)
Trade payables		126	(51)
Client deposits		119	(1)
Unearned revenue		536	487
Other liabilities and provisions		659	624
Cash generated from operations		**16,045**	**14,463**
Income taxes paid		(4,806)	(4,025)
Net cash provided by operating activities		**11,239**	**10,438**
Investing activities:			
Expenditure on property, plant and equipment net of sale proceeds		(1,374)	(2,097)
Loans to employees		26	56
Deposits placed with corporation		(32)	(147)
Interest and dividend received		325	140
Payment of contingent consideration pertaining to acquisition of business	2.9	(33)	(36)
Payment of acquisition of business, net of cash acquired		(27)	-
Investment in equity and preference securities		(23)	(54)
Investment in others		(14)	(23)
Proceeds from equity and preference securities		25	-
Investment in certificates of deposit		(2,268)	-
Redemption of certificates of deposit		9,690	-
Investment in quoted debt securities		(105)	(3,602)
Redemption of quoted debt securities		10	4
Investment in liquid mutual fund units and fixed maturity plan securities		(47,880)	(37,285)
Redemption of liquid mutual fund units and fixed maturity plan securities		48,915	33,047
Net cash used in investing activities		**7,235**	**(9,997)**
Financing activities:			
Payment of dividends (including corporate dividend tax)		(7,469)	(6,939)
Buy Back of equity shares including transaction cost		(13,046)	-
Net cash used in financing activities		**(20,515)**	**(6,939)**
Effect of exchange rate changes on cash and cash equivalents		27	(86)
Net increase/(decrease) in cash and cash equivalents		(2,041)	(6,498)
Cash and cash equivalents at the beginning of the period	2.1	22,625	32,697
Cash and cash equivalents at the end of the period	2.1	**20,611**	**26,113**
Supplementary information:			
Restricted cash balance	2.1	553	517

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
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for and on behalf of the Board of Directors of Infosys Limited

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Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Notes to the Condensed Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. 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. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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 in India. The Company's American Depositary Shares (ADS) representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's condensed consolidated financial statements are authorized for issue by the Company's Board of Directors on January 12, 2018.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting 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. 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 consolidated financial statements for the year ended March 31, 2017. Accounting policies have been applied consistently to all periods presented in these interim condensed consolidated financial statements.

Amounts for the three months and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim consolidated financial statements comprise the financial statements of the Company, its controlled trusts, its subsidiaries and associate. 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 interim condensed consolidated financial statements.

1.5 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 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 Group presents revenues net of indirect 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
Leasehold improvements	Over lease term

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to 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 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 interim condensed consolidated financial statements.

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 (FVOCI)

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 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 (FVTPL)

A financial asset which is not classified in any of the above categories is 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 as 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.

Refer to Note 2.3 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of 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 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.

1.12 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 BPM (formerly 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 Indian law.

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 not reclassified to profit and loss in subsequent period. 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 BPM (formerly 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.

Amendment to IFRS 2:

Effective April 1, 2017, the Company has early adopted amendment to IFRS 2 which 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. The adoption of the amendment did not have any material effect on the interim consolidated financial statements.

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 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.

Amendment to IAS 7:

Effective April 1, 2017, the Company adopted the amendment to IAS 7, which require 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 adoption of amendment did not have any material effect on the consolidated financial statements.

1.16 Recent accounting pronouncements

1.16.1 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.

IFRIC 23, Uncertainty over Income Tax Treatments: In June 2017, the International Accounting Standards Board (IASB) issued IFRS interpretation IFRIC 23 Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. According to IFRIC 23, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, IFRIC 23 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 IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives

The effective date for adoption of IFRIC 23 is annual periods beginning on or after January 1, 2019, though early adoption is permitted. The Group is yet to evaluate the effect of IFRIC 23 on the consolidated financial statements.

2. Notes to the condensed consolidated financial statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(In ₹ crore)

	As at	
	December 31, 2017	**March 31, 2017**
Cash and bank deposits	11,865	14,889
Deposits with financial institution	8,746	7,736
	20,611	**22,625**

Cash and cash equivalents as at December 31, 2017 and March 31, 2017 include restricted cash and bank balances of ₹553 crore and ₹572 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 at	
	December 31, 2017	**March 31, 2017**
Current Accounts		
ANZ Bank, Taiwan	10	3
Axis Bank, India	1	1
Axis Bank - Unpaid Dividend Account	2	2
Banamex Bank, Mexico	3	2
Banamex Bank, Mexico (U.S. Dollar account)	11	8
Bank of America, Mexico	56	54
Bank of America, USA	940	1,030
Bank of Baroda, Mauritius	1	-
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	1	-
Bank Leumi, Israel	10	11
Bank Leumi, Israel (US Dollar account)	8	2
Bank Leumi, Israel (YEN account)	1	-
Bank Zachodni WBK S.A, Poland	12	4
Barclays Bank, UK	33	1
BNP Paribas Bank, Norway	30	17
China Merchants Bank, China	5	9
Citibank N.A., Australia	83	19
Citibank N.A., Brazil	15	30
Citibank N.A., China	111	61
Citibank N.A., China (U.S. Dollar account)	26	11
Citibank N.A., Costa Rica	1	5
Citibank N.A., Dubai	4	1
Citibank N.A., EEFC (U.S. Dollar account)	-	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	1	3
Citibank N.A., Japan	32	12
Citibank N.A., New Zealand	10	10
Citibank N.A., Philippines (U.S. Dollar account)	-	1
Citibank N.A., Portugal	9	2
Citibank N.A., Romania	1	-
Citibank N.A., Singapore	2	2
Citibank N.A., South Africa	25	9
CitiBank N.A., South Africa (Euro account)	1	1
Citibank N.A., South Korea	1	1
CitiBank N.A., USA	54	78
Commerzbank, Germany	8	18
Deutsche Bank, Belgium	6	10
Deutsche Bank, Czech Republic	15	8
Deutsche Bank, Czech Republic (Euro account)	7	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	26	30
Deutsche Bank, EEFC (Australian Dollar account)	12	38
Deutsche Bank, EEFC (Euro account)	26	25
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, EEFC (U.S. Dollar account)	63	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	6	10
Deutsche Bank, France	14	8

Deutsche Bank, Germany	91	48
Deutsche Bank, India	5	12
Deutsche Bank, Malaysia	2	7
Deutsche Bank, Netherlands	6	2
Deutsche Bank, Philippines	19	5
Deutsche Bank, Philippines (U.S. Dollar account)	6	4
Deutsche Bank, Poland	16	12
Deutsche Bank, Poland (Euro account)	1	4
Deutsche Bank, Russia	3	3
Deutsche Bank, Russia (U.S. Dollar account)	2	1
Deutsche Bank, Singapore	-	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	13	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	49	26
Deutsche Bank, USA	9	12
HDFC Bank - Unpaid dividend account	1	2
HSBC Bank, Brazil	-	1
HSBC Bank, Dubai	3	-
HSBC Bank, Hong Kong	1	1
HSBC Bank, United Kingdom	1	-
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	92	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	-	1
ICICI Bank, India	53	53
ICICI Bank - Unpaid dividend account	14	13
ING Bank, Belgium	-	2
Nordbanken, Sweden	32	33
Punjab National Bank, India	6	6
Raiffeisen Bank, Czech Republic	5	4
Raiffeisen Bank, Romania	6	4
Royal Bank of Canada, Canada	159	83
Santander Bank, Argentina	3	1
State Bank of India, India	3	7
Silicon Valley Bank, USA	6	4
Silicon Valley Bank (Euro account)	5	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	-	2
Splitska Banka D.D., Société Générale Group, Croatia	7	-
Union Bank of Switzerland AG	-	3
Union Bank of Switzerland AG (Euro account)	-	4
Wells Fargo Bank N.A., USA	-	33
Westpac, Australia	-	1
Yes Bank, India	30	-
	2,337	**2,061**
Deposit Accounts		
Axis Bank	-	1,175
Bank BGZ BNP Paribas S.A	137	183
Barclays Bank	825	825
Canara Bank	237	261
Citibank	175	167
Deutsche Bank, Poland	212	71
HDFC Bank	2,148	469
HSBC Bank	-	500
ICICI Bank	4,115	4,869
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	-	191
Kotak Mahindra Bank	207	535
South Indian Bank	450	450
Standard Chartered Bank	-	500
Syndicate Bank	-	49
Yes Bank	822	633
	9,528	**12,828**
Deposits with financial institution		
HDFC Limited, India	8,046	7,036
LIC Housing Finance Limited	700	700
	8,746	**7,736**
Total	**20,611**	**22,625**

2.2 Investments

The carrying value of the investments are as follows:

(In ₹ crore)

	As at	
	December 31, 2017	**March 31, 2017**
(i) Current		
Amortised Cost		
Quoted debt securities		
Cost	6	9
Fair Value through profit and loss		
Liquid mutual funds		
Fair value	960	1,803
Fixed Maturity Plan Securities		
Fair value	159	151
Fair Value through other comprehensive income		
Quoted Debt Securities		
Fair value	543	102
Certificates of deposit		
Fair value	813	7,905
	2,481	**9,970**
(ii) Non-current		
Amortised Cost		
Quoted debt securities		
Cost	1,896	1,898
Fair Value through other comprehensive income		
Quoted debt securities		
Fair value	3,577	3,873
Unquoted equity and preference securities		
Fair value	148	159
Fair Value through profit and loss		
Unquoted convertible promissory note		
Fair value	11	10
Fixed Maturity Plan Securities		
Fair value	422	407
Others		
Fair value	57	35
	6,111	**6,382**
Total investments	**8,592**	**16,352**
Investments carried at amortised cost	1,902	1,907
Investments carried at fair value through other comprehensive income	5,081	12,039
Investments carried at fair value through profit or loss	1,609	2,406

Liquid mutual funds:

The fair value of liquid mutual funds as at December 31, 2017 was ₹960 crore and as at March 31, 2017 was ₹1,803 crore. The fair value is based on quoted price.

Fixed maturity plan securities:

The fair value of fixed maturity plan securities as at December 31, 2017 and as at March 31, 2017 was ₹581 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 at December 31, 2017 and March 31, 2017 was ₹2,163 crore and ₹2,168 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 fair value of non-convertible debentures (including interest accrued) as at December 31, 2017 and March 31, 2017 was ₹4120 crore and ₹3,975 crore, respectively. The fair value is based on quoted prices and market observable inputs. The unrealised loss of ₹24 crore, net of taxes of ₹3 crore, has been recognized in other comprehensive income for the three months ended December 31, 2017. The unrealised gain of ₹11 crore, net of taxes of ₹1 crore, has been recognized in other comprehensive income for the nine months ended December 31, 2017.

Certificates of deposit

The fair value of certificates of deposit as at December 31, 2017 was ₹813 crore and as at March 31, 2017 was ₹7,905 crore. The fair value is based on market observable inputs. The unrealised loss of ₹1 crore, net of taxes of less then ₹1 crore, has been recognized in other comprehensive income for the three months ended December 31, 2017. The unrealised gain of ₹3 crore, net of taxes of ₹1 crore, has been recognized in other comprehensive income for the nine months ended December 31, 2017.

Unquoted equity, preference and other investments

The fair value is determined using Level 3 inputs like Discounted cash flow method, Market multiple method, Option pricing model, etc.

2.3 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 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 to Note 2.1)	20,611	-	-	-	-	20,611	20,611
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	960	-	-	960	960
Fixed maturity plan securities	-	-	581	-	-	581	581
Quoted debt securities	1,902	-	-	-	4,120	6,022	6,283
Certificates of deposit	-	-	-	-	813	813	813
Unquoted equity and preference securities	-	-	-	148	-	148	148
Unquoted investment others	-	-	57	-	-	57	57
Unquoted convertible promissory notes	-	-	11	-	-	11	11
Trade receivables	13,143	-	-	-	-	13,143	13,143
Unbilled revenue	3,663	-	-	-	-	3,663	3,663
Prepayments and other assets (Refer to Note 2.4)	3,079	-	-	-	-	3,079	3,018
Derivative financial instruments	-	-	64	-	20	84	84
Total	**42,398**	**-**	**1,673**	**148**	**4,953**	**49,172**	**49,372**
Liabilities:							
Trade payables	502	-	-	-	-	502	502
Derivative financial instruments	-	-	3		7	10	10
Client deposits	151	-	-	-	-	151	151
Other liabilities including contingent consideration (Refer to Note 2.5)	5,354	-	62	-	-	5,416	5,416
Total	**6,007**	**-**	**65**	**-**	**7**	**6,079**	**6,079**

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

*** Excludes interest accrued on quoted debt securities carried at amortized cost*

The carrying value and fair value of financial instruments by categories as at 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 to Note 2.1)	22,625	-	-	-	-	22,625	22,625
Investments (Refer to 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
Certificates of deposit	-	-	-	-	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 to Note 2.4)	2,658	-	-	-	-	2,658	2,574
Derivative financial instruments	-	-	232	-	52	284	284
Total	**43,160**	**-**	**2,638**	**159**	**11,932**	**57,889**	**58,066**
Liabilities:							
Trade payables	367	-	-	-	-	367	367
Derivative financial instruments	-	-	2	-	-	2	2
Client deposits	32	-	-	-	-	32	32
Other liabilities including contingent consideration (Refer to Note 2.5)	4,941	-	85	-	-	5,026	5,026
Total	**5,340**	**-**	**87**	**-**	**-**	**5,427**	**5,427**

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

*** Excludes interest accrued on quoted debt securities carried at amortized cost*

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 at December 31, 2017:

(In ₹ crore)

	As at December 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 to Note 2.2)	960	960	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	581	-	581	
Investments in quoted debt securities (Refer to Note 2.2)	6,283	5,065	1,218	-
Investments in certificates of deposit (Refer to Note 2.2)	813	-	813	
Investments in equity and preference securities (Refer to Note 2.2)	148	-	-	148
Investment in unquoted investments others (Refer to Note 2.2)	57	-	-	57
Investment in unquoted convertible promissory note (Refer to Note 2.2)	11	-		11
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	84	-	84	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	10	-	10	-
Liability towards contingent consideration (Refer to Note 2.5)*	62	-	-	62

**Discounted ₹45 crore at 13.9% and ₹20 crore at 10%*

During the nine months ended December 31, 2017, quoted debt securities of ₹390 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price and ₹429 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 at March 31, 2017:

(In ₹ crore)

	As at 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 to Note 2.2)	1,803	1,803	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	558	-	558	-
Investments in quoted debt securities (Refer to Note 2.2)	6,143	3,662	2,481	-
Investments in certificates of deposit (Refer to Note 2.2)	7,905	-	7,905	-
Investments in equity and preference securities(Refer to Note 2.2)	159	-	-	159
Investment in unquoted investments others (Refer to Note 2.2)	35	-	-	35
Investment in unquoted convertible promissory note (Refer to 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 to Note 2.5)*	85	-	-	85

**Discounted ₹91 crore 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.

The movement in contingent consideration as at December 31, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore pertaining to Kallidus acquisiton, and change in discount rate and passage of time. Additionally, during the three months ended September 30, 2017, contingent consideration of ₹17 crore was included in relation to acquisition of Brilliant Basics Holdings Limited. (Refer note no. 2.9)

Income from financial assets or liabilities is as follows:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Interest income from financial assets carried at amortised cost	458	621	1,291	1,917
Interest income on financial assets fair valued through other comprehensive income	149	30	549	30
Dividend income from investments carried at fair value through profit or loss	1	2	3	29
Gain / (loss) on investments carried at fair value through profit or loss	61	32	214	53
	669	**685**	**2,057**	**2,029**

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 primary 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 analyses foreign currency risk from financial instruments as at December 31, 2017:

(In ₹ crore)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	1,266	171	92	195	1,022	2,746
Trade receivables	8,531	1,713	816	582	791	12,433
Unbilled revenue	1,895	480	297	185	316	3,173
Other assets	366	27	39	10	92	534
Trade payables	(226)	(64)	(59)	(24)	(40)	(413)
Client deposits	(144)	(4)	(1)	-	(1)	(150)
Accrued Expenses	(1,090)	(228)	(141)	(45)	(103)	(1,607)
Employee benefit obligations	(589)	(68)	(39)	(197)	(144)	(1,037)
Other liabilities	(871)	(106)	(56)	(22)	(323)	(1,378)
Net assets / (liabilities)	**9,138**	**1,921**	**948**	**684**	**1,610**	**14,301**

The following table analyses foreign currency risk from financial instruments as at 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**

For each of the three months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.50%, each.

For each of the nine months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.50%, 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 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 at December 31, 2017		As at March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Australian dollars	-	-	130	644
In Euro	-	-	95	658
In United Kingdom Pound Sterling	-	-	40	324
Option Contracts				
In Australian dollars	130	650	-	-
In Euro	130	995	40	277
In United Kingdom Pound Sterling	40	345	-	-
Other derivatives				
Forward contracts				
In Australian dollars	43	215	35	174
In Canadian dollars	19	98	-	-
In Euro	109	834	114	786
In Japanese Yen	550	31	-	-
In New Zealand dollars	21	95	-	-
In Norwegian Krone	4	3	-	-
In South African Rand	26	13	-	-
In Singapore dollars	5	24	5	23
In Swedish Krona	50	39	50	36
In Swiss Franc	22	141	10	65
In U.S. dollars	628	4,012	526	3,411
In United Kingdom Pound Sterling	80	695	75	609
Option Contracts				
In Australian dollars	30	150	-	-
In Canadian dollars	-	-	13	65
In Euro	50	382	25	173
In Swiss Franc	5	32	-	-
In U.S. dollars	165	1,054	195	1,265
In United Kingdom Pound Sterling	20	173	30	243
Total forwards & options		**9,981**		**8,753**

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

(In ₹ crore)

	As at	
	December 31, 2017	**March 31, 2017**
Not later than one month	3,008	2,303
Later than one month and not later than three months	5,523	4,316
Later than three months and not later than one year	1,450	2,134
	9,981	**8,753**

During the nine months ended December 31, 2017, the Group has designated certain foreign exchange forward and option 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 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 nine months ended December 31, 2017: *(In ₹ crore)*

	Three months ended		**Nine months ended**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Balance at the beginning of the period	(7)	2	39	-
Gain / (loss) recognised in other comprehensive income during the period	8	46	(84)	48
Amount reclassified to revenue during the period	(11)	(10)	20	(10)
Amount reclassified to other income during the period	10	-	10	-
Tax impact on above	(2)	(10)	13	(10)
Balance at the end of the period	**(2)**	**28**	**(2)**	**28**

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 at December 31, 2017		**As at March 31, 2017**	
	Derivative financial asset	**Derivative financial liability**	**Derivative financial asset**	**Derivative financial liability**
Gross amount of recognized financial asset/liability	103	(29)	285	(3)
Amount set off	(19)	19	(1)	1
Net amount presented in balance sheet	**84**	**(10)**	**284**	**(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 ₹13,143 crore and ₹12,322 crore as at December 31, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹3,663 crore and ₹3,648 crore as at December 31, 2017 and March 31, 2017, 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 ten customers:

(In %)

	Three months ended December 31,		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Revenue from top customer	3.4	3.1	3.4	3.4
Revenue from top ten customers	19.2	20.1	19.4	21.3

Credit risk exposure

The allowance of lifetime expected credit loss on customer balances for the three months and nine months ended December 31, 2017 was ₹26 crore and ₹62 crore respectively, and was ₹36 crore and ₹76 crore for the three months and nine months ended December 31, 2016.

Movement in credit loss allowance:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Balance at the beginning	449	326	411	289
Translation differences	(4)	-	2	(2)
Impairment loss recognised / (reversed)	26	36	62	76
Write-offs	(1)	-	(5)	(1)
Balance at the end	**470**	**362**	**470**	**362**

The Company's credit period generally ranges from 30-60 days.

Credit exposure

(In ₹ crore except otherwise stated)

	As at	
	December 31, 2017	**March 31, 2017**
Trade receivables	13,143	12,322
Unbilled revenues	3,663	3,648
Days Sales Outstanding- DSO (days)	70	68

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 deposit.

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 at December 31, 2017, the Group had a working capital of ₹32,153 crore including cash and cash equivalents of ₹20,611 crore and current investments of ₹2,481 crore. As at 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 at December 31, 2017 and March 31, 2017, the outstanding employee benefit obligations were ₹1,503 crore and ₹1,359 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 at December 31, 2017:

(In ₹ crore)

Particulars	**Less than 1 year**	**1-2 years**	**2-4 years**	**4-7 years**	**Total**
Trade payables	502	-	-	-	502
Client deposits	151	-	-	-	151
Other liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	5,354	-	-	-	5,354
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	51	7	7	-	65

The table below provides details regarding the contractual maturities of significant financial liabilities as at 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 contingent consideration) (Refer to Note 2.5)	4,911	31	-	-	4,942
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	45	46	-	-	91

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(In ₹ crore)

	As at	
	December 31, 2017	**March 31, 2017**
Current		
Rental deposits	18	9
Security deposits	9	10
Loans to employees	237	272
Prepaid expenses[(1)]	514	441
Interest accrued and not due	973	576
Withholding taxes and others[(1)]	2,328	1,886
Advance payments to vendors for supply of goods[(1)]	69	131
Deposit with corporations	1,442	1,416
Deferred contract cost[(1)]	58	78
Other assets	46	37
	5,694	**4,856**
Non-current		
Loans to employees	39	29
Deposit with corporations	55	48
Rental deposits	170	175
Security deposits	90	86
Deferred contract cost[(1)]	263	284
Prepaid expenses[(1)]	133	96
Prepaid gratuity[(1)]	29	79
	779	**797**
	6,473	**5,653**
Financial assets in prepayments and other assets	**3,079**	**2,658**

[(1)] *Non financial assets*

Withholding taxes primarily consist of input tax credits. 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 at	
	December 31, 2017	March 31, 2017
Current		
Accrued compensation to employees	2,455	1,881
Accrued expenses	2,521	2,585
Withholding taxes and others[(1)]	1,226	1,226
Retainage	148	220
Liabilities of controlled trusts	136	145
Deferred income - government grant on land use rights[(1)]	1	1
Accrued gratuity [(1)]	1	1
Liability towards contingent consideration (Refer to Note 2.9)	50	45
Deferred rent [(1)]	12	2
Others	94	80
	6,644	**6,186**
Non-current		
Liability towards contingent consideration (Refer to Note 2.9)	12	40
Accrued compensation to employees	-	30
Deferred income - government grant on land use rights[(1)]	42	41
Deferred rent [(1)]	141	-
Deferred income[(1)]	37	42
	232	**153**
	6,876	**6,339**
Financial liabilities included in other liabilities	5,416	5,026
Financial liability towards contingent consideration on an undiscounted basis (Refer to Note 2.9)	65	91

[(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 at	
	December 31, 2017	March 31, 2017
Provision for post sales client support and other provisions	452	405
	452	**405**

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 December 31, 2017	Nine months ended December 31, 2017
Balance at the beginning	417	405
Provision recognized / (reversed)	52	95
Provision utilized	(8)	(43)
Translation difference	(9)	(5)
Balance at the end	**452**	**452**

Provision for post sales client support and other provisions is included in cost of sales in the statement of comprehensive income.

As at December 31, 2017 and March 31, 2017, claims against the company, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.11) amounted to ₹336 crore and ₹301 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 December 31, 2017:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2017	**1,767**	**7,407**	**3,134**	**4,728**	**1,766**	**30**	**18,832**
Additions	39	271	117	120	59	-	606
Deletions	-	-	(2)	(24)	(2)	-	(28)
Translation difference	-	2	(1)	(4)	(2)	-	(5)
Gross carrying value as at December 31, 2017	**1,806**	**7,680**	**3,248**	**4,820**	**1,821**	**30**	**19,405**
Accumulated depreciation as at October 1, 2017	**(29)**	**(2,576)**	**(2,144)**	**(3,351)**	**(1,208)**	**(17)**	**(9,325)**
Depreciation	(1)	(70)	(99)	(174)	(65)	(1)	(410)
Accumulated depreciation on deletions	-	-	1	24	2	-	27
Translation difference	-	1	-	3	2	-	6
Accumulated depreciation as at December 31, 2017	**(30)**	**(2,645)**	**(2,242)**	**(3,498)**	**(1,269)**	**(18)**	**(9,702)**
Capital work-in progress as at December 31, 2017							2,132
Carrying value as at December 31, 2017	**1,776**	**5,035**	**1,006**	**1,322**	**552**	**12**	**11,835**
Capital work-in progress as at October 1,							**2,339**
Carrying value as at October 1, 2017	**1,738**	**4,831**	**990**	**1,377**	**558**	**13**	**11,846**

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

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at October 1, 2016	1,638	**6,424**	**2,869**	**4,490**	**1,578**	**32**	**17,031**
Additions	44	483	115	199	150	2	993
Deletions	-	-	(37)	(216)	(35)	(2)	(290)
Translation difference	-	-	(2)	(6)	(5)	-	(13)
Gross carrying value as at December 31,	**1,682**	**6,907**	**2,945**	**4,467**	**1,688**	**32**	**17,721**
Accumulated depreciation as at October 1, 2016	**(24)**	**(2,316)**	**(1,780)**	**(2,922)**	**(1,070)**	**(18)**	**(8,130)**
Depreciation	(2)	(59)	(97)	(168)	(55)	(1)	(382)
Accumulated depreciation on deletions	-	-	12	131	15	1	159
Translation difference	-	-	3	4	5	-	12
Accumulated depreciation as at December 31, 2016	**(26)**	**(2,375)**	**(1,862)**	**(2,955)**	**(1,105)**	**(18)**	**(8,341)**
Capital work-in progress as at December 31, 2016							**2,030**
Carrying value as at December 31, 2016	**1,656**	**4,532**	**1,083**	**1,512**	**583**	**14**	**11,410**
Capital work-in progress as at October 1, 2016							**2,296**
Carrying value as at October 1, 2016	**1,614**	**4,108**	**1,089**	**1,568**	**508**	**14**	**11,197**

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

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,764**	**7,279**	**3,023**	**4,541**	**1,694**	**31**	**18,332**
Additions	42	373	236	351	136	3	1,141
Deletions	-	-	(14)	(80)	(17)	(4)	(115)
Translation difference	-	28	3	8	8	-	47
Gross carrying value as at December 31, 2017	**1,806**	**7,680**	**3,248**	**4,820**	**1,821**	**30**	**19,405**
Accumulated depreciation as at April 1, 2017	**(27)**	**(2,440)**	**(1,952)**	**(3,052)**	**(1,093)**	**(17)**	**(8,581)**
Depreciation	(3)	(205)	(299)	(518)	(189)	(4)	(1,218)
Accumulated depreciation on deletions	-	-	12	78	17	3	110
Translation difference	-	-	(3)	(6)	(4)	-	(13)
Accumulated depreciation as at December 31, 2017	**(30)**	**(2,645)**	**(2,242)**	**(3,498)**	**(1,269)**	**(18)**	**(9,702)**
Capital work-in progress as at December 31, 2017							2,132
Carrying value as at December 31, 2017	**1,776**	**5,035**	**1,006**	**1,322**	**552**	**12**	**11,835**
Capital work-in progress as at April 1, 2017							**1,965**
Carrying value as at April 1, 2017	**1,737**	**4,839**	**1,071**	**1,489**	**601**	**14**	**11,716**

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

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2016	**1,620**	**6,325**	**2,598**	**4,072**	**1,444**	**29**	**16,088**
Additions	62	582	400	656	293	7	2,000
Deletions	-	-	(49)	(251)	(39)	(4)	(343)
Translation difference	-	-	(4)	(10)	(10)	-	(24)
Gross carrying value as at December 31, 2016	**1,682**	**6,907**	**2,945**	**4,467**	**1,688**	**32**	**17,721**
Accumulated depreciation as at April 1, 2016	**(22)**	**(2,201)**	**(1,608)**	**(2,617)**	**(986)**	**(17)**	**(7,451)**
Depreciation	(4)	(174)	(282)	(511)	(147)	(4)	(1,122)
Accumulated depreciation on deletions	-	-	24	166	19	3	212
Translation difference	-	-	4	7	9	-	20
Accumulated depreciation as at December 31, 2016	**(26)**	**(2,375)**	**(1,862)**	**(2,955)**	**(1,105)**	**(18)**	**(8,341)**
Capital work-in progress as at December 31, 2016							**2,030**
Carrying value as at December 31, 2016	**1,656**	**4,532**	**1,083**	**1,512**	**583**	**14**	**11,410**
Capital work-in progress as at April 1, 2016							**1,893**
Carrying value as at 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, 2017:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at 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 at March 31, 2017	**1,764**	**7,279**	**3,023**	**4,541**	**1,694**	**31**	**18,332**
Accumulated depreciation as at 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 deletions	-	-	31	230	92	5	358
Translation difference	-	-	5	13	11	-	29
Accumulated depreciation as at March 31, 2017	**(27)**	**(2,440)**	**(1,952)**	**(3,052)**	**(1,093)**	**(17)**	**(8,581)**
Capital work-in progress as at March 31,							**1,965**
Carrying value as at March 31, 2017	**1,737**	**4,839**	**1,071**	**1,489**	**601**	**14**	**11,716**
Capital work-in progress as at April 1, 2016							**1,893**
Carrying value as at April 1, 2016	**1,598**	**4,124**	**990**	**1,455**	**458**	**12**	**10,530**

The depreciation expense is included in cost of sales in the condensed consolidated statement of comprehensive income.

Carrying value of land includes ₹641 crore and ₹644 crore as at December 31, 2017 and March 31, 2017, respectively, towards amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to either purchase or renew the properties on expiry of the lease period. The contractual commitments for capital expenditure were ₹710 crore and ₹1,149 crore, as at December 31, 2017 and March 31, 2017, respectively.

2.8 Goodwill

Following is a summary of changes in the carrying amount of goodwill:

(In ₹ crore)

	As at December 31, 2017	As at March 31, 2017
Carrying value at the beginning	**3,652**	**3,764**
Goodwill on Brilliant Basics acquisition (Refer to note 2.9)	35	-
Translation differences	40	(112)
Carrying value at the end	**3,727**	**3,652**

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.

The following table presents the allocation of goodwill to operating segments as at March 31, 2017:

(In ₹ crore)

Segment	**As at March 31, 2017**
Financial services	826
Manufacturing	409
Retail, Consumer packaged goods and Logistics	556
Life Sciences, Healthcare and Insurance	638
Energy & Utilities, Communication and Services	765
	3,194
Operating segments without significant goodwill	458
Total	**3,652**

The entire goodwill relating to Infosys BPM's (formerly Infosys BPO) 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 BPM (formerly Infosys BPO), Infosys Lodestone, Portland, Panaya, Kallidus d.b.a Skava and Brilliant Basics 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 at March 31, 2017, 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 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 at March 31, 2017
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.4

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 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. The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. 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 has been reversed in the statement of comprehensive income.

Business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

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).

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 nine months ended December 31, 2017 contingent consideration of ₹45 crore was paid to the sellers of Kallidus on the achievement of the certain financial targets. The balance contingent consideration as at December 31, 2017 and March 31, 2017 is ₹45 crore and ₹91 crore respectively, on an undiscounted basis.

Brilliant Basics Holdings Limited.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹29 crore, a contingent consideration of up to ₹20 crore and an additional consideration of upto ₹13 crore, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary

The payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a period of 3 years ending on March 2020.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Brilliant Basics on achievement of certain financial targets. The key inputs used in determination of the fair value of contingent consideration are the discount rate of 10% and the probabilities of achievement of the financial targets.

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(*)	1	–	1
Intangible assets - customer relationships	–	12	12
Deferred tax liabilities on intangible assets	–	(2)	(2)
	1	**10**	**11**
Goodwill			35
Total purchase price			**46**

*Includes cash and cash equivalents acquired of *₹2 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹3 crore and the amounts are expected to be fully recoverable.

The fair value of each major class of consideration as at the acquisition date is as follows:

(in ₹ crore)

Component	**Consideration settled**
Cash paid	29
Fair value of contingent consideration	17
Total purchase price	**46**

The transaction costs of ₹2 crore related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the three months ended September 30, 2017.

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (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 are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 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 on the date of the grant. 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.

Controlled trust holds 1,08,05,896 and 1,12,89,514 shares as at December 31, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

Consequent to Dr. Vishal Sikka's resignation from the Company on August 24, 2017, the unvested stock incentives (time-based and performance based awards) granted to him were forfeited during the three months ended September 30, 2017. Accordingly, the Company recorded a reversal of ₹35 crore to stock compensation cost during the three months ended September 30, 2017.

Stock incentives granted to COO:

The Nomination and Remuneration Committee ('Committee') in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs amounting to ₹4 crore to U. B. Pravin Rao, under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs have been granted effective 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.

Stock incentives granted to KMPs (other than Dr. Vishal Sikka and COO)

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years 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.

During the nine months ended December 31, 2017, two of the KMPs have resigned (Refer to note 2.13 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded an employee stock compensation expense of ₹4 crore and a reversal of employee stock compensation expense of ₹14 crore, respectively, towards KMPs during the three months and nine months ended December 31, 2017.The employee stock compensation expense recorded was ₹10 crore and ₹24 crore during the three months and nine months ended December 31, 2016, respectively.

Stock incentive granted to other employees:

During fiscal 2017, the company granted 25,06,740 RSUs and 7,03,300 ESOPs and 1,12,210 incentive units (cash settled) to certain eligible employees at mid and senior levels under the 2015 plan. Further, on May 2, 2017, the company granted 37,090 RSUs (includes equity shares and equity shares represented by ADS) at par value, 73,600 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. On August 1, 2017, 7,450 incentive units (cash settled) were granted to employees at the senior management level. These instruments will vest over a period of 4 years and are subject to continued service.

The Company has recorded an employee stock compensation expense of ₹16 crore and ₹72 crore, respectively during the three months and nine months ended December 31, 2017 towards employees other than KMPs (employee stock compensation cost of ₹31 crore and ₹47 crore for the three months and nine months ended December 31, 2016)

Total stock compensation expense

The company recorded an employee stock compensation expense of ₹20 crore in the Statement of Profit and Loss for the three months ended December 31, 2017 and an employee stock compensation cost of ₹58 crore, for the nine months ended December 31, 2017. The company recorded an employee stock compensation expense of ₹41 crore and ₹71 crore for the three months and nine months ended December 31, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for the three months and nine months ended December 31, 2017 was ₹1 crore and ₹3 crore, respectively, (₹1 crore during each of the three months and nine months ended December 31, 2016). As at December 31, 2017 and March 31, 2017 74,753 and 1,06,845 incentive units were outstanding (net of forfeitures).

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

Particulars	Three months ended December 31, 2017		Nine months ended December 31, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	2,239,841	5	2,961,373	5
Granted	-	5	392,714	5
Exercised	100,177	5	532,221	5
Forfeited and expired	55,380	5	737,582	5
Outstanding at the end	**2,084,284**	**5**	**2,084,284**	**5**
Exercisable at the end	142,419	5	142,419	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,190,950	992	1,197,650	992
Granted	-	-	491,575	943
Exercised	-	-	-	-
Forfeited and expired	32,550	986	530,825	955
Outstanding at the end	**1,158,400**	**986**	**1,158,400**	**983**
Exercisable at the end	249,324	982	249,324	982

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

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	2,072,408	5	221,505	5
Granted	970,375	5	2,874,690	5
Forfeited and expired	36,895	5	59,665	5
Exercised	-	5	30,642	5
Outstanding at the end	**3,005,888**	**5**	**3,005,888**	**5**
Exercisable at the end	-	-	-	-
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	1,205,850	992	1,205,850	992
Exercised	-	-	-	-
Forfeited and expired	-	-	-	-
Outstanding at the end	**1,205,850**	**992**	**1,205,850**	**992**
Exercisable at the end	-	-	-	-

During the three months and nine months ended December 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972 and ₹952 respectively.

During the three months ended and nine months December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1096 each.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at December 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:			
0 - 5 (RSU)	2,084,284	1.67	5.00
900 - 1100 (ESOP)	1,158,400	6.85	976.80
	3,242,684	**3.32**	**314.88**

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at 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:			
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 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 2018- Equity Shares- RSU	Fiscal 2018- Equity shares ESOP	Fiscal 2018- ADS-RSU	Fiscal 2018- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	923	923	14.73	14.65
Exercise price (₹)/ ($- ADS)	5.00	919	0.08	14.67
Expected volatility (%)	21-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / ($- ADS)	857	254	13.73	2.93

Particulars	For options granted in			
	Fiscal 2017- Equity Shares- RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ ($- 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)	1,002	285	14.84	3.46

The expected life 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.

2.11 Income taxes

Income tax expense in the consolidated statement of comprehensive income comprises:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Current taxes				
Domestic taxes	1,308	1,076	3,498	3,277
Foreign taxes	(1,164)	392	(383)	1,127
	144	**1,468**	**3,115**	**4,404**
Deferred taxes				
Domestic taxes	(266)	(13)	(400)	(44)
Foreign taxes	274	(9)	210	(92)
	8	**(22)**	**(190)**	**(136)**
Income tax expense	**152**	**1,446**	**2,925**	**4,268**

The Company has concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations.

During the three months ended December 31, 2017, in accordance with the APA, the company has reversed income tax expense provision of ₹1,432 crore which pertains to previous periods. This comprises of current tax expense of ₹1,610 crore, reversal of ₹132 crore on account of deferred tax assets pertaining to the temporary differences which are no longer required and a deferred tax liability of ₹46 crore pertaining to Branch profit tax for the three months ended December 31, 2017 on account of conclusion of APA.

In line with the APA, the Company expects to pay an amount of approximately ₹1,488 crore due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.
Additionally, income tax expense for the three months and nine months ended December 31, 2017 includes reversal (net of provisions) of ₹18 crore and ₹174 crore, respectively, pertaining to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

Income tax expense for the three months and nine months ended December 31, 2016 includes reversal (net of provisions) of ₹52 crore and ₹61 crore, respectively, pertaining to prior periods.

The "Tax Cuts and Jobs Act (H.R. 1)" was signed into law on December 22, 2017 ("US Tax Reforms"). The US tax reforms has reduced federal tax rates from 35% to 21% effective January 1, 2018 amongst other measures. During the three months ended December 31, 2017 , the US tax reforms has resulted in a positive impact of ₹155 crore on account of credits pertaining to deferred tax liabilities on branch profit. The impact of US tax reforms is expected to be not significant for future periods.

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

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Profit before income taxes	5,281	5,154	15,264	15,017
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,828	1,783	5,283	5,197
Tax effect due to non-taxable income for Indian tax purposes	(313)	(542)	(1,437)	(1,549)
Overseas taxes	25	198	454	613
Tax provision (reversals)	(1,450)	(52)	(1,500)	(61)
Effect of exempt non-operating income	(29)	(12)	(60)	(57)
Effect of unrecognized deferred tax assets	30	8	139	61
Effect of differential overseas tax rates	17	13	25	29
Effect of non-deductible expenses	(56)	49	17	73
Branch profit tax (net of credits)	(155)	-	(155)	-
Subsidiary dividend distribution tax	172	-	172	-
Others	83	1	(13)	(38)
Income tax expense	**152**	**1,446**	**2,925**	**4,268**

The applicable Indian statutory tax rates for each of fiscal year 2018 and fiscal year 2017 is 34.61% respectively.

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 December 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹4,686 crore. As of December 31, 2017, the Company has provided for branch profit tax of ₹215 crore (net of credits) for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. An additional deferred tax liability has been created for branch profit tax amounting to ₹46 crore for each of the three months and nine months ended December 31, 2017 respectively on account of conclusion of APA explained above. Further, on account of US tax Reforms, the company has a credit of ₹155 crore pertaining to Branch Profit Tax for each of the three months and nine months ended December 31, 2017.

Entire deferred income tax, except for a credit of ₹155 crore (on account of US Tax Reforms explained above), for each of the three months and nine months ended December 31, 2017, relates to origination and reversal of temporary differences.

During the three months ended December 31, 2017, the Company received ₹846 crore as dividend from its majority owned subsidiary. Dividend distribution tax paid by the subsidiary on such dividend has been reduced as credit against dividend distribution tax payable by Infosys. Accordingly, the group has recorded a charge of ₹172 crore as income tax expense during the three months and nine months ended December 31, 2017.

Other income for the three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹200 crore and ₹262 crore, respectively.

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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% 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% 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 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 at December 31, 2017, claims against the Group not acknowledged as debts from the Income tax authorities amounted to ₹4,487 crore. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

Income tax claims amounting to ₹4,565 crore has not been considered as claims not acknowledged as debt because the Company has received favourable decisions on similar claims and therefore based on its assessment, is of the view that any liability resulting from these claims is remote and will not sustain on ultimate resolution.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,825 crore.

As at March 31, 2017, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to ₹6,378 crore. Amount paid to statutory authorities against this amounted to ₹4,682 crore.

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:

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding[(1)]	2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Effect of dilutive common equivalent shares - share options outstanding	1,306,766	577,312	2,100,721	437,784
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**227,63,81,570**	**228,62,29,042**	**228,42,87,492**	**228,60,76,462**

[(1)] *excludes treasury shares*

For the three months and nine months ended December 31, 2017, 1,48,399 and 1,55,186 number of options to purchase equity shares had an anti-dilutive effect respectively.
For the three months and nine months ended December 31, 2016, 216,477 and 72,422 number of options to purchase equity shares had an anti-dilutive effect respectively.

2.13 Related party transactions

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

Changes in Subsidiaries and Associates

• During the three months ended December 31, 2017, the following are the changes in the subsidiaries and associate:

the name of Infosys BPO Ltd has been changed to Infosys BPM Ltd.
Infosys Chille Spa was incorporated as a wholly owned subsidiary of the Infosys Ltd.
Noah Consulting LLC, Noah Information Management Consulting Inc. and DWA Nova LLC have been liquidated.

Changes in Key management personnel

The following were the changes in key management personnel:-

• Salil Parekh appointed as Chief Executive Officer and Managing Director effective January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.
• U. B. Pravin Rao, Chief Operating officer stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.
• Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
• D. Sundaram appointed as Independent director effective July 14, 2017
• R. Seshasayee, Chairman, resigned effective August 24, 2017
• Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
• Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
• Prof. John Etchemendy, Independent director resigned effective August 24, 2017
• Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
• Sandeep Dadlani, President, resigned effective July 14, 2017
• Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
• Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

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

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)(3)]	18	31	30	66
Commission and other benefits to non-executive/independent directors	2	3	11	9
Total	**20**	**34**	**41**	**75**

[(1)] *Includes a reversal of stock compensation cost of ₹35 crore towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.10)*

[(2)] *Total employee stock compensation expense for the three months and nine months ended December 31, 2017 includes a charge of ₹4 crore and a reversal of ₹14 crore, respectively towards key managerial personnel. For the three months and nine months ended December 31, 2016, an employee stock compensation expense of ₹10 crore and ₹24 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.10)*

[(3)] *Includes ₹6 crore payable under severance agreement to David Kennedy, General counsel and Chief compliance officer during the three months ended December 31, 2016.*

[(4)] *On December 2, 2017, The Board appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018. The appointment for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.*

[(5)] *U. B. Pravin Rao stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.*

Investment in Associate

During the three months ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to ₹71 crore.

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. Based on the "management approach" as defined in IFRS 8, 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. All other segments represents the operating segments of businesses in India, Japan, 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 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

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

(In ₹ crore)

Particulars	**FS**	**MFG**	**ECS**	**RCL**	**HILIFE**	**Hi-TECH**	**All other segments**	**Total**
Revenues	**4,643**	**1,955**	**4,241**	**2,837**	**2,375**	**1,256**	**487**	**17,794**
	4,663	*1,893*	*3,885*	*2,821*	*2,196*	*1,250*	*565*	*17,273*
Identifiable operating expenses	2,419	1,020	2,149	1,369	1,156	671	285	9,069
	2,341	*1,007*	*1,878*	*1,342*	*1,064*	*642*	*358*	*8,632*
Allocated expenses	970	437	947	634	530	281	108	3,907
	1,002	*431*	*884*	*642*	*500*	*284*	*129*	*3,872*
Segment profit	**1,254**	**498**	**1,145**	**834**	**689**	**304**	**94**	**4,818**
	1,320	*455*	*1,123*	*837*	*632*	*324*	*78*	*4,769*
Unallocable expenses								499
								435
Operating profit								**4,319**
								4,334
Other income, net								962
								820
Share in associate's profit / (loss)								-
								-
Write-down of investment in associate								-
								-
Profit before income taxes								**5,281**
								5,154
Income tax expense								152
								1,446
Net profit								**5,129**
								3,708
Depreciation and amortization								498
								433
Non-cash expenses other than depreciation and amortization								1
								2

Nine months ended December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	**FS**	**MFG**	**ECS**	**RCL**	**HILIFE**	**Hi-TECH**	**All other**	**Total**
Revenues	**13,955**	**5,734**	**12,320**	**8,274**	**6,846**	**3,745**	**1,565**	**52,439**
	13,900	*5,589*	*11,468*	*8,515*	*6,289*	*3,911*	*1,692*	*51,364*
Identifiable operating expenses	7,103	3,058	6,193	3,989	3,396	2,003	912	26,654
	6,952	*2,916*	*5,496*	*4,072*	*3,119*	*2,017*	*1,079*	*25,651*
Allocated expenses	2,966	1,301	2,796	1,878	1,554	850	356	11,701
	3,067	*1,297*	*2,661*	*1,977*	*1,458*	*908*	*392*	*11,760*
Segment profit	**3,886**	**1,375**	**3,331**	**2,407**	**1,896**	**892**	**297**	**14,084**
	3,881	*1,376*	*3,311*	*2,466*	*1,712*	*986*	*221*	*13,953*
Unallocable expenses								1,408
								1,264
Operating profit								**12,676**
								12,689
Other income, net								2,659
								2,333
Share in associate's profit / (loss)								-
								(5)
Write-down of investment in associate								(71)
								-
Profit before income taxes								**15,264**
								15,017
Income tax expense								2,925
								4,268
Net profit								**12,339**
								10,749
Depreciation and amortization								1,404
								1,257
Non-cash expenses other than depreciation and amortization								4
								7

2.14.2 Geographic segments

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

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenues	**10,750**	**4,337**	**539**	**2,168**	**17,794**
	10,701	*3,844*	*589*	*2,139*	*17,273*
Identifiable operating expenses	5,610	2,149	245	1,065	9,069
	5,374	*1,976*	*270*	*1,012*	*8,632*
Allocated expenses	2,394	965	101	447	3,907
	2,432	*871*	*117*	*452*	*3,872*
Segment profit	**2,746**	**1,223**	**193**	**656**	**4,818**
	2,895	***997***	***202***	***675***	***4,769***
Unallocable expenses					499
					435
Operating profit					**4,319**
					4,334
Other income, net					962
					820
Share in associate's profit / (loss)					-
					-
Write-down of investment in associate					-
					-
Profit before income taxes					**5,281**
					5,154
Income tax expense					152
					1,446
Net profit					**5,129**
					3,708
Depreciation and amortization					498
					433
Non-cash expenses other than depreciation and amortization					1
					2

Nine months ended December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenues	**31,834**	**12,253**	**1,718**	**6,634**	**52,439**
	31,742	*11,608*	*1,633*	*6,381*	*51,364*
Identifiable operating expenses	16,549	6,233	708	3,164	26,654
	16,155	*5,777*	*767*	*2,952*	*25,651*
Allocated expenses	7,210	2,770	329	1,392	11,701
	7,357	*2,684*	*335*	*1,384*	*11,760*
Segment profit	**8,075**	**3,250**	**681**	**2,078**	**14,084**
	8,230	***3,147***	***531***	***2,045***	***13,953***
Unallocable expenses					1,408
					1,264
Operating profit					**12,676**
					12,689
Other income, net					2,659
					2,333
Share in associate's profit / (loss)					-
					(5)
Write-down of investment in associate					(71)
					-
Profit before income taxes					**15,264**
					15,017
Income tax expense					2,925
					4,268
Net profit					**12,339**
					10,749
Depreciation and amortization					1,404
					1,257
Non-cash expenses other than depreciation and amortization					4
					7

2.14.3 Significant clients

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

2.15 Break-up of expenses

Cost of sales

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	8,810	8,362	25,722	25,212
Depreciation and amortization	498	433	1,404	1,257
Travelling costs	360	356	1,104	1,308
Cost of technical sub-contractors	1,041	975	3,191	2,832
Cost of Software packages for own use	221	206	660	575
Third party items bought for service delivery to clients	248	255	737	543
Operating lease payments	80	82	240	233
Consultancy and professional charges	9	7	36	21
Communication costs	57	70	172	185
Repairs and maintenance	78	75	223	237
Provision for post-sales client support	48	13	82	64
Others	-	6	5	16
Total	**11,450**	**10,840**	**33,576**	**32,483**

Selling and marketing expenses

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	676	685	1,999	2,038
Travelling costs	78	86	227	270
Branding and marketing	72	68	232	266
Operating lease payments	20	19	59	50
Communication costs	4	6	16	14
Consultancy and professional charges	17	10	49	34
Others	10	11	30	30
Total	**877**	**885**	**2,612**	**2,702**

Administrative expenses

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit costs	383	374	1,117	1,100
Consultancy and professional charges	212	157	669	478
Repairs and maintenance	194	229	613	700
Power and fuel	54	57	157	181
Communication costs	59	69	187	201
Travelling costs	57	60	171	183
Rates and taxes	38	38	163	118
Operating lease payments	29	26	100	75
Insurance charges	14	15	40	39
Impairment loss recognised/(reversed) on financial assets	29	38	69	82
Commission to non-whole time directors	2	3	8	8
Contribution towards Corporate Social Responsibility	31	85	134	187
Others	46	63	147	138
Total	**1,148**	**1,214**	**3,575**	**3,490**

2.16 Capital allocation policy

The Board, in its meeting on April 13, 2017, had 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. 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. 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.

2. Additionally, the Board identified an amount of up to ₹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.

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. Dividend distribution tax paid by subsidiaries may be reduced / available as credit against dividend distribution tax payable by Infosys Limited.

The amount of per share dividend recognized as distributions to equity shareholders for the Nine months ended December 31, 2017 includes final dividend of ₹14.75/- per equity share and an interim dividend of ₹13/- per equity share. The amount of per share dividend recognized as distributions to equity shareholders for the Nine months ended December 31, 2016 includes final dividend of ₹14.25/- per equity share and interim dividend of ₹11/- per equity share.

The Board of Directors in their meeting on October 24, 2017 declared an interim dividend of ₹13/- per equity share which resulted in a net cash outflow of approximately ₹3,408 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

Buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of **11,30,43,478 Equity Shares** aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

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/- each. 1,08,05,896 and 1,12,89,514 shares were held by controlled trust, as at December 31, 2017 and March 31, 2017, 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.

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

	Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive officer and Managing Director*	U. B. Pravin Rao *Chief Operating Officer and Whole-time Director*
Bengaluru January 12, 2018	D. Sundaram *Director*	M. D. Ranganath *Chief Financial Officer*	A. G. S. Manikantha *Company Secretary*

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Condensed Consolidated Financial Statements

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** (“the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Condensed Consolidated Balance Sheet as at December 31, 2017, the Condensed Consolidated Statement of Comprehensive Income for the three months and nine months period ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the nine months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed consolidated financial statements").

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these interim condensed consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”).

This responsibility also includes maintenance of adequate accounting records, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim condensed consolidated financial statements based on our audit.

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim condensed consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with IAS 34 as issued by the IASB, of the consolidated state of affairs of the Group as at December 31, 2017, the consolidated profit and consolidated total comprehensive income for the three months and nine months period ended on that date, consolidated changes in equity and the consolidated cash flows for the nine months period ended on that date.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

P. R. RAMESH
Partner
(Membership No.70928)

Bengaluru, January 12, 2018

INFOSYS LIMITED

(In ₹ crore)

Condensed Balance Sheet as at	Note No.	December 31, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	8,586	8,605
Capital work-in-progress		1,480	1,247
Goodwill		29	-
Other intangible assets		107	-
Financial assets			
Investments	2.2	14,666	15,334
Loans	2.3	21	5
Other financial assets	2.4	213	216
Deferred tax assets (net)		972	346
Income tax assets (net)		5,160	5,454
Other non-current assets	2.7	818	996
Total non - current Assets		**32,052**	**32,203**
Current assets			
Financial assets			
Investments	2.2	2,266	9,643
Trade receivables	2.5	11,936	10,960
Cash and cash equivalents	2.6	17,303	19,153
Loans	2.3	382	310
Other financial assets	2.4	5,530	5,403
Income tax assets (net)		537	-
Other current assets	2.7	2,627	2,213
Total current assets		**40,581**	**47,682**
Total Assets		**72,633**	**79,885**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,092	1,148
Other equity		59,197	66,869
Total equity		**60,289**	**68,017**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	56	40
Deferred tax liabilities (net)		511	-
Other non-current liabilities	2.12	144	42
Total non - current liabilities		**711**	**82**
Current liabilities			
Financial liabilities			
Trade payables	2.11	538	269
Other financial liabilities	2.10	5,465	5,056
Provisions	2.13	399	350
Income tax liabilities (net)		2,405	3,762
Other current liabilities	2.12	2,826	2,349
Total current liabilities		**11,633**	**11,786**
Total equity and liabilities		**72,633**	**79,885**

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

As per our report of even date attached

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

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
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)

Condensed Statement of Profit and Loss for the		**Three months ended December 31,**		**Nine months ended December 31,**	
	Note No.	**2017**	**2016**	**2017**	**2016**
Revenue from operations	2.15	15,631	14,949	45,957	44,369
Other income, net	2.16	1,811	805	3,384	2,330
Total income		**17,442**	**15,754**	**49,341**	**46,699**
Expenses					
Employee benefit expenses	2.17	8,287	7,733	24,053	23,277
Cost of technical sub-contractors		1,349	1,228	4,060	3,547
Travel expenses		366	356	1,111	1,296
Cost of software packages and others	2.17	315	358	950	894
Communication expenses		85	96	255	268
Consultancy and professional charges		190	124	592	362
Depreciation and amortization expense		354	339	1,045	995
Other expenses	2.17	574	637	1,756	1,905
Total expenses		**11,520**	**10,871**	**33,822**	**32,544**
Profit before tax		**5,922**	**4,883**	**15,519**	**14,155**
Tax expense:					
Current tax	2.14	(134)	1,287	2,607	3,927
Deferred tax	2.14	52	(3)	(86)	(27)
Profit for the period		**6,004**	**3,599**	**12,998**	**10,255**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset		17	(6)	21	(58)
Equity instruments through other comprehensive income, net		-	-	-	-
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		5	26	(41)	28
Fair value changes on investments, net	2.2	(23)	-	13	-
Total other comprehensive income/ (loss), net of tax		(1)	20	(7)	(30)
Total comprehensive income for the period		**6,003**	**3,619**	**12,991**	**10,225**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		26.27	15.67	56.68	44.65
Diluted (₹)		26.26	15.67	56.66	44.65
Weighted average equity shares used in computing earnings per equity share					
Basic	2.18	2,285,933,933	2,296,944,664	2,293,266,282	2,296,944,664
Diluted	2.18	2,286,408,569	2,297,141,190	2,294,231,940	2,297,054,821

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

As per our report of even date attached

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

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer
and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

Condensed 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			
							Capital reserve						
		Securities Premium Account	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (1)	Capital reserve	Business transfer adjustment reserve(2)	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income	
Balance as at April 1, 2016	**1,148**	**2,204**	**44,698**	**9,508**	**9**	**-**	**54**	**3,448**	**-**	**-**	**-**	**13**	**61,082**
Changes in equity for the nine months ended December 31, 2016							-						
Transfer to general reserve	-	-	(1,579)	1,579	-	-	-	-		-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(821)	-	-	821	-	-		-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	821	-	-	(821)	-	-		-	-	-	-
Exercise of stock options (refer to note no. 2.9)	-	3	-	-	(3)	-	-	-		-	-	-	-
Income tax benefit arising on exercise of stock options	-	1	-	-	-	-	-	-		-	-	-	1
Share based payment to employees of the group (refer to note no. 2.9)	-	-	-	-	71	-	-	-		-	-	-	71
Remeasurement of the net defined benefit liability/asset, net of tax	-	-	-	-	-	-	-	-		-	-	(58)	(58)
Fair value changes on cash flow hedge, net of tax (Refer note no. 2.8)	-	-	-	-	-	-	-	-		-	28	-	28
Fair valuation of investments, net of tax (Refer note no. 2.2)	-	-	-	-	-	-	-	-		-	-	-	-
Equity instruments through other comprehensive income (Refer note no. 2.2)	-	-	-	-	-	-	-	-		-	-	-	-
Dividends (including corporate dividend tax)	-	-	(6,980)	-	-	-	-	-		-	-	-	(6,980)
Profit for the period	-	-	10,255	-	-	-	-	-		-	-	-	10,255
Balance as at December 31, 2016	**1,148**	**2,208**	**46,394**	**11,087**	**77**	**-**	**54**	**3,448**	**-**	**-**	**28**	**(45)**	**64,399**

INFOSYS LIMITED

Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity: Reserves & Surplus: Securities Premium Account	Reserves & Surplus: Retained earnings	Reserves & Surplus: General reserve	Reserves & Surplus: Share Options Outstanding Account	Reserves & Surplus: Special Economic Zone Re-investment reserve [(1)]	Reserves & Surplus: Capital reserve: Capital reserve	Reserves & Surplus: Capital reserve: Business transfer adjustment reserve[(2)]	Reserves & Surplus: Capital redemption reserve	Other comprehensive income: Equity Instruments through other comprehensive income	Other comprehensive income: Effective portion of Cash flow hedges	Other comprehensive income: Other items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as at April 1, 2017	**1,148**	**2,208**	**49,957**	**11,087**	**120**	**-**	**54**	**3,448**	**-**	**(5)**	**39**	**(39)**	**68,017**
Changes in equity for the nine months ended December 31, 2017													
Transfer to general reserve	-	-	(1,382)	1,382	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,419)	-	-	1,419	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	393	-	-	(393)	-	-	-	-	-	-	-
Exercise of stock options (refer to note no.2.9)	-	55	-	1	(56)	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment to employees of the group (refer to note no. 2.9)	-	-	-	-	55	-	-	-	-	-	-	-	55
Amount paid upon buyback (refer note 2.9)	(56)	(2,206)	-	(10,738)	-	-	-	-	-	-	-	-	(13,000)
Transaction costs related to buyback (refer note 2.9)	-	(46)	-	-	-	-	-	-	-	-	-	-	(46)
Amount transferred to capital redemption reserve upon Buyback (refer note 2.9)	-	-	-	(56)	-	-	-	-	56	-	-	-	-
Loss recorded upon business transfer (Refer note 2.2)	-	-	-	-	-	-	-	(229)	-	-	-	-	(229)
Remeasurement of the net defined benefit liability/asset, net of tax	-	-	-	-	-	-	-	-	-	-	-	21	21
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net of tax (Refer note no. 2.8)	-	-	-	-	-	-	-	-	-	-	(41)	-	(41)
Fair valuation of investments, net of tax (Refer note no.2.2)	-	-	-	-	-	-	-	-	-	-	-	13	13
Equity instruments through other comprehensive income, net of tax (Refer to note 2.2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(7,500)	-	-	-	-	-	-	-	-	-	(7,500)
Profit for the period	-	-	12,998	-	-	-	-	-	-	-	-	-	12,998
Balance as at December 31, 2017	**1,092**	**11**	**53,047**	**1,676**	**119**	**1,026**	**54**	**3,219**	**56**	**(5)**	**(2)**	**(5)**	**60,289**

(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 interim condensed financial statements.

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number:117366W/W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

(In ₹ crore)

Condensed Statement of Cash Flows	Nine months ended December 31,	
	2017	2016
Cash flow from operating activities:		
Profit for the period	12,998	10,255
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	1,045	995
Income tax expense	2,521	3,900
Allowance for credit losses on financial assets	41	75
Interest and dividend income	(2,661)	(1,959)
Other adjustments	10	53
Exchange differences on translation of assets and liabilities	10	36
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(890)	(2,118)
Loans and other financial assets and other assets	(106)	(148)
Trade payables	266	(307)
Other financial liabilities, other liabilities and provisions	900	1,014
Cash generated from operations	**14,134**	**11,796**
Income taxes paid	(4,214)	(3,537)
Net cash generated by operating activities	**9,920**	**8,259**
Cash flow from investing activities:		
Expenditure on property, plant and equipment net of sale proceeds	(1,246)	(1,643)
Deposits placed with corporations	(22)	(140)
Loans to employees	20	50
Loan given to subsidiaries	(105)	-
Repayment of debentures	179	370
Investment in subsidiaries	(209)	(369)
Proceeds on liquidation of Noah (Refer note 2.2)	316	-
Payment towards acquisition of business (Refer note 2.2)	(295)	-
Payment towards contingent consideration pertaining to acquisition	(33)	(36)
Payments to acquire financial assets		
Preference securities	(10)	(40)
Others	(2)	-
Liquid mutual fund units and fixed maturity plan securities	(44,185)	(34,202)
Non-convertible debentures	-	(3,353)
Certificates of Deposit	(2,268)	-
Government Bonds	(1)	-
Proceeds on sale of financial assets		
Liquid mutual fund units and fixed maturity plan securities	45,312	30,030
Certificates of Deposit	9,410	-
Dividend received from subsidiaries	846	-
Interest and dividend received	1,082	1,394
Net cash used in investing activities	**8,789**	**(7,939)**
Cash flow from financing activities:		
Buyback including transaction cost	(13,046)	-
Payment of dividends (including corporate dividend tax)	(7,500)	(6,968)
Net cash used in financing activities	**(20,546)**	**(6,968)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(13)	(25)
Net decrease in cash and cash equivalents	(1,837)	(6,648)
Cash and cash equivalents at the beginning of the period	19,153	29,176
Cash and cash equivalents at the end of the period	**17,303**	**22,503**
Supplementary information:		
Restricted cash balance	394	367

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

As per our report of even date attached

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

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

P. R. Ramesh
Partner
Membership No. 70928

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Chief Operating Officer and Whole-time Director

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED

Notes to the Interim Condensed Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of 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. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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 condensed financial statements are approved for issue by the Company's Board of Directors on January 12, 2018.

1.2 Basis of preparation of financial statements

These interim condensed financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), 'Interim Financial Reporting; 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 ('the 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.

Effective April 1, 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, with April 1, 2015 as the transition date. 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.

Amounts for the three months and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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 this statement added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in this statement.

1.3 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these condensed interim financial statements have been disclosed in Note no. 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim condensed 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. The 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 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 no.2.14 and note no. 2.19.

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 the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

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 mainly 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 rateably 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 rateably 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 indirect 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 the management. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

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
Leasehold improvements	Over lease term

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 amortized cost

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

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. 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 or 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 as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the 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.

Refer to note no. 2.8 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

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 recognized is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

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 interim condensed 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 at 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 Indian law.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income 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 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.

Amendment to Ind AS 102:

Effective April 1, 2017, the Company adopted amendment to Ind AS 102 which 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. The adoption of amendment did not have any material effect on the interim condensed financial statements.

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.

Amendment to Ind AS 7:

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require 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 adoption of amendment did not have any material effect on the interim condensed financial statements.

2.1 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 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)	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2017	**1,096**	**659**	**6,585**	**2,026**	**798**	**4,043**	**1,163**	**214**	**27**	**16,611**
Additions	39	-	271	91	20	108	46	1	0	576
Deletions	-	-	-	(1)	-	(18)	(1)	-	-	(20)
Gross carrying value as at December 31, 2017	**1,135**	**659**	**6,856**	**2,116**	**818**	**4,133**	**1,208**	**215**	**27**	**17,167**
Accumulated depreciation as at October 1, 2017	**-**	**(28)**	**(2,497)**	**(1,397)**	**(527)**	**(2,873)**	**(824)**	**(88)**	**(16)**	**(8,250)**
Depreciation	-	(1)	(61)	(64)	(28)	(150)	(37)	(9)	(1)	(351)
Accumulated depreciation on deletions				1	-	18	1	-	-	20
Accumulated depreciation as at December 31, 2017	**-**	**(29)**	**(2,558)**	**(1,460)**	**(555)**	**(3,005)**	**(860)**	**(97)**	**(17)**	**(8,581)**
Carrying value as at December 31, 2017	**1,135**	**630**	**4,298**	**656**	**263**	**1,128**	**348**	**118**	**10**	**8,586**
Carrying value as at October 1, 2017	**1,096**	**631**	**4,088**	**629**	**271**	**1,170**	**339**	**126**	**11**	**8,361**

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2016: *(In ₹ crore)*

Particulars	Land-Freehold	Land-Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2)	Furniture and fixtures (2)	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2016	**983**	**643**	**6,270**	**1,842**	**763**	**3,836**	**1,077**	**127**	**22**	**15,563**
Additions	28	16	65	60	16	162	53	39	1	440
Deletions	-	-	-	-	(29)	(210)	(25)	-	-	(264)
Gross carrying value as at December 31, 2016	**1,011**	**659**	**6,335**	**1,902**	**750**	**3,788**	**1,105**	**166**	**23**	**15,739**
Accumulated depreciation as at October 1, 2016	**-**	**(23)**	**(2,262)**	**(1,150)**	**(422)**	**(2,466)**	**(687)**	**(71)**	**(12)**	**(7,093)**
Depreciation	-	(2)	(59)	(63)	(28)	(142)	(41)	(4)	-	(339)
Accumulated depreciation on deletions	-	-	-	-	5	125	6	-	-	136
Accumulated depreciation as at December 31, 2016	**-**	**(25)**	**(2,321)**	**(1,213)**	**(445)**	**(2,483)**	**(722)**	**(75)**	**(12)**	**(7,296)**
Carrying value as at December 31, 2016	**1,011**	**634**	**4,014**	**689**	**305**	**1,305**	**383**	**91**	**11**	**8,443**
Carrying value as at July 1, 2016	**983**	**620**	**4,008**	**692**	**341**	**1,370**	**390**	**56**	**10**	**8,470**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2017 are as follows: *(In ₹ crore)*

Particulars	Land-Freehold	Land-Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2)	Furniture and fixtures (2)	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,093**	**659**	**6,483**	**1,966**	**769**	**3,886**	**1,132**	**198**	**24**	**16,210**
Additions	42	-	373	155	54	288	81	28	3	1,024
Deletions	-	-	-	(5)	(5)	(41)	(5)	(11)	-	(67)
Gross carrying value as at December 31, 2017	**1,135**	**659**	**6,856**	**2,116**	**818**	**4,133**	**1,208**	**215**	**27**	**17,167**
Accumulated depreciation as at April 1, 2017	**-**	**(26)**	**(2,377)**	**(1,274)**	**(472)**	**(2,603)**	**(757)**	**(82)**	**(14)**	**(7,605)**
Depreciation	-	(3)	(181)	(191)	(87)	(442)	(108)	(26)	(3)	(1,041)
Accumulated depreciation on deletions	-	-	-	5	4	40	5	11	-	65
Accumulated depreciation as at December 31, 2017	**-**	**(29)**	**(2,558)**	**(1,460)**	**(555)**	**(3,005)**	**(860)**	**(97)**	**(17)**	**(8,581)**
Carrying value as at December 31, 2017	**1,135**	**630**	**4,298**	**656**	**263**	**1,128**	**348**	**118**	**10**	**8,586**
Carrying value as at April 1, 2017	**1,093**	**633**	**4,106**	**692**	**297**	**1,283**	**375**	**116**	**10**	**8,605**

The changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2016 are as follows: *(In ₹ crore)*

Particulars	**Land-Freehold**	**Land-Leasehold**	**Buildings [1][2]**	**Plant and machinery[2]**	**Office Equipment [2]**	**Computer equipment [2]**	**Furniture and fixtures [2]**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at April 1, 2016	**970**	**638**	**6,173**	**1,662**	**679**	**3,481**	**991**	**96**	**19**	**14,709**
Additions	41	21	162	241	102	537	140	70	5	1,319
Deletions	-	-	-	(1)	(31)	(230)	(26)	-	(1)	(289)
Gross carrying value as at December 31, 2016	**1,011**	**659**	**6,335**	**1,902**	**750**	**3,788**	**1,105**	**166**	**23**	**15,739**
Accumulated depreciation as at April 1, 2016	**-**	**(21)**	**(2,150)**	**(1,033)**	**(369)**	**(2,195)**	**(619)**	**(63)**	**(11)**	**(6,461)**
Depreciation	-	(4)	(171)	(181)	(83)	(433)	(109)	(12)	(2)	(995)
Accumulated depreciation on deletions	-	-	-	1	7	145	6	-	1	160
Accumulated depreciation as at December 31, 2016	**-**	**(25)**	**(2,321)**	**(1,213)**	**(445)**	**(2,483)**	**(722)**	**(75)**	**(12)**	**(7,296)**
Carrying value as at December 31, 2016	**1,011**	**634**	**4,014**	**689**	**305**	**1,305**	**383**	**91**	**11**	**8,443**
Carrying value as at April 1, 2016	**970**	**617**	**4,023**	**629**	**310**	**1,286**	**372**	**33**	**8**	**8,248**

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

Particulars	**Land-Freehold**	**Land-Leasehold**	**Buildings [1][2]**	**Plant and machinery[2]**	**Office Equipment [2]**	**Computer equipment [2]**	**Furniture and fixtures [2]**	**Leasehold Improvements**	**Vehicles**	**Total**
Gross carrying value as at April 1, 2016	**970**	**638**	**6,173**	**1,662**	**679**	**3,481**	**991**	**96**	**19**	**14,709**
Additions	123	21	310	308	122	654	169	104	6	1,817
Deletions	-	-	-	(4)	(32)	(249)	(28)	(2)	(1)	(316)
Gross carrying value as at March 31, 2017	**1,093**	**659**	**6,483**	**1,966**	**769**	**3,886**	**1,132**	**198**	**24**	**16,210**
Accumulated depreciation as at April 1, 2016	-	**(21)**	**(2,150)**	**(1,033)**	**(369)**	**(2,195)**	**(619)**	**(63)**	**(11)**	**(6,461)**
Depreciation	-	(5)	(227)	(245)	(111)	(572)	(146)	(21)	(4)	(1,331)
Accumulated depreciation on deletions	-	-	-	4	8	164	8	2	1	187
Accumulated depreciation as at March 31, 2017	-	**(26)**	**(2,377)**	**(1,274)**	**(472)**	**(2,603)**	**(757)**	**(82)**	**(14)**	**(7,605)**
Carrying value as at March 31, 2017	**1,093**	**633**	**4,106**	**692**	**297**	**1,283**	**375**	**116**	**10**	**8,605**
Carrying value as at April 1, 2016	**970**	**617**	**4,023**	**629**	**310**	**1,286**	**372**	**33**	**8**	**8,248**

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

[2] *Includes certain assets provided on cancellable operating lease to subsidiaries*

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 aggregate depreciation has been included under depreciation and amortization expense in the Statement of Profit and Loss.
Tangible assets provided on operating lease to subsidiaries as at December 31, 2017 and March 31, 2017 are as follows:

(In ₹ crore)

Particulars	**Cost**	**Accumulated depreciation**	**Net book value**
Buildings	*195*	*85*	*110*
	197	*82*	*115*
Plant and machinery	*35*	*26*	*9*
	33	*19*	*14*
Furniture and fixtures	*26*	*19*	*7*
	25	*16*	*9*
Computer Equipment	*3*	*2*	*1*
	3	*2*	*1*
Office equipment	*18*	*13*	*5*
	18	*10*	*8*

The aggregate depreciation charged on the above assets during each of the three months ended December 31, 2017 and December 31, 2016 amounted to ₹5 crore each and for nine months ended December 31, 2017 and December 31, 2016 amounted to ₹15 crore and ₹15 crore respectively.

The rental income from subsidiaries during the three months ended December 31, 2017 and December 31, 2016 amounted to ₹16 crore and ₹16 crore respectively and for nine months ended December 31, 2017 and December 31, 2016 amounted to ₹50 crore and ₹48 crore respectively.

2.2 INVESTMENTS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current investments		
Equity instruments of subsidiaries	7,153	7,305
Debentures of subsidiary	1,950	2,129
Preference securities and equity instruments	132	132
Others	5	3
Tax free bonds	1,831	1,833
Fixed maturity plans securities	370	357
Non-convertible debentures	3,225	3,575
	14,666	**15,334**
Current investments		
Liquid mutual fund units	801	1,755
Fixed maturity plans securities	159	151
Certificates of deposit	813	7,635
Government bonds	1	-
Non-convertible debentures	492	102
	2,266	**9,643**
Total carrying value	**16,932**	**24,977**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited (formerly 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	333	236
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	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologia do Brazil 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	900	826
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	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid		
Panaya Inc.	1,436	1,398
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Nova Holdings LLC *	-	94
Kallidus Inc.	619	619
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- per share, fully paid up		
Noah Consulting LLC	-	313
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd) 1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid	10	10
Brilliant Basics Holding Limited	46	-
1,170 (Nil) shares of GBP 0.005 each, fully paid up		
	7,153	**7,305**

Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
19,50,00,000 (21,29,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	1,950	2,129
	1,950	**2,129**
Investments carried at fair value through profit or loss		
Others	5	3
	5	**3**
Investment carried at fair value through other comprehensive income (FVOCI)		
Preference securities	131	131
Equity instruments	1	1
	132	**132**
Quoted		
Investments carried at amortized cost		
Tax free bonds	1,831	1,833
	1,831	**1,833**
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	370	357
	370	**357**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	3,225	3,575
	3,225	**3,575**
Total non-current investments	**14,666**	**15,334**

(In ₹ crore, except as otherwise stated)

Particulars	As at December 31, 2017	As at March 31, 2017
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	801	1,755
	801	**1,755**
Investments carried at fair value through other comprehensive income		
Certificates of Deposit	813	7,635
	813	**7,635**
Quoted		
Investments carried at amortized cost		
Government bonds	1	-
	1	**-**
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	159	151
	159	**151**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	492	102
	492	**102**
Total current investments	**2,266**	**9,643**
Total investments	**16,932**	**24,977**
Aggregate amount of quoted investments	6,078	6,018
Market value of quoted investments (including interest accrued)	6,338	6,327
Aggregate amount of unquoted investments	10,854	18,959
Aggregate amount of impairment in value of investments	94	-
Investments carried at cost	7,153	7,305
Investments carried at amortized cost	3,782	3,962
Investments carried at fair value through other comprehensive income	4,662	11,444
Investments carried at fair value through profit or loss	1,335	2,266

** During the three months ended June 30, 2017, Infosys Nova Holding LLC has written down the entire carrying value of its investment in its associate DWA Nova LLC. Consequently, the Company has written down the entire carrying value of the investment in its subsidiary Infosys Nova Holdings LLC, amounting to ₹94 crore.*

Business transfer- Noah

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the company entered into a business transfer agreement to transfer the business for a consideration of $41 million (₹266 crore) and the transfer was with effect from October 25, 2017.

The transaction was between a holding company and a wholly owned subsidiary, the resultant impact on account of business transfer was recorded in 'Business Transfer Adjustment Reserve' during the three months ended December 31, 2017. The table below details out the assets and liabilities taken over upon business transfer:

Particulars	*(In ₹ crore)*
Goodwill	29
Intangible assets	112
Deferred tax assets	13
Net assets / (liabilities), others	(117)
Total	**37**
Less: Consideration paid	266
Business transfer reserve	**(229)**

Subsequently, in November 2017, Noah Consulting LLC has been liquidated and the Company received ₹316 crore as proceeds on liquidation.

Brilliant Basics Holdings Limited.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹29 crore, contingent consideration of up to ₹ 20 crore and an additional consideration of upto ₹13 crore, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary. The fair value of contingent consideration on the date of acquisition is ₹17 crore.

2.3 LOANS

(In ₹ crore)

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Non- Current		
Unsecured, considered good		
Other Loans		
Loans to employees	21	5
	21	**5**
Unsecured, considered doubtful		
Loans to employees	14	17
	35	**22**
Less: Allowance for doubtful loans to employees	14	17
	21	**5**
Current		
Unsecured, considered good		
Loans to subsidiaries *(Refer note no.2.20)*	177	69
Other Loans		
Loans to employees	205	241
	382	**310**
Total Loans	**403**	**315**

2.4 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2017	**March 31, 2017**
Non-current		
Security deposits [1]	85	81
Rental deposits [1]	128	135
	213	**216**
Current		
Security deposits [1]	2	2
Rental deposits [1]	9	2
Restricted deposits [1]	1,331	1,309
Unbilled revenues [1][4]	3,077	3,200
Interest accrued but not due [1]	900	514
Foreign currency forward and options contracts [2][3]	77	268
Others [1][5]	134	108
	5,530	**5,403**
Total	**5,743**	**5,619**
[1] Financial assets carried at amortized cost	5,666	5,351
[2] Financial assets carried at fair value through other comprehensive income	20	52
[3] Financial assets carried at fair value through Profit or Loss	57	216
[4] *Includes dues from subsidiaries (Refer note no. 2.20)*	36	47
[5] *Includes dues from subsidiaries (Refer note no. 2.20)*	39	18

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

2.5 TRADE RECEIVABLES [1]

(In ₹ crore)

Particulars	As at	
	December 31, 2017	**March 31, 2017**
Current		
Unsecured		
Considered good[2]	11,936	10,960
Considered doubtful	328	289
	12,264	11,249
Less: Allowances for credit losses	328	289
	11,936	**10,960**
[1] *Includes dues from companies where directors are interested*	-	1
[2] *Includes dues from subsidiaries (refer note no. 2.20)*	254	235

2.6 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Balances with banks		
In current and deposit accounts	9,337	12,222
Cash on hand	-	-
Others		
Deposits with financial institution	7,966	6,931
	17,303	**19,153**
Balances with banks in unpaid dividend accounts	17	17
Deposit with more than 12 months maturity	6,766	6,765
Balances with banks held as margin money deposits against guarantees	377	394

Cash and cash equivalents as at December 31, 2017 and March 31, 2017 include restricted cash and bank balances of ₹394 crore and ₹411 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividend 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 December 31, 2017	As at March 31, 2017
In current accounts		
ANZ Bank, Taiwan	10	3
Bank of America, USA	646	769
Bank of Baroda, Mauritius	1	-
BNP Paribas Bank, Norway	30	7
Citibank N.A., Australia	22	8
Citibank N.A., India	1	2
Citibank N.A., Dubai	4	1
Citibank N.A., EEFC (U.S. Dollar account)	-	1
Citibank N.A., Hungary	3	3
Citibank N.A., Japan	32	12
Citibank N.A., New Zealand	6	6
Citibank N.A., South Africa	25	9
Citibank N.A., South Korea	1	1
Deutsche Bank, Philippines	16	4
Deutsche Bank, India	-	9
Deutsche Bank, EEFC (Euro account)	5	11
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	5	8
Deutsche Bank, EEFC (Australian Dollar account)	12	38
Deutsche Bank, EEFC (U.S. Dollar account)	47	73
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, Belgium	6	10
Deutsche Bank, France	14	8
Deutsche Bank, Germany	45	48
Deutsche Bank, Malaysia	2	7
Deutsche Bank, Netherlands	2	2
Deutsche Bank, Russia (U.S. Dollar account)	2	1
Deutsche Bank, Russia	3	3
Deutsche Bank, Singapore	-	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	3	5
Deutsche Bank, Switzerland (U.S. Dollar Account)	-	1
Deutsche Bank, United Kingdom	45	25
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	34	40
ICICI Bank, EEFC (U.S. Dollar account)	77	3
Nordbanken, Sweden	5	22
Punjab National Bank, India	6	6
Royal Bank of Canada, Canada	10	5
Splitska Banka D.D., Société Générale Group, Croatia	7	-
State Bank of India	2	6
	1,132	**1,166**

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
In deposit accounts		
Axis Bank	-	945
Barclays Bank	825	825
HDFC Bank	2,123	349
HSBC Bank	-	500
ICICI Bank	3,856	4,351
IDBI Bank	-	1,750
IndusInd Bank	-	191
Kotak Mahindra Bank	207	500
South Indian Bank	200	200
Standard Chartered Bank	-	500
Syndicate Bank	-	49
Yes Bank	600	485
	7,811	**10,645**
In unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	1	2
ICICI Bank - Unpaid dividend account	14	13
	17	**17**
In margin money deposits against guarantees		
Canara Bank	153	177
ICICI Bank	224	217
	377	**394**
Deposits with financial institution		
HDFC Limited	7,266	6,231
LIC Housing Finance Limited	700	700
	7,966	**6,931**
Total cash and cash equivalents	**17,303**	**19,153**

2.7 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Non-current		
Capital advances	485	562
Advances other than capital advance		
Prepaid gratuity	14	56
Others		
Prepaid expenses	56	95
Deferred contract cost	263	283
	818	**996**
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	57	87
Others		
Prepaid expenses [1]	422	387
Deferred contract cost	58	74
Withholding taxes and others	2,090	1,665
	2,627	**2,213**
Total other assets	**3,445**	**3,209**
[1] *Includes dues from subsidiaries (Refer note no. 2.20)*	114	56

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.

2.8 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2017 are as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets:								
Cash and cash equivalents (Refer Note no. 2.6)	17,303	-	-	-	-	17,303	17,303	
Investments (Refer note no.2.2)								
Equity and preference securities and others	-	-	5	132	-	137	137	
Tax free bonds and government bonds	1,832	-	-	-	-	1,832	2,086	*
Liquid mutual fund units	-	-	801	-	-	801	801	
Redeemable, non-convertible debentures [(1)]	1,950	-	-	-	-	1,950	1,950	
Fixed maturity plans securities	-	-	529	-	-	529	529	
Certificates of deposit	-	-	-	-	813	813	813	
Non convertible debentures	-	-	-	-	3,717	3,717	3,717	
Trade receivables (Refer Note no. 2.5)	11,936	-	-	-	-	11,936	11,936	
Loans (Refer note no. 2.3)	403	-	-	-	-	403	403	
Other financial assets (Refer Note no. 2.4)	5,666	-	57	-	20	5,743	5,683	**
Total	**39,090**	**-**	**1,392**	**132**	**4,550**	**45,164**	**45,358**	
Liabilities:								
Trade payables (Refer Note no. 2.11)	538	-	-	-	-	538	538	
Other financial liabilities (Refer Note no. 2.10)	4,172	-	65	-	7	4,244	4,244	
Total	**4,710**	**-**	**65**	**-**	**7**	**4,782**	**4,782**	

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

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

*** Excludes interest accrued on tax free bonds*

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

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory			
Assets:								
Cash and cash equivalents (Refer Note no. 2.6)	19,153	-	-	-	-	19,153	19,153	
Investments (Refer Note no. 2.2)								
Equity and preference securities	-	-	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	
Certificates of deposit	-	-	-	-	7,635	7,635	7,635	
Non convertible debentures	-	-	-	-	3,677	3,677	3,677	
Trade receivables (Refer Note no. 2.5)	10,960	-	-	-	-	10,960	10,960	
Loans (Refer note no. 2.3)	315	-	-	-	-	315	315	
Other financial assets (Refer Note no. 2.4)	5,351	-	216	-	52	5,619	5,537	**
Total	**39,741**	**-**	**2,482**	**132**	**11,364**	**53,719**	**53,946**	
Liabilities:								
Trade payables (Refer note no. 2.11)	269	-	-	-	-	269	269	
Other financial liabilities (Refer Note no. 2.10)	3,867	-	87	-	-	3,954	3,954	
Total	**4,136**	**-**	**87**	**-**	**-**	**4,223**	**4,223**	

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

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

*** Excludes interest accrued on tax free bonds*

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 at December 31, 2017:

(In ₹ crore)

Particulars	As at December 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 no. 2.2)	801	801	-	-
Investments in tax free bonds (Refer Note no. 2.2)	2,085	1,732	353	-
Investments in government bonds (Refer Note no. 2.2)	1	1	-	-
Investments in equity instruments (Refer Note no. 2.2)	1	-	-	1
Investments in preference securities (Refer Note no. 2.2)	131	-	-	131
Investments in fixed maturity plan securities (Refer Note no. 2.2)	529	-	529	-
Investments in certificates of deposit (Refer Note no. 2.2)	813	-	813	-
Investments in non convertible debentures (Refer Note no. 2.2)	3,717	2,905	812	-
Other investments (Refer Note no. 2.2)	5	-	-	5
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.4)	77	-	77	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.10)	10	-	10	-
Liability towards contingent consideration (Refer note no. 2.10)(1)(2)	62	-	-	62

(1) Pertains to contingent consideration payable to selling shareholders of Kallidus and Brilliant Basics Holding Limited as per the share purchase agreement.
(2) Discounted ₹45 crore at 13.9% and ₹20 crore at 10%

During the nine months ended December 31, 2017, quoted debt securities of ₹353 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and ₹429 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 at March 31, 2017:

(In ₹ crore)

Particulars	As at 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 no. 2.2)	1,755	1,755	-	-
Investments in tax free bonds (Refer Note no. 2.2)	2,142	206	1,936	-
Investments in equity instruments (Refer Note no. 2.2)	1	-	-	1
Investments in preference securities (Refer Note no. 2.2)	131	-	-	131
Investments in fixed maturity plan securities (Refer Note no. 2.2)	508	-	508	-
Investments in certificates of deposit (Refer Note no. 2.2)	7,635	-	7,635	-
Investments in non convertible debentures (Refer Note no. 2.2)	3,677	3,160	517	-
Other investments (Refer Note no. 2.2)	3	-	-	3
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.4)	268	-	268	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer note 2.10)	2	-	2	-
Liability towards contingent consideration (Refer note no. 2.10)(1)(2)	85	-	-	85

(1) Pertains to contingent consideration payable to selling shareholders of Kallidus as per the share purchase agreement.
(2) Discounted ₹91 crore at 14.2%

A one percentage point change in the unobservable inputs used in fair valuation of Level 3 assets and liabilities does not have a significant impact in its value.

The movement in contingent consideration as at December 31, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore pertaining to Kallidus acquisition, and change in discount rate and passage of time. Additionally during the three months ended September 30, 2017 contingent consideration of ₹17 crore was included in relation to acquisition of Brilliant Basics Holdings Limited. (Refer note no. 2.2)

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 fair value of investments in unquoted equity, preference and other investments 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 primary 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 Indian 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 analysis foreign currency risk from financial instruments as at December 31, 2017:

(In ₹ crore)

Particulars	**U.S. dollars**	**Euro**	**United Kingdom Pound Sterling**	**Australian dollars**	**Other currencies**	**Total**
Cash and cash equivalents	777	73	51	33	155	1,089
Trade receivables	7,858	1,496	861	524	534	11,273
Other financials assets (including loans)	1,849	451	339	183	260	3,082
Trade payables	(250)	(46)	(110)	(29)	(19)	(454)
Other financial liabilities	(2,262)	(218)	(187)	(225)	(171)	(3,063)
Net assets / (liabilities)	**7,972**	**1,756**	**954**	**486**	**759**	**11,927**

The following table analyzes foreign currency risk from financial instruments as at 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**

For each of the three months ended December 31, 2017 and December 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%.

For the nine months ended December 31, 2017 and December 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 0.51% and 0.52%, respectively.

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. 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:

Particulars	As at December 31, 2017		As at March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Australian dollars	-	-	130	644
In Euro	-	-	95	658
In United Kingdom Pound Sterling	-	-	40	324
Option Contracts				
In Australian dollars	130	650	-	-
In Euro	130	995	40	277
In United Kingdom Pound Sterling	40	345	-	-
Other derivatives				
Forward contracts				
In Australian dollars	38	190	30	149
In Canadian dollars	19	98	-	-
In Euro	107	819	106	735
In Japanese Yen	550	31	-	-
In New Zealand dollars	21	95	-	-
In Norwegian Krone	4	3	-	-
In South African Rand	26	13	-	-
In Singapore dollars	5	24	5	23
In Swedish Krona	50	39	50	36
In Swiss Franc	22	141	10	65
In U.S. dollars	561	3,584	480	3,113
In United Kingdom Pound Sterling	75	647	70	566
Option Contracts				
In Australian dollars	30	150	-	-
In Canadian dollars	-	-	13	65
In Euro	50	382	25	173
In Swiss Franc	5	32	-	-
In U.S. dollars	165	1,054	195	1,265
In United Kingdom Pound Sterling	20	173	30	243
Total forwards and options		**9,465**		**8,336**

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 at the balance sheet date:

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Not later than one month	2,896	2,215
Later than one month and not later than three months	5,196	4,103
Later than three months and not later than one year	1,373	2,018
	9,465	**8,336**

During the nine months ended December 31, 2017, the Company has designated certain foreign exchange forward and option 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 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 effective portion of cash flow hedges for the three months and nine months ended December 31, 2017: *(In ₹ crore)*

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Balance at the beginning of the period	(7)	2	39	-
Gain / (Loss) recognized in other comprehensive income during the period	8	46	(84)	48
Amount reclassified to revenue during the period	(11)	(10)	20	(10)
Amount reclassified to other income during the period	10	-	10	-
Tax impact on above	(2)	(10)	13	(10)
Balance at the end of the period	**(2)**	**28**	**(2)**	**28**

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 realize 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 at December 31, 2017		As at March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	96	(29)	269	(3)
Amount set off	(19)	19	(1)	1
Net amount presented in balance sheet	**77**	**(10)**	**268**	**(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 ₹11,936 crore and ₹10,960 crore as at December 31, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹3,077 crore and ₹3,200 crore as at December 31, 2017 and March 31, 2017, 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 Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company 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 Company's historical experience for customers.

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

(In %)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Revenue from top customer	3.8	3.6	3.8	3.9
Revenue from top ten customers	20.8	22.1	21.2	23.6

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended December 31, 2017 and December 31, 2016 was ₹25 crore and ₹31 crore respectively and for the nine months ended December 31, 2017 and December 31, 2016 was ₹41 crore and ₹75 crore respectively.

Movement in credit loss allowance:

(In ₹ crore)

Particulars	**Three months ended December 31,**		**Nine months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Balance at the beginning	397	293	379	249
Impairment loss recognized/ reversed	25	31	41	75
Amounts written off	-	-	(3)	(1)
Translation differences	(4)	(1)	1	-
Balance at the end	**418**	**323**	**418**	**323**

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 issued by government aided institutions and certificates of deposit.

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.

As at December 31, 2017, the Company had a working capital of ₹28,948 crore including cash and cash equivalents of ₹17,303 crore and current investments of ₹2,266 crore. As at 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 at December 31, 2017 and March 31, 2017, the outstanding compensated absences were ₹1,277 crore and ₹1,142 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 at December 31, 2017:

(In ₹ crore)

Particulars	**Less than 1 year**	**1-2 years**	**2-4 years**	**4-7 years**	**Total**
Trade payables	538	-	-	-	538
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.10)	4,172	-	-	-	4,172
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	51	7	7	-	65

The table below provides details regarding the contractual maturities of significant financial liabilities as at 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 2.10)	3,867	-	-	-	3,867
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	45	46	-	-	91

2.9 EQUITY

EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	December 31, 2017	**March 31, 2017**
Authorized		
Equity shares, ₹5/- par value		
2,40,00,00,000 (2,40,00,00,000) equity shares	1,200	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)]	1,092	1,148
2,18,39,49,789 (2,29,69,44,664) equity shares fully paid-up		
	1,092	**1,148**

[(1)] *Refer note no. 2.18 for details of basic and diluted shares*

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.

Capital allocation policy

The Board, in its meeting on April 13, 2017, had 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. 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. 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.

2. Additionally, the Board identified an amount of up to ₹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.

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. Dividend distribution tax paid by subsidiaries may be reduced / available as a credit against dividend distribution tax payable by Infosys Limited

The Board of Directors, in its meeting on April 13, 2017, proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017 and the same was approved by the shareholders at the Annual General Meeting held on June 24, 2017. The amount was recognized as distributions to equity shareholders during the quarter ended June 30, 2017 and the total appropriation was ₹4,078 crore, including corporate dividend tax.

The Board, 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 quarter ended June 30, 2016 and the total appropriation was ₹3,939 crore, including corporate dividend tax.

The Board of Directors, in their meeting on October 24, 2017, declared an interim dividend of ₹13/- per equity share, which resulted in a cash outflow of ₹3,422 crore, inclusive of corporate dividend tax.

During the three months ended December 31, 2017, the Company received ₹846 crore as dividend from its majority owned subsidiary. Dividend distribution tax paid by the subsidiary on such dividend has been reduced as credit against dividend distribution tax payable by Infosys.

Buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of **11,30,43,478 Equity Shares** aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150/- per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (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 are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 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 on the date of the grant. 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.

Controlled trust holds 1,08,05,896 and 1,12,89,514 shares as at December 31, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

Consequent to Dr. Vishal Sikka's resignation from the company on August 24, 2017, the unvested stock incentives (time-based and performance based awards) granted to him were forfeited during the three months ended September 30, 2017. Accordingly, the Company recorded a reversal of ₹35 crore to stock compensation cost during the three months ended September 30, 2017.

Stock incentives granted to COO:

The Nomination and Remuneration Committee ('Committee') in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs amounting to ₹4 crore to U. B. Pravin Rao, under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs have been granted effective 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.

Stock incentives granted to KMPs (other than Dr. Vishal Sikka and COO)

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, excluding Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years 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.

During the nine months ended December 31, 2017, two of the KMPs have resigned (Refer to note no. 2.20 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded an employee stock compensation expense of ₹4 crore and a reversal of employee stock compensation expense of ₹14 crore, respectively, towards KMPs during the three months and nine months ended December 31, 2017.The employee stock compensation expense recorded was ₹10 crore and ₹24 crore during the three months and nine months ended December 31, 2016, respectively.

Stock incentive granted to other employees:

During fiscal 2017, the company granted 25,06,740 RSUs and 7,03,300 ESOPs and 1,12,210 incentive units (cash settled) to certain eligible employees at mid and senior levels under the 2015 plan. Further, on May 2, 2017, the company granted 37,090 RSUs (includes equity shares and equity shares represented by ADS) at par value, 73,600 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. On August 1, 2017, 7,450 incentive units (cash settled) were granted to employees at the senior management level. These instruments will vest over a period of 4 years and are subject to continued service.

The Company has recorded an employee stock compensation expense of ₹13 crore and ₹63 crore, respectively during the three months and nine months ended December 31, 2017 towards employees other than KMPs (employee stock compensation cost of ₹28 crore and ₹43 crore for the three months and nine months ended December 31, 2016).

Total stock compensation expense :

The Company recorded a reversal of employee stock compensation expense of ₹17 crore in the statement of profit and loss for the three months ended December 31, 2017 and an employee stock compensation cost of ₹49 crore, for the nine months ended December 31, 2017. The company recorded an employee stock compensation expense of ₹38 crore and ₹67 crore for the three months and nine months ended December 31, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for each of the three months and nine months ended December 31, 2017 and December 31, 2016 was less than ₹1 crore respectively. As at December 31, 2017 and March 31, 2017, 74,753 and 1,06,845 incentive units were outstanding (net of forfeitures).

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

Particulars	**Three months ended December 31, 2017**		**Nine months ended December 31, 2017**	
	Shares arising out of options	**Weighted average exercise price (₹)**	**Shares arising out of options**	**Weighted average exercise price (₹)**
2015 Plan: RSU				
Outstanding at the beginning	2,239,841	5	2,961,373	5
Granted	-	5	392,714	5
Exercised	100,177	5	532,221	5
Forfeited and expired	55,380	5	737,582	5
Outstanding at the end	**2,084,284**	**5**	**2,084,284**	**5**
Exercisable at the end	142,419	5	142,419	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,190,950	992	1,197,650	992
Granted	-	-	491,575	943
Exercised	-	-	-	-
Forfeited and expired	32,550	986	530,825	955
Outstanding at the end	**1,158,400**	**986**	**1,158,400**	**983**
Exercisable at the end	249,324	982	249,324	982

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

Particulars	Three months ended December 31, 2016		Nine months ended December 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 (RSU)				
Outstanding at the beginning	2,072,408	5	221,505	5
Granted	970,375	5	2,874,690	5
Forfeited and expired	36,895	5	59,665	5
Exercised	-	5	30,642	5
Outstanding at the end	**3,005,888**	**5**	**3,005,888**	**5**
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	1,205,850	992	1,205,850	992
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	**1,205,850**	**992**	**1,205,850**	**992**
Exercisable at the end	-	-	-	-

During the three months ended December 31, 2017 and December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972 and ₹1,096 respectively.

During the nine months ended December 31, 2017 and December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹952 and ₹1,096 respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at December 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:			
0 - 5 (RSU)	2,084,284	1.67	5.00
900 - 1100 (ESOP)	1,158,400	6.85	976.80
	3,242,684	**3.32**	**314.88**

The following table summarizes information about equity settled RSUs and ESOPs outstanding as at 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:			
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 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 2018- Equity Shares-RSU	Fiscal 2018- Equity shares ESOP	Fiscal 2018- ADS-RSU	Fiscal 2018- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	923	923	14.73	14.65
Exercise price (₹)/ ($- ADS)	5.00	919	0.08	14.67
Expected volatility (%)	21-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / ($- ADS)	857	254	13.73	2.93

Particulars	For options granted in			
	Fiscal 2017- Equity Shares-RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / ($- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ ($- 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)	1,002	285	14.84	3.46

The expected life 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.

2.10 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current		
Compensated absences	44	-
Payable for acquisition of business- Contingent consideration	12	40
	56	**40**
Current		
Unpaid dividends	17	17
Others		
Accrued compensation to employees	2,000	1,404
Accrued expenses [(1)]	1,813	2,013
Retention monies	80	153
Payable for acquisition of business - Contingent consideration	50	45
Client deposits	60	25
Capital creditors	43	36
Compensated absences	1,233	1,142
Other payables [(2)]	159	219
Foreign currency forward and options contracts	10	2
	5,465	**5,056**
Total financial liabilities	**5,521**	**5,096**
Financial liability carried at amortized cost	4,172	3,867
Financial liability carried at fair value through profit or loss	65	87
Financial liability carried at fair value through other comprehensive income	7	-
Liability towards acquisition of business on undiscounted basis	65	91
[(1)] *Includes dues to subsidiaries (Refer note no. 2.20)*	6	3
[(2)] *Includes dues to subsidiaries (Refer note no. 2.20)*	50	14

2.11 TRADE PAYABLES

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Trade payables *	538	269
	538	**269**
**Includes dues to subsidiaries (refer note no. 2.20)*	156	135

2.12 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non current		
Deferred income	37	42
Deferred rent	107	-
	144	**42**
Current		
Unearned revenue	1,806	1,320
Others		
Withholding taxes and others	1,010	1,027
Deferred Rent	10	2
	2,826	**2,349**
	2,970	**2,391**

2.13 PROVISIONS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	399	350
	399	**350**

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 December 31, 2017	Nine months ended December 31, 2017
Balance at the beginning	362	350
Provision recognized/(reversed)	49	87
Provision utilized	(3)	(30)
Exchange difference	(9)	(8)
Balance at the end	**399**	**399**

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.

2.14 INCOME TAXES

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Current taxes	(134)	1,287	2,607	3,927
Deferred taxes	52	(3)	(86)	(27)
Income tax expense	**(82)**	**1,284**	**2,521**	**3,900**

The Company has concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations

During the three months ended December 31, 2017, in accordance with the APA, the company has reversed income tax expense provision of ₹1,432 crore which pertains to previous periods. This comprises of current tax expense of ₹1,610 crore, reversal of ₹132 crore on account of deferred tax assets pertaining to the temporary differences which are no longer required and a deferred tax liability of ₹46 crore pertaining to Branch profit tax for the three months ended December 31, 2017 on account of conclusion of APA.

In line with the APA, the Company expects to pay an amount of approximately ₹1,488 crore due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

Additionally, income tax expense for the three months and nine months ended December 31, 2017 includes reversal (net of provisions) of ₹14 crore and ₹158 crore, respectively, pertaining to prior periods on account of adjudication of certain disputed matters in favor of the company across various jurisdictions.

Income tax expense for the three months and nine months ended December 31, 2016 includes reversal (net of provisions) of ₹104 crore and ₹123 crore, respectively, pertaining to prior periods.

The "Tax Cuts and Jobs Act (H.R. 1)" was signed into law on December 22, 2017 ("US Tax Reforms"). The US tax reforms has reduced federal tax rates from 35% to 21% effective January 1, 2018 amongst other measures. During the three months ended December 31, 2017 , the US tax reforms has resulted in a positive impact of ₹155 crore on account of credits pertaining to deferred tax liabilities on branch profit. The impact of US tax reforms is expected to be not significant for future periods.

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 December 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹4,686 crore. As of December 31, 2017, the Company has provided for branch profit tax of ₹215 crore (net of credits) for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. An additional deferred tax liability has been created for branch profit tax amounting to ₹46 crore for each of the three months and nine months ended December 31, 2017 respectively on account of conclusion of APA explained above. Further, on account of US tax Reforms, the company has a credit of ₹155 crore pertaining to Branch Profit Tax for each of the three months and nine months ended December 31, 2017.

Entire deferred income tax, except for a credit of ₹155 crore (on account of US Tax Reforms explained above), for each of the three months and nine months ended December 31, 2017, relates to origination and reversal of temporary differences.

Other income for the three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹199 crore and ₹257 crore, respectively.

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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% 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% 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 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.

2.15 REVENUE FROM OPERATIONS

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Revenue from software services	15,622	14,942	45,939	44,354
Revenue from software products	9	7	18	15
	15,631	**14,949**	**45,957**	**44,369**

2.16 OTHER INCOME, NET

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	35	107	104	272
Deposit with Bank and others	427	535	1,187	1,664
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures and certificates of deposit	141	-	521	-
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	-	-	3	23
Gain / (loss) on liquid mutual funds	57	31	192	51
Dividend income from subsidiary	846	-	846	-
Exchange gains/(losses) on foreign currency forward and options contracts	163	77	113	283
Exchange gains/(losses) on translation of assets and liabilities	(114)	(1)	76	(89)
Write-down of investment in subsidiary *(Refer note no.2.2)*	-	-	(94)	-
Miscellaneous income, net	256	56	436	126
	1,811	**805**	**3,384**	**2,330**

2.17 EXPENSES

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Employee benefit expenses				
Salaries including bonus	8,067	7,513	23,433	22,671
Contribution to provident and other funds	175	161	515	480
Share based payments to employees (Refer note no. 2.9)	17	38	49	67
Staff welfare	28	21	56	59
	8,287	**7,733**	**24,053**	**23,277**
Cost of software packages and others				
For own use	196	191	579	531
Third party items bought for service delivery to clients	119	167	371	363
	315	**358**	**950**	**894**
Other expenses				
Power and fuel	43	44	123	145
Brand and Marketing	59	52	189	213
Operating lease payments	80	73	251	197
Rates and taxes	25	29	128	94
Repairs and Maintenance	219	250	675	782
Consumables	5	6	15	23
Insurance	12	12	33	31
Provision for post-sales client support and warranties	46	14	79	69
Commission to non-whole time directors	2	3	7	7
Impairment loss recognized / (reversed) on financial assets	27	32	45	79
Auditor's remuneration				
Statutory audit fees	1	1	4	2
Tax matters	1	-	1	-
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social Responsibility	29	80	125	177
Others	25	41	81	86
	574	**637**	**1,756**	**1,905**

2.18 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:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding	228,59,33,933	229,69,44,664	229,32,66,282	229,69,44,664
Effect of dilutive common equivalent shares - share options outstanding	4,74,636	1,96,526	9,65,658	1,10,157
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**228,64,08,569**	**229,71,41,190**	**229,42,31,940**	**229,70,54,821**

For the three months ended December 31, 2017 and December 31, 2016 number of options to purchase equity shares that had an anti-dilutive effect are 82,699 and 1,50,500 respectively.

For the nine months ended December 31, 2017 and December 31, 2016 number of options to purchase equity shares that had an anti-dilutive effect are 84,583 and 50,349 respectively.

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

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	4,675	6,596
[Amount paid to statutory authorities ₹5,827 crore (*₹4,694 crore*)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	681	1,094
Other Commitments*	27	37

**Uncalled capital pertaining to investments*

[(1)] As at December 31, 2017, claims against the company not acknowledged as debts in respect of income tax matters amounted to ₹4,434 crore. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Income tax claims amounting to ₹4,565 crore has not been considered as claims not acknowledged as debt because the Company has received favourable decisions on similar claims and therefore based on its assessment , is of the view that any liability resulting from these claims is remote and will not sustain on ultimate resolution.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,792 crore.

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.

2.20 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2017 for the full names and other details of the Company's subsidiaries, associate and controlled trusts.

Changes in Subsidiaries and Associates

• During the three month ended December 31, 2017, the following are the changes in the subsidiaries and associate:

the name of Infosys BPO Ltd has been changed to Infosys BPM Ltd.

Infosys Chille Spa was incorporated as a wholly owned subsidiary of the Infosys Ltd.

Noah Consulting LLC, Noah Information Management Consulting Inc. and DWA Nova LLC have been liquidated.

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

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Investment in debentures		
EdgeVerve[(1)]	1,950	2,129
	1,950	**2,129**
Trade receivables		
Infosys China	21	41
Infosys Mexico	2	2
Infosys Brasil	-	1
Infosys BPM (formerly Infosys BPO)	7	5
Infy Consulting Company Ltd.	87	73
Infosys Public Services	-	61
Infosys Shanghai	5	-
Infosys Sweden	1	1
Kallidus	-	6
Infosys McCamish Systems LLC	66	1
Panaya Ltd	65	44
	254	**235**
Loans		
Infosys China [(2)]	71	69
Infosys Consulting Holding AG[(3)]	99	-
Brilliant Basics Holdings Limited [(4)]	7	-
	177	**69**
Prepaid expense and other assets		
Panaya Ltd.	113	56
Brilliant Basics Limited	1	-
	114	**56**
Other financial assets		
Infosys BPM (formerly Infosys BPO)	18	5
EdgeVerve	3	-
Panaya Ltd.	-	1
Infosys Australia	1	-
Infosys Consulting SAS	-	3
Infosys Consulting GmbH	1	1
Infosys China	1	1
Infy Consulting Company Ltd.	8	4
Infosys Consulting AG	1	1
Infosys Public Services	-	-
Infy Consulting B.V.	3	1
Infosys Consulting Pte Ltd.	1	1
Kallidus	1	-
Infosys Consulting Ltda.	-	-
Skava Systems Pvt. Ltd.	1	-
	39	**18**
Unbilled revenues		
EdgeVerve	36	45
Kallidus	-	2
	36	**47**
Trade payables		
Infosys China	7	10
Infosys BPM (formerly Infosys BPO)	44	33
Infosys (Czech Republic) Limited s.r.o.	3	3
Infosys Mexico	3	2
Infosys Sweden	5	5
Infosys Shanghai	6	-
Infosys Management Consulting Pty Limited	7	8
Infosys Consulting Pte Ltd.	2	4
Infy Consulting Company Ltd.	58	9
Infosys Brasil	1	1
Brilliant Basics Limited	2	-
Noah Consulting LLC	-	17
Panaya Ltd.	8	1
Infosys Public Services	1	3
Kallidus	7	35
Noah Canada	-	3
Portland Group Pty Ltd	1	-
Infosys Poland Sp Z.o.o	1	1
	156	**135**

Other financial liabilities		
Infosys BPM (formerly Infosys BPO)	2	2
Infosys Mexico	1	1
Infosys Consulting Holding AG	1	10
Loadstone Management Consultants Inc.	-	-
Infosys Public Services	44	-
Infosys China	1	-
Infosys Consulting GmbH	1	1
	50	**14**
Accrued expenses and other assets		
Infosys BPM (formerly Infosys BPO)	6	-
Panaya Ltd	-	3
	6	3

(1) At an interest rate of 7.7% per annum.

(2) The above loan carries an interest of 6% per annum and shall repay before the maturity date of the loan.

(3) The above loan carries an interest of 4% per annum, repayable on demand.

(4) The above loan carries an interest rate of 3.5% per annum repayable in full no later than 12 months or such later date as the parties may agree

The details of the related parties transactions entered into by the Company for the three months and nine months ended December 31, 2017 and December 31, 2016 are as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Capital transactions:				
Financing transactions				
Equity				
Panaya Inc	-	-	38	-
Infosys China	-	-	97	67
Infosys Sweden	-	6	-	57
Infosys Shanghai	-	46	74	180
Infosys Consulting Pte Ltd	-	-	-	-
Noah Consulting LLC (1)	-	71	-	71
Brilliant Basics Holdings Limited	-	-	29	-
	-	123	238	375
Debenture (net of repayment)				
EdgeVerve	(50)	(100)	(179)	(370)
	(50)	(100)	(179)	(370)
Loans (net of repayment)				
Infosys Sweden	-	-	-	(1)
Infosys China	(1)	-	2	3
Infosys Consulting Holding AG	(2)	-	99	-
Brilliant Basics Holdings Limited	-	-	7	-
	(3)	-	108	2
Revenue transactions:				
Purchase of services				
Infosys China	21	31	68	90
Infosys Management Consulting Pty Limited	22	32	77	95
Infy Consulting Company Limited	183	167	540	544
Infosys Consulting Pte Ltd.	9	6	34	23
Portland Group Pty Ltd	6	1	9	2
Infosys (Czech Republic) Limited s.r.o.	10	8	29	23
Infosys BPM (formerly Infosys BPO)	132	104	365	287
Infosys Sweden	14	17	42	56
Infosys Shanghai	18	-	45	-
Infosys Mexico	6	6	18	17
Infosys Public Services	4	6	18	15
Panaya Ltd.	21	14	63	35
Infosys Brasil	4	2	10	5
Infosys Poland Sp Z.o.o	4	1	8	3
Kallidus	8	21	11	32
Noah Consulting, LLC	6	25	91	89
McCamish Systems LLC	1	-	2	-
Brilliant Basics Limited	6	-	6	-
Noah Canada	-	1	2	3
	475	442	1,438	1,319
Purchase of shared services including facilities and personnel				
Panaya Ltd.	-	-	-	2
Infosys BPM (formerly Infosys BPO)	4	6	14	17
Infosys Mexico	1	-	2	-
	5	6	16	19
Interest income				
Infosys China	1	1	3	3
Infosys Consulting Holding AG	1	-	1	-
EdgeVerve	38	47	120	152
	40	48	124	155
Dividend income				
Infosys BPM (formerly Infosys BPO)	846	-	846	-
	846	-	846	-

Sale of services				
Infosys China	8	4	20	11
Infosys Mexico	5	8	16	23
Infy Consulting Company Limited	9	18	30	65
Infosys Brasil	1	4	4	8
Infosys BPM (formerly Infosys BPO)	16	14	51	42
McCamish Systems LLC	35	-	76	-
Infosys Sweden	2	4	9	12
Infosys Shanghai	1	-	4	-
EdgeVerve	110	71	303	206
Kallidus inc	2	-	2	-
Infosys Public Services	155	244	475	715
	344	367	990	1,082
Sale of shared services including facilities and personnel				
EdgeVerve	10	10	30	30
Panaya Ltd.	11	8	36	22
Infy Consulting Company Limited	1	1	3	1
Infy Consulting B.V	-	-	1	-
Infosys BPM (formerly Infosys BPO)	12	14	48	38
Infosys Public Services	-	1	2	1
	34	34	120	92

(1) *Refer Note 2.2*

Changes in Key management personnel

The following were the changes in key management personnel:-

• Salil Parekh appointed as Chief Executive Officer and Managing Director effective January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.
• U. B. Pravin Rao, Chief Operating officer stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.
• Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
• D. Sundaram appointed as Independent director effective July 14, 2017
• R. Seshasayee, Chairman, resigned effective August 24, 2017
• Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
• Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
• Prof. John Etchemendy, Independent director resigned effective August 24, 2017
• Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
• Sandeep Dadlani, President, resigned effective July 14, 2017
• Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
• Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

The table below describes the compensation to key managerial personnel which comprise directors and executive officers under Ind AS 24:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Salaries and other employee benefits to whole-time directors and executive officers (1)(2)(3)	18	31	30	66
Commission and other benefits to non-executive/independent directors	2	3	10	8
Total	20	34	40	74

(1) *Includes a reversal of stock compensation cost of ₹35 crore towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.9)*

(2) *Total employee stock compensation expense for the three months and nine months ended December 31, 2017 includes a charge of ₹4 crore and a reversal of ₹14 crore, respectively towards key managerial personnel. For the three months and nine months ended December 31, 2016, an employee stock compensation expense of ₹10 crore and ₹24 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.9)*

(3) *Includes ₹6 crore payable under severance agreement to David Kennedy, General counsel and Chief compliance officer during the three months ended December 31, 2016.*

(4) *On December 2, 2017, The Board appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018. The appointment for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.*

(5) *U. B. Pravin Rao stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company."*

2.21 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. The 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 December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	**3,951**	**1,652**	**3,913**	**2,586**	**2,014**	**1,191**	**324**	**15,631**
	3,939	*1,541*	*3,519*	*2,596*	*1,842*	*1,199*	*313*	*14,949*
Identifiable operating expenses	2,204	879	2,027	1,296	1,012	649	173	8,240
	2,103	*793*	*1,750*	*1,282*	*923*	*628*	*187*	*7,666*
Allocated expenses	736	309	733	485	377	223	61	2,924
	751	*296*	*676*	*498*	*353*	*230*	*60*	*2,864*
Segment operating income	**1,011**	**464**	**1,153**	**805**	**625**	**319**	**90**	**4,467**
	1,085	***452***	***1,093***	***816***	***566***	***341***	***66***	***4,419***
Unallocable expenses								356
								341
Operating profit								**4,111**
								4,078
Other income, net								1,811
								805
Profit before tax								**5,922**
								4,883
Tax expense								(82)
								1,284
Profit for the period								**6,004**
								3,599
Depreciation and amortization expense								354
								339
Non-cash expenses other than depreciation and amortization								2
								2

Nine months ended December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	**11,848**	**4,820**	**11,350**	**7,630**	**5,779**	**3,543**	**987**	**45,957**
	11,810	*4,519*	*10,370*	*7,777*	*5,206*	*3,744*	*943*	*44,369*
Identifiable operating expenses	6,466	2,599	5,841	3,818	2,920	1,926	519	24,089
	6,340	*2,326*	*5,118*	*3,857*	*2,674*	*1,966*	*613*	*22,894*
Allocated expenses	2,228	912	2,148	1,444	1,094	671	187	8,684
	2,295	*882*	*2,023*	*1,518*	*1,015*	*731*	*184*	*8,648*
Segment operating income	**3,154**	**1,309**	**3,361**	**2,368**	**1,765**	**946**	**281**	**13,184**
	3,175	***1,311***	***3,229***	***2,402***	***1,517***	***1,047***	***146***	***12,827***
Unallocable expenses								1,049
								1,002
Operating profit								**12,135**
								11,825
Other income, net								3,384
								2,330
Profit before tax								**15,519**
								14,155
Tax expense								2,521
								3,900
Profit for the period								**12,998**
								10,255
Depreciation and amortization expense								1,045
								995
Non-cash expenses other than depreciation and amortization								4
								7

Geographic segments

Three months ended December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	9,822	3,745	459	1,605	15,631
	9,747	*3,271*	*489*	*1,442*	*14,949*
Identifiable operating expenses	5,273	1,945	177	845	8,240
	5,071	*1,699*	*199*	*697*	*7,666*
Allocated expenses	1,840	701	85	298	2,924
	1,871	*626*	*93*	*274*	*2,864*
Segment operating income	**2,709**	**1,099**	**197**	**462**	**4,467**
	2,805	***946***	***197***	***471***	***4,419***
Unallocable expenses					356
					341
Operating profit					**4,111**
					4,078
Other income, net					1,811
					805
Profit before tax					**5,922**
					4,883
Tax expense					(82)
					1,284
Profit for the period					**6,004**
					3,599
Depreciation and amortization expense					354
					339
Non-cash expenses other than depreciation and amortization					2
					2

Nine months ended December 31, 2017 and December 31, 2016

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	29,131	10,532	1,426	4,868	45,957
	28,825	*9,811*	*1,343*	*4,390*	*44,369*
Identifiable operating expenses	15,540	5,614	509	2,426	24,089
	15,178	*5,001*	*603*	*2,112*	*22,894*
Allocated expenses	5,514	1,991	268	911	8,684
	5,625	*1,913*	*259*	*851*	*8,648*
Segment operating income	**8,077**	**2,927**	**649**	**1,531**	**13,184**
	8,022	***2,897***	***481***	***1,427***	***12,827***
Unallocable expenses					1,049
					1,002
Operating profit					**12,135**
					11,825
Other income, net					3,384
					2,330
Profit before tax					**15,519**
					14,155
Tax expense					2,521
					3,900
Profit for the period					**12,998**
					10,255
Depreciation and amortization expense					1,045
					995
Non-cash expenses other than depreciation and amortization					4
					7

Significant clients

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

2.22 Function-wise classification of Condensed Statement of Profit and Loss

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Revenue from operations	15,631	14,949	45,957	44,369
Cost of sales	9,953	9,264	29,064	27,825
Gross Profit	**5,678**	**5,685**	**16,893**	**16,544**
Operating expenses				
Selling and marketing expenses	680	668	2,015	2,047
General and administration expenses	887	939	2,743	2,672
Total operating expenses	1,567	1,607	4,758	4,719
Operating profit	**4,111**	**4,078**	**12,135**	**11,825**
Other income, net	1,811	805	3,384	2,330
Profit before tax	**5,922**	**4,883**	**15,519**	**14,155**
Tax expense:				
Current tax	(134)	1,287	2,607	3,927
Deferred tax	52	(3)	(86)	(27)
Profit for the period	**6,004**	**3,599**	**12,998**	**10,255**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/asset	17	(6)	21	(58)
Equity instruments through other comprehensive income	-	-	-	-
Items that will be reclassified subsequently to profit or loss				
Fair value changes on derivatives designated as cash flow hedge, net	5	26	(41)	28
Fair value changes on investments, net	(23)	-	13	-
Total other comprehensive income, net of tax	**(1)**	**20**	**(7)**	**(30)**
Total comprehensive income for the period	**6,003**	**3,619**	**12,991**	**10,225**

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

Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive officer and Managing Director*	U. B. Pravin Rao *Chief Operating Officer and Whole-time Director*
D. Sundaram *Director*	M. D. Ranganath *Chief Financial Officer*	A. G. S. Manikantha *Company Secretary*

Bengaluru
January 12, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
INFOSYS LIMITED

Report on the Interim Condensed Standalone Financial Statements

We have audited the accompanying interim condensed standalone financial statements of **INFOSYS LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at December 31, 2017, Condensed Statement of Profit and Loss (including Other Comprehensive Income) for the three months and nine months period ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the nine months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed standalone financial statements").

Management's Responsibility for the Interim Condensed Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim condensed standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim condensed standalone financial statements based on our audit.

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

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2017, its profit and total comprehensive income for the three months and nine months period ended on that date, changes in equity and its cash flows for the nine months period ended on that date.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

P. R. RAMESH
Partner
(Membership No.70928)

Bengaluru, January 12, 2018

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Consolidated Balance Sheet as at	Note No.	December 31, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.2	9,703	9,751
Capital work-in-progress		1,647	1,365
Goodwill	2.3	3,727	3,652
Other intangible assets	2.3	599	776
Investment in associate	2.23	-	71
Financial assets:			
Investments	2.4	6,111	6,382
Loans	2.5	39	29
Other financial assets	2.6	315	309
Deferred tax assets (net)	2.15	1,177	540
Income tax assets (net)	2.15	5,514	5,716
Other non-current assets	2.9	910	1,059
Total non-current assets		**29,742**	**29,650**
Current assets			
Financial assets:			
Investments	2.4	2,481	9,970
Trade receivables	2.7	13,143	12,322
Cash and cash equivalents	2.8	20,611	22,625
Loans	2.5	237	272
Other financial assets	2.6	6,235	5,980
Income tax assets (net)		537	-
Other Current assets	2.9	2,969	2,536
Total current assets		**46,213**	**53,705**
Total assets		**75,955**	**83,355**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	1,088	1,144
Other equity		59,886	67,838
Total equity attributable to equity holders of the Company		60,974	68,982
Non-controlling interests		-	-
Total equity		**60,974**	**68,982**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.12	63	70
Deferred tax liabilities (net)	2.15	638	207
Other non-current liabilities	2.13	220	83
Total non-current liabilities		**921**	**360**
Current liabilities			
Financial Liabilities			
Trade payables		502	367
Other financial liabilities	2.12	7,017	6,349
Provisions	2.14	452	405
Income tax liabilities (net)	2.15	2,536	3,885
Other current liabilities	2.13	3,553	3,007
Total current liabilities		**14,060**	**14,013**
Total equity and liabilities		**75,955**	**83,355**

The accompanying notes form an integral part of the interim consolidated financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
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	Note No.	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenue from operations	2.16	17,794	17,273	52,439	51,364
Other income, net	2.17	962	820	2,659	2,333
Total income		**18,756**	**18,093**	**55,098**	**53,697**
Expenses					
Employee benefit expenses	2.18	9,869	9,420	28,839	28,349
Cost of technical sub-contractors		1,041	975	3,191	2,833
Travel expenses		496	502	1,503	1,762
Cost of software packages and others	2.18	472	461	1,404	1,119
Communication expenses		120	145	376	400
Consultancy and professional charges		238	165	753	505
Depreciation and amortisation expenses	2.2 and 2.3	498	433	1,404	1,257
Other expenses	2.18	741	838	2,293	2,450
Total expenses		**13,475**	**12,939**	**39,763**	**38,675**
Profit before non-controlling interests/share in net profit/(loss) of associate		**5,281**	**5,154**	**15,335**	**15,022**
Share in net profit/(loss) of associate		-	-	-	(5)
Write-down of investment in associate	2.23	-	-	(71)	-
Profit before tax		**5,281**	**5,154**	**15,264**	**15,017**
Tax expense:					
Current tax	2.15	144	1,468	3,115	4,404
Deferred tax	2.15	8	(22)	(190)	(136)
Profit for the period		**5,129**	**3,708**	**12,339**	**10,749**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset		18	(8)	21	(65)
Equity instruments through other comprehensive income, net		(2)	-	(2)	-
		16	**(8)**	**19**	**(65)**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net	2.10	5	26	(41)	28
Exchange differences on translation of foreign operations		(86)	(47)	121	(60)
Fair value changes on investments, net		(25)	-	14	-
		(106)	**(21)**	**94**	**(32)**
Total other comprehensive income/ (loss), net of tax		**(90)**	**(29)**	**113**	**(97)**
Total comprehensive income for the period		**5,039**	**3,679**	**12,452**	**10,652**
Profit attributable to:					
Owners of the Company		5,129	3,708	12,339	10,749
Non-controlling interests		-	-	-	-
		5,129	**3,708**	**12,339**	**10,749**
Total comprehensive income attributable to:					
Owners of the Company		5,039	3,679	12,452	10,652
Non-controlling interests		-	-	-	-
		5,039	**3,679**	**12,452**	**10,652**
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		22.55	16.22	54.06	47.03
Diluted (₹)		22.53	16.22	54.02	47.02
Weighted average equity shares used in computing earnings per equity share	2.21				
Basic		2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Diluted		2,276,381,570	2,286,229,042	2,284,287,492	2,286,076,462

The accompanying notes form an integral part of the interim consolidated financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

(In ₹ crore)

Particulars		OTHER EQUITY												
		RESERVES & SURPLUS								Other comprehensive income				
	Equity Share capital [1]	Securities Premium Account	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [2]	Other reserves[3]	Capital redemption reserve	Equity instruments through other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company
Balance as at April 1, 2016	**1,144**	**2,213**	**47,063**	**54**	**10,553**	**8**	**-**	**5**	**-**	**-**	**715**	**-**	**(11)**	**61,744**
Changes in equity for the nine months ended December 31, 2016														
Income tax benefit arising on exercise of stock options	-	-	-	-	-	1	-	-	-	-	-	-	-	1
Excersice of stock options (refer note no. 2.11)	-	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	-	-	(821)	-	-	-	821	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	821	-	-	-	(821)	-	-	-	-	-	-	-
Share based payments to employees (refer note no. 2.11)	-	-	-	-	-	71	-	-	-	-	-	-	-	71
Remeasurement of the net defined benefit liability/asset, net of tax (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	-	(65)	(65)
Fair value changes on derivatives designated as cash flow hedge, net of tax (refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	-	28	-	28
Profit for the period	-	-	10,749	-	-	-	-	-	-	-	-	-	-	10,749
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(60)	-	-	(60)
Balance as at December 31, 2016	**1,144**	**2,216**	**49,278**	**54**	**12,135**	**77**	**-**	**5**	**-**	**-**	**655**	**28**	**(76)**	**65,516**

Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars		OTHER EQUITY												
		RESERVES & SURPLUS								Other comprehensive income				
	Equity Share capital [1]	Securities Premium Account	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [2]	Other reserves[3]	Capital redemption reserve	Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income / (loss)	Total equity attributable to equity holders of the Company
Balance as at April 1, 2017	**1,144**	**2,216**	**52,882**	**54**	**12,135**	**120**	**-**	**5**	**-**	**(5)**	**458**	**39**	**(66)**	**68,982**
Changes in equity for the nine months ended December 31, 2017														
Share based payments to employees (refer to note no. 2.11)	-	-	-	-	-	55	-	-	-	-	-	-	-	55
Exercise of stock options (refer to note no. 2.11)	-	55	-	-	1	(56)	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(7,469)	-	-	-	-	-	-	-	-	-	-	(7,469)
Transfer to general reserve	-	-	(1,382)	-	1,382	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,463)	-	-	-	1,463	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	423	-	-	-	(423)	-	-	-	-	-	-	-
Amount paid upon buyback (refer note 2.11)	(56)	(2,206)	-	-	(10,738)	-	-	-		-	-	-	-	(13,000)
Transaction costs related to buyback (refer note 2.11)	-	(46)	-	-	-	-	-	-		-	-	-	-	(46)
Amount transferred to capital redemption reserve upon buyback (refer note 2.11)	-	-	-	-	(56)	-	-	-	56	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	-	21	21
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	(2)	-	-	-	(2)
Fair value changes on investments, net of tax	-	-	-	-	-	-	-	-	-	-	-	-	14	14
Fair value changes on derivatives designated as cash flow hedge, net of tax (refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	-	(41)	-	(41)
Profit for the period	-	-	12,339	-	-	-	-	-	-	-	-	-	-	12,339
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	121	-	-	121
Balance as at December 31, 2017	**1,088**	**19**	**55,330**	**54**	**2,724**	**119**	**1,040**	**5**	**56**	**(7)**	**579**	**(2)**	**(31)**	**60,974**

The non controlling interest for each of the above periods is less than ₹1 crore

[1] *Net of treasury shares*

[2] *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.*

[3] *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 interim consolidated financial statements.

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Consolidated Statement of Cash Flows	**Nine months ended December 31, 2017**	**2016**
Cash flow from operating activities		
Profit for the period	12,339	10,749
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	2,925	4,268
Depreciation and amortization	1,404	1,257
Interest and dividend income	(1,845)	(1,976)
Allowances for credit losses on financial assets	62	76
Exchange differences on translation of assets and liabilities	14	46
Other adjustments	17	156
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(891)	(2,071)
Loans, other financial assets and other assets	(183)	(323)
Trade payables	126	(51)
Other financial liabilities, other liabilities and provisions	1,314	1,110
Cash generated from operations	**15,282**	**13,241**
Income taxes paid	(4,806)	(4,025)
Net cash generated by operating activities	**10,476**	**9,216**
Cash flows from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(1,374)	(2,097)
Loans to employees	26	56
Deposits placed with corporation	(32)	(147)
Interest and dividend received	1,088	1,362
Payment of contingent consideration for acquisition of business	(33)	(36)
Payment for acquisition of business, net of cash acquired	(27)	-
Payments to acquire financial assets		
Preference and equity securities	(23)	(54)
Tax free bonds and government bonds	(1)	(5)
Liquid mutual funds and fixed maturity plan securities	(47,880)	(37,285)
Non convertible debentures	(104)	(3,597)
Certificates of deposit	(2,268)	-
Others	(14)	(23)
Proceeds on sale of financial assets		
Tax free bonds and government bonds	10	4
Redemption of certificates of deposit	9,690	-
Liquid mutual funds and fixed maturity plan securities	48,915	33,047
Proceeds from sale of equity instruments	25	-
Net cash used in investing activities	**7,998**	**(8,775)**
Cash flows from financing activities:		
Payment of dividends (including corporate dividend tax)	(7,469)	(6,939)
Buyback including transaction cost	(13,046)	-
Net cash used in financing activities	**(20,515)**	**(6,939)**
Net increase / (decrease) in cash and cash equivalents	(2,041)	(6,498)
Cash and cash equivalents at the beginning of the period	22,625	32,697
Effect of exchange rate changes on cash and cash equivalents	27	(86)
Cash and cash equivalents at the end of the period	**20,611**	**26,113**
Supplementary information:		
Restricted cash balance	553	517

The accompanying notes form an integral part of the interim consolidated financial statements

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive officer and Managing Director

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Chief Operating Officer and Whole-time Director

Bengaluru
January 12, 2018

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Notes to the interim consolidated financial statements

1. Company overview and significant accounting policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. 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. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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 in India. The Company's American Depositary Shares (ADSs) representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

The Group's interim consolidated financial statements are approved for issue by the Company's Board of Directors on January 12, 2018.

1.2 Basis of preparation of financial statements

These interim consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), 'Interim Financial Reporting', 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 ('the 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.

Effective April 1, 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, with April 1, 2015 as the transition date. 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.

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.

Amounts for the three months and nine months ended December 31, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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

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, its subsidiaries and associate, as disclosed in Note no. 2.23. 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 the 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 no. 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 interim 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 no. 2.15 and 2.22

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 (CGUs) 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 CGUs 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 CGU 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 rateably 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 rateably 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 rateable 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 Group presents revenues net of indirect 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:

Buildings (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
Leasehold improvements	Over lease term

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

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the 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 in the Statement of Profit and Loss.

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 amortized cost

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

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

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 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(OCI).

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

A financial asset which is not classified in any of the above categories is 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 as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the 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.

Refer to Note no. 2.10 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts 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, ECLs 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 ECLs (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 BPM (formerly 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, Infosys Consulting Pte Ltd., 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 BPM (formerly 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 the Life Insurance Corporation of India as permitted by Indian law.

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 is recognized in net profits in the Statement of Profit and Loss.

1.18.2 Superannuation

Certain employees of Infosys, Infosys BPM (formerly 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.

Amendment to Ind AS 102:

Effective April 1, 2017, the Group adopted amendment to Ind AS 102 which 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. The adoption of amendment did not have any material effect on the interim consolidated financial statements.

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.

Amendment to Ind AS 7:

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require 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 adoption of amendment did not have any material effect on the interim consolidated financial statements.

1.21 Dividends

The final dividend on shares is 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, gain/loss on investment 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.

2.1 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. The retention bonus is treated as a post-acquisition employee remuneration expense as per Ind AS 103. 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 has been reversed in the Statement of Profit and Loss.

Business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017 , the company entered into a business transfer agreement to transfer the business for a consideration of $41 million (approximately ₹266 crore) and the transfer was with effect from October 25, 2017. The transaction was between a holding company and a wholly owned subsidiary and therefore was accounted for at carrying values and did not have any impact on the consolidated financial statements. Subsequently in November 2017, Noah Consulting LLC has been liquidated.

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).

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 nine months ended December 31, 2017, contingent consideration of ₹45 crore was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as at December 31, 2017 and March 31, 2017 is ₹45 crore and ₹91 crore, respectively, on an undiscounted basis.

Brilliant Basics Holdings Limited.

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK, (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹29 crore, a contingent consideration of up to ₹20 crore and an additional consideration of upto ₹13 crore, referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary.

The payment of contingent consideration to sellers of Brilliant Basics is dependent upon the achievement of certain financial targets by Brilliant Basics over a period of 3 years ending on March 2020.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Brilliant Basics on achievement of certain financial targets. The key inputs used in determination of the fair value of contingent consideration are the discount rate of 10% and the probabilities of achievement of the financial targets.

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(*)	1	–	1
Intangible assets - customer relationships	–	12	12
Deferred tax liabilities on intangible assets	–	(2)	(2)
	1	**10**	**11**
Goodwill			35
Total purchase price			**46**

*Includes cash and cash equivalents acquired of *₹2 crore*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹3 crore and the amounts are expected to be fully recoverable.

The fair value of each major class of consideration as at the acquisition date is as follows:

(In ₹ crore)

Component	Consideration settled
Cash paid	29
Fair value of contingent consideration	17
Total purchase price	**46**

The transaction costs of ₹2 crore related to the acquisition have been included under administrative expenses in the Statement of Profit and Loss for the three months ended September 30, 2017.

2.2 PROPERTY, PLANT AND EQUIPMENT

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

(In ₹ crore)

Particulars	Land - Freehold	Land - Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2017	**1,098**	**671**	**7,407**	**2,120**	**956**	**4,727**	**1,315**	**507**	**31**	**18,832**
Additions	39	-	271	94	23	120	48	11	-	606
Deletions	-	-	-	1	(1)	(24)	(3)	-	(1)	(28)
Translation difference	-	-	2	(1)	1	(4)	(2)	(1)	-	(5)
Gross carrying value as at December 31, 2017	**1,137**	**671**	**7,680**	**2,214**	**979**	**4,819**	**1,358**	**517**	**30**	**19,405**
Accumulated depreciation as at October 1, 2017	**-**	**(30)**	**(2,576)**	**(1,465)**	**(659)**	**(3,351)**	**(944)**	**(283)**	**(17)**	**(9,325)**
Depreciation	-	-	(70)	(66)	(30)	(174)	(41)	(27)	(2)	(410)
Accumulated depreciation on deletions	-	-	-	-	1	23	2	-	1	27
Translation difference	-	-	1	-	-	3	2	-	-	6
Accumulated depreciation as at December 31, 2017	**-**	**(30)**	**(2,645)**	**(1,531)**	**(688)**	**(3,499)**	**(981)**	**(310)**	**(18)**	**(9,702)**
Carrying value as at December 31, 2017	**1,137**	**641**	**5,035**	**683**	**291**	**1,320**	**377**	**207**	**12**	**9,703**
Carrying value as at October 1, 2017	**1,098**	**641**	**4,831**	**655**	**297**	**1,376**	**371**	**224**	**14**	**9,507**

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

(In ₹ crore)

	Land-Freehold	Land-Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at October 1, 2016	**985**	**655**	**6,424**	**1,923**	**923**	**4,489**	**1,217**	**383**	**32**	**17,031**
Additions	28	16	483	62	29	199	65	109	2	993
Deletions	-	-	-	(1)	(36)	(216)	(30)	(5)	(2)	(290)
Translation difference	-	-	-	(1)	-	(6)	(2)	(4)	-	(13)
Gross carrying value as at December 31, 2016	**1,013**	**671**	**6,907**	**1,983**	**916**	**4,466**	**1,250**	**483**	**32**	**17,721**
Accumulated depreciation as at October 1, 2016	**-**	**(24)**	**(2,316)**	**(1,211)**	**(556)**	**(2,922)**	**(916)**	**(167)**	**(18)**	**(8,130)**
Depreciation	-	(2)	(59)	(66)	(31)	(168)	(32)	(23)	(1)	(382)
Accumulated depreciation on deletions	-	-	-	-	12	131	9	6	1	159
Translation difference	-	-	-	1	1	4	2	4	-	12
Accumulated depreciation as at December 31, 2016	**-**	**(26)**	**(2,375)**	**(1,276)**	**(574)**	**(2,955)**	**(937)**	**(180)**	**(18)**	**(8,341)**
Carrying value as at December 31, 2016	**1,013**	**645**	**4,532**	**707**	**342**	**1,511**	**313**	**303**	**14**	**9,380**
Carrying value as at October 1, 2016	**985**	**631**	**4,108**	**712**	**367**	**1,567**	**301**	**216**	**14**	**8,901**

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

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings (1)	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2017	**1,095**	**671**	**7,279**	**2,048**	**922**	**4,540**	**1,277**	**469**	**31**	**18,332**
Additions	42	-	373	169	61	351	89	53	3	1,141
Deletions	-	-	-	(4)	(7)	(80)	(8)	(12)	(4)	(115)
Translation difference	-	-	28	1	3	8	-	7	-	47
Gross carrying value as at December 31, 2017	**1,137**	**671**	**7,680**	**2,214**	**979**	**4,819**	**1,358**	**517**	**30**	**19,405**
Accumulated depreciation as at April 1, 2017	**-**	**(27)**	**(2,440)**	**(1,337)**	**(599)**	**(3,053)**	**(869)**	**(239)**	**(17)**	**(8,581)**
Depreciation	-	(3)	(205)	(197)	(94)	(518)	(120)	(77)	(4)	(1,218)
Accumulated depreciation on deletions	-	-	-	4	6	78	8	11	3	110
Translation difference	-	-	-	(1)	(1)	(6)	-	(5)	-	(13)
Accumulated depreciation as at December 31, 2017	**-**	**(30)**	**(2,645)**	**(1,531)**	**(688)**	**(3,499)**	**(981)**	**(310)**	**(18)**	**(9,702)**
Carrying value as at December 31, 2017	**1,137**	**641**	**5,035**	**683**	**291**	**1,320**	**377**	**207**	**12**	**9,703**
Carrying value as at April 1, 2017	**1,095**	**644**	**4,839**	**711**	**323**	**1,487**	**408**	**230**	**14**	**9,751**

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

(In ₹ crore)

	Land-Freehold	Land-Leasehold	Buildings [1]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2016	**972**	**650**	**6,325**	**1,742**	**839**	**4,072**	**1,130**	**331**	**29**	**16,090**
Additions	41	21	582	245	126	656	156	166	7	2,000
Deletions	-	-	-	(2)	(47)	(251)	(33)	(6)	(4)	(343)
Translation difference	-	-	-	(2)	(2)	(11)	(3)	(8)	-	(26)
Gross carrying value as at December 31, 2016	**1,013**	**671**	**6,907**	**1,983**	**916**	**4,466**	**1,250**	**483**	**32**	**17,721**
Accumulated depreciation as at April 1, 2016	**-**	**(22)**	**(2,201)**	**(1,089)**	**(509)**	**(2,618)**	**(729)**	**(268)**	**(17)**	**(7,453)**
Depreciation	-	(4)	(174)	(190)	(90)	(511)	(120)	(29)	(4)	(1,122)
Accumulated depreciation on deletions	-	-	-	1	23	166	13	6	3	212
Translation difference	-	-	-	2	2	8	3	7	-	22
Accumulated depreciation as at December 31, 2016	**-**	**(26)**	**(2,375)**	**(1,276)**	**(574)**	**(2,955)**	**(833)**	**(284)**	**(18)**	**(8,341)**
Carrying value as at December 31, 2016	**1,013**	**645**	**4,532**	**707**	**342**	**1,511**	**417**	**199**	**14**	**9,380**
Carrying value as at April 1, 2016	**972**	**628**	**4,124**	**653**	**330**	**1,454**	**401**	**63**	**12**	**8,637**

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

(In ₹ crore)

	Land-Freehold	Land-Leasehold	Buildings [1]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2016	**972**	**650**	**6,325**	**1,742**	**839**	**4,072**	**1,130**	**331**	**29**	**16,090**
Additions	123	21	981	313	138	800	191	224	8	2,799
Deletions	-	-	-	(4)	(52)	(315)	(39)	(74)	(6)	(490)
Translation difference	-	-	(27)	(3)	(3)	(17)	(4)	(13)	-	(67)
Gross carrying value as at March 31, 2017	**1,095**	**671**	**7,279**	**2,048**	**922**	**4,540**	**1,278**	**468**	**31**	**18,332**
Accumulated depreciation as oat April 1, 2016	**-**	**(22)**	**(2,201)**	**(1,089)**	**(509)**	**(2,618)**	**(729)**	**(268)**	**(17)**	**(7,453)**
Depreciation	-	(5)	(239)	(256)	(119)	(678)	(161)	(54)	(5)	(1,517)
Accumulated depreciation on deletions	-	-	-	4	27	230	18	74	5	358
Translation difference	-	-	-	4	2	13	3	9	-	31
Accumulated depreciation as at March 31, 2017	**-**	**(27)**	**(2,440)**	**(1,337)**	**(599)**	**(3,053)**	**(869)**	**(239)**	**(17)**	**(8,581)**
Carrying value as at March 31, 2017	**1,095**	**644**	**4,839**	**711**	**323**	**1,487**	**409**	**229**	**14**	**9,751**
Carrying value as at April 1, 2016	**972**	**628**	**4,124**	**653**	**330**	**1,454**	**401**	**63**	**12**	**8,637**

Notes: [1] Buildings include ₹250/- being the value of five shares of ₹50/- each in Mittal Towers Premises Co-operative Society Limited.

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.

2.3 GOODWILL AND OTHER INTANGIBLE ASSETS

Following is a summary of changes in the carrying amount of goodwill:

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Carrying value at the beginning	3,652	3,764
Goodwill on Brilliant Basics acquisition (Refer note no. 2.1)	35	-
Translation differences	40	(112)
Carrying value at the end	**3,727**	**3,652**

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the CGU or groups of CGUs, 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 CGUs.

The goodwill has been allocated to the operating segments as at March 31, 2017:

(In ₹ crore)

Segment	As at March 31, 2017
Financial services	826
Manufacturing	409
Retail, Consumer packaged goods and Logistics	556
Life Sciences, Healthcare and Insurance	638
Energy & Utilities, Communication and Services	765
	3,194
Operating segments without significant goodwill	458
Total	**3,652**

The entire goodwill relating to Infosys BPM's (formerly Infosys BPO) acquisition of McCamish has been allocated to the groups of CGUs which are represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys BPM (formerly Infosys BPO), Infosys Lodestone, Portland, Panaya , Kallidus d.b.a Skava and Brilliant Basics acquistions has been allocated to the groups of CGUs 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 CGUs 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 CGUs over a period of five years. An average of the range of each assumption used is mentioned below. As at March 31, 2017, 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 at March 31, 2017
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.4

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 December 31, 2017:

(In ₹ crore)

Particulars	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 at October 1, 2017	775	408	21	1	69	91	62	1,427
Acquisition through business combination (Refer note no. 2.1)	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(19)	(9)	-	-	-	(1)	-	(29)
Gross carrying value as at December 31, 2017	756	399	21	1	69	90	62	1,398
Accumulated amortization as at October 1, 2017	(432)	(162)	(21)	(1)	(8)	(57)	(46)	(727)
Amortization expense	(64)	(20)	-	-	-	(3)	(1)	(88)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	11	4	-	-	-	1	-	16
Accumulated amortization as at December 31, 2017	(485)	(178)	(21)	(1)	(8)	(59)	(47)	(799)
Carrying value as at October 1, 2017	343	246	-	-	61	34	16	700
Carrying value as at December 31, 2017	271	221	-	-	61	31	15	599
Estimated Useful Life *(in years)*	2-10	5-8	-	-	50	3-10	5	
Estimated Remaining Useful Life *(in years)*	1-6	2-6	-	-	44	3-7	3	

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

(In ₹ crore)

Particulars	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 at October 1, 2016	775	416	21	1	71	93	63	1,440
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	2	8	-	-	(2)	1	1	10
Gross carrying value as at December 31, 2016	777	424	21	1	69	94	64	1,450
Accumulated amortization as at October 1, 2016	(348)	(83)	(21)	(1)	(7)	(45)	(31)	(536)
Amortization expense	(23)	(21)	-	-	-	(3)	(4)	(51)
Deletions during the period	-	-	-	-	-	-	-	-
Translation differences	-	(2)	-	-	-	-	-	(2)
Accumulated amortization as at December 31, 2016	(371)	(106)	(21)	(1)	(7)	(48)	(35)	(589)
Carrying value as at October 1, 2016	427	333	-	-	64	48	32	904
Carrying value as at December 31, 2016	406	318	-	-	62	46	29	861
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	

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

(In ₹ crore)

Particulars	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 at April 1, 2017	**750**	**405**	**21**	**1**	**66**	**90**	**62**	**1,395**
Acquisition through business combination (Refer note no. 2.1)	12	-	-	-	-	-	-	12
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(6)	(6)	-	-	3	-	-	(9)
Gross carrying value as at December 31, 2017	**756**	**399**	**21**	**1**	**69**	**90**	**62**	**1,398**
Accumulated amortization as at April 1, 2017	**(382)**	**(121)**	**(21)**	**(1)**	**(7)**	**(49)**	**(38)**	**(619)**
Amortization expense	(108)	(59)	-	-	(1)	(10)	(8)	(186)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	5	2	-	-	-	-	(1)	6
Accumulated amortization as at December 31, 2017	**(485)**	**(178)**	**(21)**	**(1)**	**(8)**	**(59)**	**(47)**	**(799)**
Carrying value as at April 1, 2017	**368**	**284**	**-**	**-**	**59**	**41**	**24**	**776**
Carrying value as at December 31, 2017	**271**	**221**	**-**	**-**	**61**	**31**	**15**	**599**
Estimated Useful Life *(in years)*	2-10	5-8	-	-	50	3-10	5	
Estimated Remaining Useful Life *(in years)*	1-6	2-6	-	-	44	3-7	3	

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 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 at April 1, 2016	**775**	**414**	**21**	**1**	**72**	**93**	**63**	**1,439**
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	2	10	-	-	(3)	1	1	**11**
Gross carrying value as at December 31, 2016	**777**	**424**	**21**	**1**	**69**	**94**	**64**	**1,450**
Accumulated amortization as at April 1, 2016	**(303)**	**(62)**	**(21)**	**(1)**	**(6)**	**(38)**	**(23)**	**(454)**
Amortization expense	(69)	(43)	-	-	(1)	(10)	(12)	(135)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	1	(1)	-	-	-	-	-	-
Accumulated amortization as at December 31, 2016	**(371)**	**(106)**	**(21)**	**(1)**	**(7)**	**(48)**	**(35)**	**(589)**
Carrying value as at April 1, 2016	**472**	**352**	**-**	**-**	**66**	**55**	**40**	**985**
Carrying value as at December 31, 2016	**406**	**318**	**-**	**-**	**62**	**46**	**29**	**861**
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, 2017:

(In ₹ crore)

Particulars	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 at 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 at March 31, 2017	**750**	**405**	**21**	**1**	**66**	**90**	**62**	**1,395**
Accumulated amortization as at 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 at March 31, 2017	**(382)**	**(121)**	**(21)**	**(1)**	**(7)**	**(49)**	**(38)**	**(619)**
Carrying value as at April 1, 2016	**472**	**352**	**-**	**-**	**66**	**55**	**40**	**985**
Carrying value as at 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 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 had been revised to 3 years. Amortization expense for the year ended March 31, 2017 was higher by ₹19 crore due to the revision.

The amortization expense has been included under depreciation and amortization 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 December 31, 2017 and December 31, 2016 was ₹180 crore and ₹215 crore respectively, and for the nine months ended December 31, 2017 and December 31, 2016 was ₹556 crore and ₹597 crore respectively.

2.4 INVESTMENTS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.1*)		
Preference securities	131	144
Equity instruments	17	15
	148	**159**
Investments carried at fair value through profit and loss (*refer note no. 2.4.1*)		
Convertible promissory note	11	10
Others	57	35
	68	**45**
Quoted		
Investments carried at amortized cost *(refer note no. 2.4.2)*		
Tax free bonds	1,896	1,898
	1,896	**1,898**
Investments carried at fair value through profit and loss (*refer note no. 2.4.3*)		
Fixed maturity plan securities	422	407
	422	**407**
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.4*)		
Non convertible debentures	3,577	3,873
	3,577	**3,873**
Total non-current investments	**6,111**	**6,382**
Current		
Unquoted		
Investments carried at fair value through profit or loss *(refer note no. 2.4.3)*		
Liquid mutual fund units	960	1,803
	960	**1,803**
Investments carried at fair value through other comprehensive income		
Certificates of deposit *(refer note no. 2.4.4)*	813	7,905
Preference Securities *(refer note no. 2.4.1)*	-	-
	813	**7,905**
Quoted		
Investment carried at amortized cost *(refer note no.2.4.2)*		
Government Bonds	6	9
	6	**9**
Investments carried at fair value through profit or loss *(refer note no. 2.4.3)*		
Fixed maturity plan securities	159	151
	159	**151**
Investments carried at fair value through other comprehensive income (*refer note no. 2.4.4*)		
Non-convertible debentures	543	102
	543	**102**
Total current investments	**2,481**	**9,970**
Total investments	**8,592**	**16,352**
Aggregate amount of quoted investments	6,603	6,440
Market value of quoted investments (including interest accrued)	6,869	6,701
Aggregate amount of unquoted investments (including investment in associate)	1,989	9,983
Aggregate amount of impairment made for non-current unquoted investments (including investment in associate)	89	18
Investments carried at amortized cost	1,902	1,907
Investments carried at fair value through other comprehensive income	5,081	12,039
Investments carried at fair value through profit or loss	1,609	2,406

2.4.1 Details of investments

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

(In ₹ crore, except otherwise stated)

Particulars	As at December 31, 2017	As at March 31, 2017
Preference securities		
Airviz Inc.	9	9
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
ANSR Consulting	-	10
Nil (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
Whoop Inc	15	15
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each		
CloudEndure Ltd.	37	37
25,59,290 (25,59,290) Series B Preferred 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	24
39,33,910 (39,33,910) Series B Preferred Shares, fully paid up, par value USD 0.00001 each		
Trifacta Inc.	26	26
11,80,358 (11,80,358) Series C-1 Preferred Stock		
Cloudyn Software Ltd	-	13
Nil (27,022) Series B-3 Preferred shares, fully paid up, par value ILS 0.01 each		
Ideaforge		
5,402 (Nil) Series A compulsorily convertible cumulative Preference shares of ₹10 each, fully paid up	10	-
Equity Instruments		
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	16	14
69,894 (69,894) Equity Shares, fully paid up, par value DKK 1 each		
Ideaforge		
100 (Nil) equity shares at ₹10/-, fully paid up	-	-
Others		
Stellaris Venture Partners India	5	3
Vertex Ventures US Fund L.L.P	52	32
Convertible promissory note		
Tidalscale	11	10
	216	**204**

2.4.2 Details of investments in tax free bonds and government bonds

The balances held in tax free bonds as at December 31, 2017 and March 31, 2017 are as follows:

(In ₹ crore, except as otherwise stated)

Particulars	Face Value ₹	As at December 31, 2017 Units	As at December 31, 2017 Amount	As at March 31, 2017 Units	As at March 31, 2017 Amount
7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026	10,00,000/-	470	50	470	50
7.16% Power Finance Corporation Ltd Bonds 17JUL2025	10,00,000/-	1,000	106	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 Bonds 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	3,300	343
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 23FEB2022	1,000/-	1,50,000	15	1,50,000	15
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	5,00,000	52	5,00,000	53
8.20% Power Finance Corporation Limited Bonds 01FEB2022	1,000/-	5,00,000	50	5,00,000	50
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	**1,896**	**74,55,416**	**1,898**

The balances held in government bonds as at December 31, 2017 and March 31, 2017 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	Face Value	As at December 31, 2017		As at March 31, 2017	
	PHP	Units	Amount	Units	Amount
Treasury Notes PHY6972FWQ99 MAT DATE 07 Jun 2017	-	-	-	3,40,000	4
Treasury Notes PIBL1217E082 MAT DATE 09 May 2018	100	1,00,000	1	-	-
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5	4,00,000	5
		5,00,000	**6**	**7,40,000**	**9**

2.4.3 Details of investments in liquid mutual fund units and fixed maturity plans

The balances held in liquid mutual fund units as at December 31, 2017 and March 31, 2017 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2017		As at March 31, 2017	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Cash Plus- Growth- Direct Plan	-	-	1,45,22,491	380
BSL Cash Manager- Growth	39,839	2	2,66,264	11
HDFC Liquid Fund- Direct Plan- Growth Option	19,32,072	650	-	-
ICICI Prudential Flexible Income- Direct Plan- Growth	-	-	-	-
ICICI Prudential Liquid- Direct Plan- Growth	-	-	1,03,88,743	250
ICICI Prudential Money Market Fund- Direct Plan- Growth	1,05,86,931	250	-	-
IDFC Cash Fund- Direct Plan- Growth	-	-	12,65,679	250
Kotak Liquid Direct Plan- growth	1,44,542	50	-	-
Kotak Low Duration Fund- Direct Plan- Growth (Ulta Short Term)	-	-	15,02,564	305
L&T Liquid Fund- Direct Plan- Growth	-	-	6,72,806	150
Reliance Liquid Fund- Cash Plan	28,305	8	28,305	7
Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option	-	-	8,82,465	350
SBI Premier Liquid Fund- Direct Plan- Growth	-	-	3,91,909	100
	1,27,31,689	**960**	**2,99,21,226**	**1,803**

The balances held in fixed maturity plans as at December 31, 2017 and March 31, 2017 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2017		As at March 31, 2017	
	Units	Amount	Units	Amount
Aditya Birla Sun Life Fixed Term Plan- Series OD 1145 Days- GR Direct	6,00,00,000	63	6,00,00,000	61
Aditya Birla Sun Life Fixed Term Plan- Series OE 1153 Days- GR Direct	2,50,00,000	26	2,50,00,000	25
HDFC FMP 1155D Feb 2017- Direct Growth- Series 37	3,80,00,000	40	3,80,00,000	38
HDFC FMP 1169D Feb 2017- Direct- Quarterly Dividend- Series 37	4,50,00,000	45	4,50,00,000	45
ICICI FMP Series 80-1194 D Plan F Div	5,50,00,000	58	5,50,00,000	55
ICICI Prudential Fixed Maturity Plan Series 80- 1187 Days Plan G Direct Plan	4,20,00,000	44	4,20,00,000	42
ICICI Prudential Fixed Maturity Plan Series 80- 1253 Days Plan J Direct Plan	3,00,00,000	32	3,00,00,000	30
IDFC Fixed Term Plan Series 129 Direct Plan- Growth 1147 Days	1,00,00,000	11	1,00,00,000	10
IDFC Fixed Term Plan Series 131 Direct Plan- Growth 1139 Days	1,50,00,000	16	1,50,00,000	15
Kotak FMP Series 199 Direct- Growth	3,50,00,000	37	3,50,00,000	36
Reliance Fixed Horizon Fund- XXXII Series 8- Dividend Plan	5,00,00,000	50	5,00,00,000	50
Reliance Yearly Interval Fund Series 1- Direct Plan- Growth Plan	10,69,06,898	159	10,69,06,898	151
	51,19,06,898	**581**	**51,19,06,898**	**558**

2.4.4 Details of investments in non convertible debentures and certificates of deposit

The balances held in non convertible debenture units as at December 31, 2017 and March 31, 2017 is as follows: *(In ₹ crore, except as otherwise stated)*

Particulars		As at December 31, 2017		As at March 31, 2017	
	Face Value ₹	Units	Amount	Units	Amount
7.48% Housing Development Finance Corporation Ltd 18NOV2019	1,00,00,000/-	50	51	50	52
7.58% LIC Housing Finance Ltd 28FEB2020	10,00,000/-	1,000	108	1,000	100
7.58% LIC Housing Finance Ltd 11JUN2020	10,00,000/-	500	50	500	51
7.59% LIC Housing Finance Ltd 14OCT2021	10,00,000/-	3,000	302	3,000	309
7.75% LIC Housing Finance Ltd 27AUG2021	10,00,000/-	1,250	127	1,250	129
7.78% Housing Development Finance Corporation Ltd 24MAR2020	1,00,00,000/-	100	107	-	-
7.79% LIC Housing Finance Ltd 19JUN2020	10,00,000/-	500	52	500	52
7.80% Housing Development Finance Corporation Ltd 11NOV2019	1,00,00,000/-	150	152	150	155
7.81% LIC Housing Finance Ltd 27APR2020	10,00,000/-	2,000	210	2,000	208
7.95% Housing Development Finance Corporation Ltd 23SEP2019	1,00,00,000/-	50	52	50	53
8.02% LIC Housing Finance Ltd 18FEB2020	10,00,000/-	500	54	500	51
8.26% Housing Development Finance Corporation Ltd 12AUG2019	1,00,00,000/-	100	105	100	106
8.34% Housing Development Finance Corporation Ltd 06MAR2019	1,00,00,000/-	200	213	200	217
8.37% LIC Housing Finance Ltd 03OCT2019	10,00,000/-	2,000	214	2,000	218
8.37% LIC Housing Finance Ltd 10MAY2021	10,00,000/-	500	54	500	55
8.43% IDFC Bank Limited 30JAN2018	10,00,000/-	1,000	108	1,000	102
8.46% Housing Development Finance Corporation Ltd 11MAR2019	1,00,00,000/-	50	53	50	54
8.47% LIC Housing Finance Ltd 21JAN2020	10,00,000/-	500	55	500	52
8.49% Housing Development Finance Corporation Ltd 27APR2020	5,00,000/-	900	48	900	49
8.50% Housing Development Finance Corporation Ltd 31AUG2020	1,00,00,000/-	100	106	100	108
8.54% IDFC Bank Limited 30MAY2018	10,00,000/-	1,500	191	1,500	182
8.59% Housing Development Finance Corporation Ltd 14JUN2019	1,00,00,000/-	50	55	50	51
8.60% LIC Housing Finance Ltd 22JUL2020	10,00,000/-	1,000	107	1,000	108
8.60% LIC Housing Finance Ltd 29JUL2020	10,00,000/-	1,750	186	1,750	190
8.61% LIC Housing Finance Ltd 11DEC2019	10,00,000/-	1,000	103	1,000	104
8.66% IDFC Bank Limited 25JUN2018	10,00,000/-	1,520	193	1,520	184
8.66% IDFC Bank Limited 27DEC2018	10,00,000/-	400	51	400	49
8.72% Housing Development Finance Corporation Ltd 15APR2019	1,00,00,000/-	75	81	75	77
8.75% Housing Development Finance Corporation Ltd 13JAN2020	5,00,000/-	5,000	276	5,000	260
8.75% LIC Housing Finance Ltd 14JAN2020	10,00,000/-	1,070	119	1,070	112
8.75% LIC Housing Finance Ltd 21DEC2020	10,00,000/-	1,000	110	1,000	104
8.97% LIC Housing Finance Ltd 29OCT2019	10,00,000/-	500	52	500	53
9.45% Housing Development Finance Corporation Ltd 21AUG2019	10,00,000/-	3,000	320	3,000	327
9.65% Housing Development Finance Corporation Ltd 19JAN2019	10,00,000/-	500	55	500	53
		32,815	**4,120**	**32,715**	**3,975**

The balances held in certificates of deposit as at December 31, 2017 and March 31, 2017 are as follows: *(In ₹ crore, except as otherwise stated)*

Particulars		As at December 31, 2017		As at March 31, 2017	
	Face Value ₹	Units	Amount	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
HDFC Bank	1,00,000/-	15,000	144	-	-
ICICI Bank	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/-	70,000	669	85,500	813
Vijaya Bank	1,00,000/-	-	-	14,000	137
Yes Bank	1,00,000/-	-	-	60,000	569
		85,000	**813**	**827,500**	**7,905**

2.5 LOANS

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	39	29
	39	**29**
Unsecured, considered doubtful		
Loans to employees	18	24
	57	**53**
Less: Allowance for doubtful loans to employees	18	24
	39	**29**
Current		
Unsecured, considered good		
Other loans		
Loans to employees	237	272
	237	**272**
Total loans	**276**	**301**

2.6 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Non Current		
Security deposits [1]	90	86
Rental deposits [1]	170	175
Restricted deposits[1]	55	48
	315	**309**
Current		
Security deposits [1]	9	10
Rental deposits [1]	18	9
Restricted deposits [1]	1,442	1,416
Unbilled revenues [1]	3,663	3,648
Interest accrued but not due [1]	973	576
Foreign currency forward and options contracts [2] [3]	84	284
Others [1]	46	37
	6,235	**5,980**
Total financial assets	**6,550**	**6,289**
[1] Financial assets carried at amortized cost	6,466	6,005
[2] Financial assets carried at fair value through other comprehensive income	20	52
[3] Financial assets carried at fair value through profit or loss	64	232

Restricted deposits represent deposits with financial institutions to settle employee-related obligations as and when they arise during the normal course of business. Security deposits relate principally to leased telephone lines and electricity supplies.

2.7 TRADE RECEIVABLES *[1]*

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Current		
Unsecured		
Considered good	13,143	12,322
Considered doubtful	372	318
	13,515	12,640
Less: Allowances for credit loss	372	318
	13,143	**12,322**
[1] Includes dues from Companies where directors are interested	-	1

2.8 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Balances with banks		
In current and deposit accounts	11,865	14,889
Cash on hand	-	-
Others		
Deposits with financial institutions	8,746	7,736
	20,611	**22,625**
Balances with banks in unpaid dividend accounts	17	17
Deposit with more than 12 months maturity	6,885	6,954
Balances with banks held as margin money deposits against guarantees	380	404

Cash and cash equivalents as at December 31, 2017 and March 31, 2017 include restricted cash and bank balances of ₹553 crore and ₹572 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 December 31, 2017	As at March 31, 2017
Current accounts		
ANZ Bank, Taiwan	10	3
Axis Bank, India	1	1
Banamex Bank, Mexico	3	2
Banamex Bank, Mexico (U.S. Dollar account)	11	8
Bank of America, Mexico	56	54
Bank of America, USA	940	1,030
Bank of Baroda, Mauritius	1	-
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	1	-
Bank Leumi, Israel	10	11
Bank Leumi, Israel (US Dollar account)	8	2
Bank Leumi, Israel (YEN account)	1	-
Bank Zachodni WBK S.A, Poland	12	4
Barclays Bank, UK	33	1
BNP Paribas Bank, Norway	30	17
China Merchants Bank, China	5	9
Citibank N.A., Australia	83	19
Citibank N.A., Brazil	15	30
Citibank N.A., China	111	61
Citibank N.A., China (U.S. Dollar account)	26	11
Citibank N.A., Costa Rica	1	5
Citibank N.A., Dubai	4	1
Citibank N.A., EEFC (U.S. Dollar account)	-	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	1	3
Citibank N.A., Japan	32	12
Citibank N.A., New Zealand	10	10
Citibank N.A., Philippines (U.S. Dollar account)	-	1
Citibank N.A., Portugal	9	2
Citibank N.A., Romania	1	-
Citibank N.A., Singapore	2	2
Citibank N.A., South Africa	25	9
Citibank N.A., South Africa (Euro account)	1	1
Citibank N.A., South Korea	1	1
Citibank N.A., USA	54	78
Commerzbank, Germany	8	18
Deutsche Bank, Belgium	6	10
Deutsche Bank, Czech Republic	15	8
Deutsche Bank, Czech Republic (Euro account)	7	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	26	30
Deutsche Bank, EEFC (Australian Dollar account)	12	38
Deutsche Bank, EEFC (Euro account)	26	25
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, EEFC (U.S. Dollar account)	63	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	6	10
Deutsche Bank, France	14	8
Deutsche Bank, Germany	91	48
Deutsche Bank, India	5	12

Deutsche Bank, Malaysia	2	7
Deutsche Bank, Netherlands	6	2
Deutsche Bank, Philippines	19	5
Deutsche Bank, Philippines (U.S. Dollar account)	6	4
Deutsche Bank, Poland	16	12
Deutsche Bank, Poland (Euro account)	1	4
Deutsche Bank, Russia	3	3
Deutsche Bank, Russia (U.S. Dollar account)	2	1
Deutsche Bank, Singapore	-	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	13	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	49	26
Deutsche Bank, USA	9	12
HSBC Bank, Brazil	-	1
HSBC Bank, Dubai	3	-
HSBC Bank, Hong Kong	1	1
HSBC Bank, United Kingdom	1	-
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	92	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	-	1
ICICI Bank, India	53	53
ING Bank, Belgium	-	2
Nordbanken, Sweden	32	33
Punjab National Bank, India	6	6
Raiffeisen Bank, Czech Republic	5	4
Raiffeisen Bank, Romania	6	4
Royal Bank of Canada, Canada	159	83
Santander Bank, Argentina	3	1
State Bank of India, India	3	7
Silicon Valley Bank, USA	6	4
Silicon Valley Bank (Euro account)	5	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	-	2
Splitska Banka D.D., Société Générale Group, Croatia	7	-
Union Bank of Switzerland AG	-	3
Union Bank of Switzerland AG (Euro account)	-	4
Wells Fargo Bank N.A., USA	-	33
Westpac, Australia	-	1
Yes Bank, India	30	-
	2,320	**2,044**

(In ₹ crore)

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Deposit accounts		
Axis Bank	-	1,175
Bank BGZ BNP Paribas S.A	137	183
Barclays Bank	825	825
Canara Bank	84	84
Citibank	172	165
Deutsche Bank, Poland	212	71
HDFC Bank	2,148	469
HSBC Bank	-	500
ICICI Bank	3,891	4,644
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	-	191
Kotak Mahindra Bank	207	535
South Indian Bank	450	450
Standard Chartered Bank	-	500
Syndicate Bank	-	49
Yes Bank	822	633
	9,148	**12,424**
Unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	1	2
ICICI Bank - Unpaid dividend account	14	13
	17	**17**

Margin money deposits against guarantees		
Canara Bank	153	177
Citibank	3	2
ICICI Bank	224	225
	380	**404**
Deposits with financial institutions		
HDFC Limited	8,046	7,036
LIC Housing Finance Limited	700	700
	8,746	**7,736**
Total cash and cash equivalents	**20,611**	**22,625**

2.9 OTHER ASSETS

(In ₹ crore)

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Non Current		
Capital advances	485	600
Advances other than capital advances		
Prepaid gratuity (*refer note no. 2.20.1*)	29	79
Others		
Deferred Contract Cost	263	284
Prepaid expenses	133	96
	910	**1,059**
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	69	131
Others		
Withholding taxes and others	2,328	1,886
Prepaid expenses	514	441
Deferred Contract Cost	58	78
	2,969	**2,536**
Total other assets	**3,879**	**3,595**

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.

2.10 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2017 are as follows:

(In ₹ crore)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.8)	20,611	-	-	-	-	20,611	20,611
Investments (Refer Note no. 2.4)							
Equity and preference securities	-	-	-	148	-	148	148
Tax-free bonds and government bonds	1,902	-	-	-	-	1,902	2,163 *
Liquid mutual fund units	-	-	960	-	-	960	960
Non convertible debentures	-	-	-	-	4,120	4,120	4,120
Certificates of deposit	-	-	-	-	813	813	813
Convertible promissory note	-	-	11	-	-	11	11
Other investments	-	-	57	-	-	57	57
Fixed maturity plan securities	-	-	581	-	-	581	581
Trade receivables (Refer Note no. 2.7)	13,143	-	-	-	-	13,143	13,143
Loans (Refer Note no. 2.5)	276	-	-	-	-	276	276
Other financials assets (Refer Note no. 2.6)	6,466	-	64	-	20	6,550	6,489 **
Total	**42,398**	**-**	**1,673**	**148**	**4,953**	**49,172**	**49,372**
Liabilities:							
Trade payables	502	-	-	-	-	502	502
Other financial liabilities (Refer Note no. 2.12)	5,505	-	65	-	7	5,577	5,577
Total	**6,007**	**-**	**65**	**-**	**7**	**6,079**	**6,079**

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

*** Excludes interest accrued on tax free bonds and government bonds*

The carrying value and fair value of financial instruments by categories as at 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 no. 2.8)	22,625	-	-	-	-	22,625	22,625
Investments (Refer Note no. 2.4)							
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
Certificates of deposit	-	-	-	-	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 no. 2.7)	12,322	-	-	-	-	12,322	12,322
Loans (Refer Note no. 2.5)	301	-	-	-	-	301	301
Other financials assets (Refer Note no. 2.6)	6,005	-	232	-	52	6,289	6,205 **
Total	**43,160**	**-**	**2,638**	**159**	**11,932**	**57,889**	**58,066**
Liabilities:							
Trade payables	367	-	-	-	-	367	367
Other financial liabilities (Refer Note no. 2.12)	4,973	-	87	-	-	5,060	5,060
Total	**5,340**	**-**	**87**	**-**	**-**	**5,427**	**5,427**

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

*** Excludes interest accrued on tax free bonds and government bonds*

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 at December 31, 2017:

(In ₹ crore)

	As at December 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 no. 2.4)	960	960	-	-
Investments in tax-free bonds (Refer Note no. 2.4)	2,157	1,803	354	-
Investments in government bonds (Refer Note no. 2.4)	6	6	-	-
Investments in equity instruments (Refer Note no. 2.4)	17	-	-	17
Investments in preference securities (Refer Note no. 2.4)	131	-	-	131
Investments in non convertible debentures (Refer Note no. 2.4)	4,120	3,256	864	-
Investments in certificates of deposit (Refer Note no. 2.4)	813	-	813	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	581	-	581	-
Investments in convertible promissory note (Refer Note no. 2.4)	11	-	-	11
Other investments (Refer Note no. 2.4)	57	-	-	57
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.6)	84	-	84	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.12)	10	-	10	-
Liability towards contingent consideration (Refer note no. 2.12)*	62	-	-	62

**Discounted ₹45 crore at 13.9% and ₹20 crore at 10%*

During the nine months ended December 31, 2017, quoted debt securities of ₹390 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price and ₹429 crores 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 at March 31, 2017:

(In ₹ crore)

	As at 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 no. 2.4)	1,803	1,803	-	-
Investments in tax free bonds (Refer Note no. 2.4)	2,159	282	1,877	-
Investments in government bonds (Refer Note no. 2.4)	9	9	-	-
Investments in equity instruments (Refer Note no. 2.4)	15	-	-	15
Investments in preference securities (Refer Note no. 2.4)	144	-	-	144
Investments in non convertible debentures (Refer Note no. 2.4)	3,975	3,371	604	-
Investments in certificates of deposit (Refer Note no. 2.4)	7,905	-	7,905	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	558	-	558	-
Investments in convertible promissory note (Refer Note no. 2.4)	10	-	-	10
Other investments (Refer Note no. 2.4)	35	-	-	35
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.6)	284	-	284	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.12)	2	-	2	-
Liability towards contingent consideration (Refer note no. 2.12)*	85	-	-	85

**Discounted ₹91 crore 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.

The movement in contingent consideration as at December 31, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore pertaining to Kallidus acquisiton, and change in discount rate and passage of time. Additionally, during the three months ended September 30, 2017 contingent consideration of ₹17 crore was included in relation to acquisition of Brilliant Basics Holdings Limited. (Refer note no. 2.1)

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 fair value of investments in unquoted equity, preference and other securities 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 primary 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 at December 31, 2017:

(In ₹ crore)

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	1,266	171	92	195	1,022	2,746
Trade receivables	8,531	1,713	816	582	791	12,433
Other financial assets (including loans)	2,261	507	336	195	408	3,707
Trade payables	(226)	(64)	(59)	(24)	(40)	(413)
Other financial liabilities	(2,694)	(406)	(237)	(264)	(571)	(4,172)
Net assets / (liabilities)	**9,138**	**1,921**	**948**	**684**	**1,610**	**14,301**

The following table analyzes foreign currency risk from financial instruments as at 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**

For each of the three months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.50% .

For each of the nine months ended December 31, 2017 and December 31, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group'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 at December 31, 2017		As at March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Australian dollars	-	-	130	644
In Euro	-	-	95	658
In United Kingdom Pound Sterling	-	-	40	324
Option Contracts				
In Australian dollars	130	650	-	-
In Euro	130	995	40	277
In United Kingdom Pound Sterling	40	345	-	-
Other derivatives				
Forward contracts				
In Australian dollars	43	215	35	174
In Canadian dollars	19	98	-	-
In Euro	109	834	114	786
In Japanese Yen	550	31	-	-
In New Zealand dollars	21	95	-	-
In Norwegian Krone	4	3	-	-
In Singapore dollars	5	24	5	23
In South African Rand	26	13	-	-
In Swedish Krona	50	39	50	36
In Swiss Franc	22	141	10	65
In U.S. dollars	628	4,012	526	3,411
In United Kingdom Pound Sterling	80	695	75	609
Option Contracts				
In Australian dollars	30	150	-	-
In Canadian dollars	-	-	13	65
In Euro	50	382	25	173
In Swiss Franc	5	32	-	-
In U.S. dollars	165	1,054	195	1,265
In United Kingdom Pound Sterling	20	173	30	243
Total forwards and options		**9,981**		**8,753**

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 at the Balance Sheet date:

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Not later than one month	3,008	2,303
Later than one month and not later than three months	5,523	4,316
Later than three months and not later than one year	1,450	2,134
	9,981	**8,753**

During the nine months ended December 31, 2017, the group has designated certain foreign exchange forward and option 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 hedges are expected to occur and reclassified to 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 nine months ended December 31, 2017: *(In ₹ crore)*

	Three months ended		Nine months ended	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Balance at the beginning of the period	(7)	2	39	-
Gain / (Loss) recognised in other comprehensive income during the period	8	46	(84)	48
Amount reclassified to revenue during the period	(11)	(10)	20	(10)
Amount reclassified to other income during the period	10	-	10	-
Tax impact on above	(2)	(10)	13	(10)
Balance at the end of the period	**(2)**	**28**	**(2)**	**28**

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 at December 31, 2017		As at March 31, 2017	
	Derivative financial asset	**Derivative financial liability**	**Derivative financial asset**	**Derivative financial liability**
Gross amount of recognized financial asset/liability	103	(29)	285	(3)
Amount set off	(19)	19	(1)	1
Net amount presented in Balance Sheet	**84**	**(10)**	**284**	**(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 ₹13,143 crore and ₹12,322 crore as at December 31, 2017 and March 31, 2017, respectively and unbilled revenues amounting to ₹3,663 crore and ₹3,648 crore as at December 31, 2017 and March 31, 2017, respectively. Trade receivables and unbilled revenues 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 ten customers:

(In %)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Revenue from top customer	3.4	3.1	3.4	3.4
Revenue from top ten customers	19.2	20.1	19.4	21.3

Credit risk exposure

The allowance of lifetime expected credit loss on customer balances for the three months and nine months ended December 31, 2017 was ₹26 crore and ₹62 crore respectively, and was ₹36 crore and ₹76 crore for the three months and nine months ended December 31, 2016.

Movement in credit loss allowance:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Balance at the beginning	449	326	411	289
Impairment loss recognized / (reversed)	26	36	62	76
Write-offs	(1)	-	(5)	(1)
Translation differences	(4)	-	2	(2)
Balance at the end	**470**	**362**	**470**	**362**

Credit exposure

The Company's credit period generally ranges from 30-60 days.

(In ₹crore except otherwise stated)

	As at	
	December 31, 2017	March 31, 2017
Trade receivables	13,143	12,322
Unbilled revenues	3,663	3,648
Days Sales Outstanding- DSO (days)	70	68

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.

As at December 31, 2017, the Group had a working capital of ₹32,153 crore including cash and cash equivalents of ₹20,611 crore and current investments of ₹2,481 crore. As at 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 at December 31, 2017 and March 31, 2017, the outstanding compensated absences were ₹1,503 crore and ₹1,359 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 at December 31, 2017:

(In ₹ crore)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	502	-	-	-	502
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.12)	5,505	-	-	-	5,505
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	51	7	7	-	65

The table below provides details regarding the contractual maturities of significant financial liabilities as at 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 no. 2.12)	4,943	31	-	-	4,974
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	45	46	-	-	91

2.11 EQUITY

SHARE CAPITAL *(In ₹ crore, except as otherwise stated)*

Particulars	As at December 31, 2017	As at March 31, 2017
Authorized		
Equity shares, ₹5 par value		
2,40,00,00,000 (2,40,00,00,000) equity shares	1,200	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5 par value (1)	1,088	1,144
2,17,31,43,893 (2,28,56,55,150) equity shares fully paid-up(2)		
	1,088	**1,144**

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

(1) *Refer note no. 2.21 for details of basic and diluted shares*

(2) *Net of treasury shares 1,08,05,896 (1,12,89,514)*

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 December 31, 2017:

The Company has allotted 1,14,84,72,332 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 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 (RSU) have been adjusted for bonus shares.

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.

Capital allocation policy

The Board, in its meeting on April 13, 2017, had 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. 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. 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.

2. Additionally, the Board identified an amount of up to ₹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.

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. Dividend distribution tax paid by subsidiaries may be reduced / available as credit against dividend distribution tax payable by Infosys Limited.

The Board, 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.

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 its meeting on April 13, 2017, proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017 and the same was approved by the shareholders at the Annual General Meeting held on June 24, 2017. The amount was recognized as distributions to equity shareholders during the quarter ended June 30, 2017 and the total appropriation was ₹4,061 crore (excluding dividend on treasury shares), including corporate dividend tax.

The Board of directors in their meeting on October 24, 2017 declared an interim dividend of ₹13/- per equity share which resulted in a net cash outflow of approximately ₹3,408 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

Buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The shareholders approved the said proposal of buyback of Equity Shares through the postal ballot that concluded on October 7, 2017. The Buyback offer comprised a purchase of **11,30,43,478 Equity Shares** aggregating 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback was offered to all eligible equity shareholders (including those who became equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The Company concluded the buyback procedures on December 27, 2017 and 11,30,43,478 equity shares were extinguished. The company has funded the buyback from its securities premium and general reserve. In accordance with section 69 of the Companies Act, 2013, the company has created 'Capital Redemption Reserve' of ₹56 crore equal to the nominal value of the shares bought back as an appropriation from general reserve.

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

Name of the shareholder	**As at December 31, 2017**		**As at March 31, 2017**	
	Number of shares	**% held**	**Number of shares**	**% held**
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	363,505,393.00	16.64	38,33,17,937	16.69
Life Insurance Corporation of India	160,933,566.00	7.37	16,14,36,123	7.03

The reconciliation of the number of shares outstanding and the amount of share capital as at December 31, 2017 and March 31, 2017 is as follows:

(In ₹ crore, except as stated otherwise)

Particulars	**As at December 31, 2017**		**As at March 31, 2017**	
	Number of shares	**Amount**	**Number of shares**	**Amount**
At the beginning of the period	228,56,55,150	1,144	228,56,21,088	1,144
Add: Shares issued on exercise of employee stock options	532,221	-	34,062	-
Less: Shares bought back	113,043,478	56	-	-
At the end of the period	**217,31,43,893**	**1,088**	**228,56,55,150**	**1,144**

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 Plan) (Formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (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 are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 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 on the date of the grant. 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.

Controlled trust holds 1,08,05,896 and 1,12,89,514 shares as at December 31, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

Consequent to Dr. Vishal Sikka's resignation from the Company on August 24, 2017, the unvested stock incentives (time-based and performance based awards) granted to him were forfeited during the three months ended September 30, 2017. Accordingly, the Company recorded a reversal of ₹35 crore to stock compensation cost during the three months ended September 30, 2017.

Stock incentives granted to COO:

The Nomination and Remuneration Committee ('Committee') in its meeting held on October 14, 2016 recommended a grant of 27,250 RSUs and 43,000 ESOPs amounting to ₹4 crore to U. B. Pravin Rao, under the 2015 Plan and the same was approved by the shareholders through postal ballot on March 31, 2017. These RSUs and ESOPs have been granted effective 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.

Stock incentives granted to KMPs (other than Dr. Vishal Sikka and COO)

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years 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.

During the nine months ended December 31, 2017, two of the KMPs have resigned (Refer note no. 2.23 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded an employee stock compensation expense of ₹4 crore and a reversal of employee stock compensation expense of ₹14 crore, respectively, towards KMPs during the three months and nine months ended December 31, 2017.The employee stock compensation expense recorded was ₹10 crore and ₹24 crore during the three months and nine months ended December 31, 2016, respectively.

Stock incentive granted to other employees:

During fiscal 2017, the company granted 25,06,740 RSUs and 7,03,300 ESOPs and 1,12,210 incentive units (cash settled) to certain eligible employees at mid and senior levels under the 2015 plan. Further, on May 2, 2017, the Company granted 37,090 RSUs (includes equity shares and equity shares represented by ADS) at par value, 73,600 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. On August 1, 2017, 7,450 incentive units (cash settled) were granted to employees at the senior management level. These instruments will vest over a period of 4 years and are subject to continued service.

The Company has recorded an employee stock compensation expense of ₹16 crore and ₹72 crore, respectively during the three months and nine months ended December 31, 2017 towards employees other than KMPs (employee stock compensation cost of ₹31 crore and ₹47 crore for the three months and nine months ended December 31, 2016)

Total stock compensation expense

The Company recorded an employee stock compensation expense of ₹20 crore in the Statement of Profit and Loss for the three months ended December 31, 2017 and an employee stock compensation cost of ₹58 crore, for the nine months ended December 31, 2017. The Company recorded an employee stock compensation expense of ₹41 crore and ₹71 crore for the three months and nine months ended December 31, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for the three months and nine months ended December 31, 2017 was ₹1 crore and ₹3 crore, respectively, (₹1 crore during each of the three months and nine months ended December 31, 2016) as at December 31, 2017 and March 31, 2017 74,753 and 1,06,845 incentive units were outstanding (net of forfeitures).

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

Particulars	**Three months ended December 31, 2017**		**Nine months ended December 31, 2017**	
	Shares arising out of options	**Weighted average exercise price (₹)**	**Shares arising out of options**	**Weighted average exercise price (₹)**
2015 Plan: RSU				
Outstanding at the beginning	2,239,841	5	2,961,373	5
Granted	-	5	392,714	5
Exercised	100,177	5	532,221	5
Forfeited and expired	55,380	5	737,582	5
Outstanding at the end	**2,084,284**	**5**	**2,084,284**	**5**
Exercisable at the end	142,419	5	142,419	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,190,950	992	1,197,650	992
Granted	-	-	491,575	943
Exercised	-	-	-	-
Forfeited and expired	32,550	986	530,825	955
Outstanding at the end	**1,158,400**	**986**	**1,158,400**	**983**
Exercisable at the end	249,324	982	249,324	982

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

Particulars	**Three months ended December 31, 2016**		**Nine months ended December 31, 2016**	
	Shares arising out of options	**Weighted average exercise price (₹)**	**Shares arising out of options**	**Weighted average exercise price (₹)**
2015 Plan: RSU				
Outstanding at the beginning	2,072,408	5	221,505	5
Granted	970,375	5	2,874,690	5
Forfeited and expired	36,895	5	59,665	5
Exercised	-	5	30,642	5
Outstanding at the end	**3,005,888**	**5**	**3,005,888**	**5**
Exercisable at the end	-	-	-	-
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	-	-	-	-
Granted	1,205,850	992	1,205,850	992
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	**1,205,850**	**992**	**1,205,850**	**992**
Exercisable at the end	-	-	-	-

During the three months and nine months ended December 31, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹972 and ₹952 respectively.

During the three months and nine months ended December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,096 each.

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

	Options outstanding		
Range of exercise prices per share (₹)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price (₹)**
2015 Plan:			
0 - 5 (RSU)	2,084,284	1.67	5.00
900 - 1100 (ESOP)	1,158,400	6.85	976.80
	3,242,684	**3.32**	**314.88**

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

	Options outstanding		
Range of exercise prices per share (₹)	**No. of shares arising out of options**	**Weighted average remaining contractual life**	**Weighted average exercise price (₹)**
2015 Plan:			
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 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 2018- Equity Shares-RSU	**Fiscal 2018- Equity shares ESOP**	**Fiscal 2018- ADS-RSU**	**Fiscal 2018- ADS- ESOP**
Weighted average share price (₹) / ($- ADS)	923	923	14.73	14.65
Exercise price (₹)/ ($- ADS)	5.00	919	0.08	14.67
Expected volatility (%)	21-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / ($- ADS)	857	254	13.73	2.93

Particulars	**For options granted in**			
	Fiscal 2017- Equity Shares-RSU	**Fiscal 2017- Equity shares ESOP**	**Fiscal 2017- ADS-RSU**	**Fiscal 2017- ADS- ESOP**
Weighted average share price (₹) / ($- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ ($- 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)	1,002	285	14.84	3.46

The expected life 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.

2.12 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current		
Others		
Accrued compensation to employees [1]	-	30
Compensated absences	51	-
Payable for acquisition of business (refer note no. 2.1) [2]		
Contingent consideration	12	40
	63	**70**
Current		
Unpaid dividends [1]	17	17
Others		
Accrued compensation to employees [1]	2,455	1,881
Accrued expenses [1]	2,521	2,585
Retention monies [1]	148	220
Payable for acquisition of business		
Contingent consideration (refer note no. 2.1) [2]	50	45
Client deposits [1]	151	32
Payable by controlled trusts [1]	136	145
Compensated absences	1,452	1,359
Foreign currency forward and options contracts [2][3]	10	2
Capital creditors [1]	49	48
Other payables [1]	28	15
	7,017	**6,349**
Total financial liabilities	**7,080**	**6,419**
[1] Financial liability carried at amortized cost	5,505	4,973
[2] Financial liability carried at fair value through profit and loss	65	87
[3] Financial liability carried at fair value through other comprehensive income	7	-
Contingent consideration on undiscounted basis	65	91

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Non-current		
Others		
Deferred income - government grant on land use rights	42	41
Deferred rent	141	-
Deferred income	37	42
	220	**83**
Current		
Unearned revenue	2,313	1,777
Others		
Withholding taxes and others	1,226	1,226
Accrued gratuity (refer note no. 2.20.1)	1	1
Deferred rent	12	2
Deferred income - government grant on land use rights	1	1
	3,553	**3,007**

2.14 PROVISIONS

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	452	405
	452	**405**

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 December 31, 2017	Nine months ended December 31, 2017
Balance at the beginning	417	405
Provision recognized/(reversed)	52	95
Provision utilized	(8)	(43)
Exchange difference	(9)	(5)
Balance at the end	**452**	**452**

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.

2.15 INCOME TAXES

Income tax expense in the consolidated Statement of Profit and Loss comprises:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Current taxes	144	1,468	3,115	4,404
Deferred taxes	8	(22)	(190)	(136)
Income tax expense	**152**	**1,446**	**2,925**	**4,268**

The Company has concluded an Advance Pricing Agreement ("APA") with the US Internal Revenue Service ("IRS") for the US branch covering the years ending March 2011 to March 2021. Under the APA, the Company and the IRS have agreed on the methodology to allocate revenues and compute the taxable income of the Company's US Branch operations

During the three months ended December 31, 2017, in accordance with the APA, the company has reversed income tax expense provision of ₹1,432 crore which pertains to previous periods. This comprises of current tax expense of ₹1,610 crore, reversal of ₹132 crore on account of deferred tax assets pertaining to the temporary differences which are no longer required and a deferred tax liability of ₹46 crore pertaining to Branch profit tax for the three months ended December 31, 2017 on account of conclusion of APA.

In line with the APA, the Company expects to pay an amount of approximately ₹1,488 crore due to the difference between the taxes payable for prior periods as per the APA and the actual taxes paid for such periods. This amount is expected to be paid over the next few quarters.

Additionally, income tax expense for the three months and nine months ended December 31, 2017 includes reversal (net of provisions) of ₹18 crore and ₹174 crore, respectively, pertaining to prior periods on account of adjudication of certain disputed matters in favor of the Company across various jurisdictions.

Income tax expense for the three months and nine months ended December 31, 2016 includes reversal (net of provisions) of ₹52 crore and ₹61 crore, respectively, pertaining to prior periods.

The "Tax Cuts and Jobs Act (H.R. 1)" was signed into law on December 22, 2017 ("US Tax Reforms"). The US tax reforms has reduced federal tax rates from 35% to 21% effective January 1, 2018 amongst other measures. During the three months ended December 31, 2017 , the US tax reforms has resulted in a positive impact of ₹155 crore on account of credits pertaining to deferred tax liabilities on branch profit. The impact of US tax reforms is expected to be not significant for future periods.

During the three months ended December 31, 2017 and December 31, 2016, a current tax charge of ₹6 crore and current tax charge of ₹1 crore respectively have been recorded in other comprehensive income pertaining to remeasurement of defined benefit plan asset.

During the three months ended December 31, 2017, a deferred tax charge of ₹2 crore and a deferred tax credit of ₹3 crore has been recorded in other comprehensive income pertaining to unrealized gains on derivatives designated as cash flow hedges and unrealized gain on investment in non-convertible debentures and certificates of deposit.

During the nine months ended December 31, 2017 and December 31, 2016, a current tax charge of ₹7 crore and current tax credit ₹12 crore respectively have been recorded in other comprehensive income pertaining to remeasurement of defined benefit plan asset.

During the nine months ended December 31, 2017, a deferred tax credit of ₹13 crore and a deferred tax charge of ₹3 crore has been recorded in other comprehensive income pertaining to unrealized gains on derivatives designated as cash flow hedges and unrealized gain on investment in non-convertible debentures and certificates of deposit.

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 December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Profit before income taxes	5,281	5,154	15,264	15,017
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,828	1,783	5,283	5,197
Tax effect due to non-taxable income for Indian tax purposes	(313)	(542)	(1,437)	(1549)
Overseas taxes	25	198	454	613
Tax provision (reversals)	(1,450)	(52)	(1,500)	(61)
Effect of exempt non-operating income	(29)	(12)	(60)	(57)
Effect of unrecognized deferred tax assets	30	8	139	61
Effect of differential overseas tax rates	17	13	25	29
Effect of non-deductible expenses	(56)	49	17	73
Branch profit tax (net of credits)	(155)	-	(155)	-
Subsidiary dividend distribution tax	172	-	172	-
Others	83	1	(13)	(38)
Income tax expense	**152**	**1,446**	**2,925**	**4,268**

The applicable Indian statutory tax rates for fiscal 2018 and fiscal 2017 is 34.61%, respectively.

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 December 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹4,686 crore. As of December 31, 2017, the Company has provided for branch profit tax of ₹215 crore (net of credits) for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. An additional deferred tax liability has been created for branch profit tax amounting to ₹46 crore for each of the three months and nine months ended December 31, 2017 respectively on account of conclusion of APA explained above. Further, on account of US tax Reforms, the company has a credit of ₹155 crore pertaining to Branch Profit Tax for each of the three months and nine months ended December 31, 2017.

Other income for the three months and nine months ended December 31, 2017 includes interest on income tax refund of ₹200 crore and ₹262 crore, respectively.

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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% 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% 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 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.

During the three months ended December 31, 2017, the Company received ₹846 crore as dividend from its majority owned subsidiary. Dividend distribution tax paid by the subsidiary on such dividend has been reduced as credit against dividend distribution tax payable by Infosys. Accordingly, the group has recorded a charge of ₹172 crore as income tax expense during the three months and nine months ended December 31, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹4,878 crore and ₹5,309 crore as at December 31, 2017 and March 31, 2017, 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 at December 31, 2017 and March 31, 2017:

(In ₹ crore)

Particulars	**As at**	
	December 31, 2017	**March 31, 2017**
Income tax assets	6,051	5,716
Current income tax liabilities	2,536	3,885
Net current income tax asset/ (liability) at the end	**3,515**	**1,831**

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

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Net current income tax asset/ (liability) at the beginning	1,669	1,397	1,831	1,820
Translation differences	(1)	-	-	-
Income tax paid	1,996	1,526	4,806	4,025
Current income tax expense	(144)	(1,468)	(3,115)	(4,404)
Income tax benefit arising on exercise of stock options	-	-	-	1
Income tax on other comprehensive income	(5)	(1)	(7)	12
Net current income tax asset/ (liability) at the end	**3,515**	**1,454**	**3,515**	**1,454**

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

(In ₹ crore)

	As at	
	December 31, 2017	**March 31, 2017**
Deferred income tax assets		
Property, plant and equipment	189	138
Computer software	-	40
Accrued compensation to employees	27	57
Trade receivables	142	136
Compensated absences	352	374
Post sales client support	73	97
Intangibles	22	22
Credits related to branch profits	293	-
Others	141	143
Total deferred income tax assets	**1,239**	**1007**
Deferred income tax liabilities		
Intangible asset	(129)	(206)
Temporary difference related to branch profits	(508)	(327)
Derivative financial instruments	(19)	(74)
Others	(44)	(67)
Total deferred income tax liabilities	**(700)**	**(674)**
Deferred income tax assets after set off	**1,177**	**540**
Deferred income tax liabilities after set off	**(638)**	**(207)**

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.

In assessing the reliability of deferred income tax assets, the 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. The 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 six months ended December 31, 2017 and December 31, 2016, is as follows:

(In ₹ crore)

	Three months ended December 31,		Nine months ended December 31,	
	2017	**2016**	**2017**	**2016**
Net deferred income tax asset at the beginning	536	393	333	284
Addition through business combination (Refer note no. 2.1)	-	-	(2)	-
Translation differences	10	(9)	8	(14)
Credits / (charge) relating to temporary differences	(8)	22	190	136
Temporary differences on other comprehensive income	1	(10)	10	(10)
Net deferred income tax asset at the end	**539**	**396**	**539**	**396**

Entire deferred income tax, except for a credit of ₹155 crore (on account of US Tax Reforms explained above), for each of the three months and nine months ended December 31, 2017, relates to origination and reversal of temporary differences

The credit relating to temporary differences during the nine months ended December 31, 2017 are primarily on account of property plant and equipment, accrued compensation to employees, compensated absences and post sales client support. The credits relating to temporary differences during the nine months ended December 31, 2016 are primarily on account of trade receivables, compensated absences and accrued compensation to employees partially offset by property, plant and equipments computer software ammortization and post sales client support.

2.16 REVENUE FROM OPERATIONS

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenue from software services	17,274	16,727	50,869	49,790
Revenue from software products	520	546	1,570	1,574
	17,794	**17,273**	**52,439**	**51,364**

2.17 OTHER INCOME

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Interest income on financial assets carried at amortized cost:				
Bonds and government bonds	36	31	107	94
Deposit with Bank and others	422	590	1,184	1,823
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures and certificates of deposit	149	30	549	30
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	1	2	3	29
Gain / (loss) on liquid mutual funds	61	32	214	53
Exchange gains/ (losses) on foreign currency forward and options contracts	181	77	131	301
Exchange gains/ (losses) on translation of assets and liabilities	(135)	3	50	(97)
Miscellaneous Income, net	247	55	421	100
	962	**820**	**2,659**	**2,333**

2.18 EXPENSES

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Employee benefit expenses				
Salaries including bonus	9,581	9,129	28,015	27,543
Contribution to provident and other funds	208	197	615	576
Share based payments to employees *(Refer note no. 2.11)*	20	42	58	72
Staff welfare	60	52	151	158
	9,869	**9,420**	**28,839**	**28,349**
Cost of software packages and others				
For own use	224	206	667	576
Third party items bought for service delivery to clients	248	255	737	543
	472	**461**	**1,404**	**1,119**
Other expenses				
Repairs and maintenance	266	297	817	911
Power and fuel	54	57	157	182
Brand and marketing	74	69	233	266
Operating lease payments	129	127	399	358
Rates and taxes	38	38	163	118
Consumables	8	9	22	31
Insurance	14	15	42	40
Provision for post-sales client support and warranties	48	13	82	64
Commission to non-whole time directors	2	3	8	8
Impairment loss recognized / (reversed) on financial assets	29	38	69	82
Auditor's remuneration				
Statutory audit fees	2	2	7	6
Taxation matters	1	-	1	-
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social responsibility	31	85	134	187
Others	45	85	159	197
	741	**838**	**2,293**	**2,450**

2.19 LEASES

The lease rentals charged during the period is as follows:

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Lease rentals recognized during the period	129	127	399	358

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 December 31, 2017	As at March 31, 2017
Not later than 1 year	457	461
Later than 1 year and not later than 5 years	1,329	1,237
Later than 5 years	877	740

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.

2.20 EMPLOYEE BENEFITS

2.20.1 Gratuity

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

(In ₹ crore)

Particulars	As at December 31, 2017	As at March 31, 2017
Change in benefit obligations		
Benefit obligations at the beginning	1,117	944
Service cost	112	129
Interest expense	56	69
Remeasurements - Actuarial (gains)/ losses	(18)	67
Curtailment gain	-	(3)
Benefits paid	(84)	(89)
Benefit obligations at the end	**1,183**	**1,117**
Change in plan assets		
Fair value of plan assets at the beginning	1,195	947
Interest income	60	79
Remeasurements- Return on plan assets excluding amounts included in interest income	10	12
Contributions	30	246
Benefits paid	(84)	(89)
Fair value of plan assets at the end	**1,211**	**1,195**
Funded status	28	78
Prepaid gratuity benefit	29	79
Accrued gratuity	(1)	(1)

Amount for the three months and nine months ended December 31, 2017 and December 31, 2016 recognized in the Statement of Profit and Loss under employee benefit expense:

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Service cost	37	33	112	97
Net interest on the net defined benefit liability/asset	(2)	(3)	(4)	(4)
Curtailment gain	-	-	-	(3)
Net gratuity cost	**35**	**30**	**108**	**90**

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

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	(20)	7	(18)	81
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(3)	-	(10)	(4)
	(23)	**7**	**(28)**	**77**

(In ₹ crore)

Particulars	Three months ended December 31, 2017	Three months ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	(21)	20	(14)	74
(Gain)/loss from experience adjustment	1	-	(4)	-
	(20)	**20**	**(18)**	**74**

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

Particulars	As at	
	December 31, 2017	March 31, 2017
Discount rate	7.1%	6.9%
Weighted average rate of increase in compensation levels	8%	8%

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Discount rate(%)	6.9%	7.8%	6.9%	7.8%
Weighted average rate of increase in compensation levels(%)	8%	8%	8%	8%
Weighted average duration of defined benefit obligation(years)	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 at December 31, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹60 crore.

As at December 31, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹52 crore.

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

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 BPM (formerly 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 at December 31, 2017 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months ended December 31, 2017, and December 31, 2016 were ₹23 crore and ₹20 crore, respectively.

Actual return on assets for the nine months ended December 31, 2017, and December 31, 2016 were ₹70 crore and ₹61 crore, respectively.

The Group expects to contribute ₹13 crore to the gratuity trusts during the remainder of fiscal 2018.

Maturity profile of defined benefit obligation:

	(In ₹ crore)
Within 1 year	171
1-2 year	176
2-3 year	187
3-4 year	200
4-5 year	209
5-10 years	1,005

2.20.2 Superannuation

The group contributed ₹44 crore and ₹42 crore to the superannuation plan during the three months ended December 31, 2017 and December 31, 2016, respectively and ₹129 crore and ₹125 crore during the nine months ended December 31, 2017 and December 31, 2016, respectively and the same has been recognized in the Statement of Profit and Loss account under the head employee benefit expense.

2.20.3 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 assumptions provided below there is no shortfall as at December 31, 2017 and March 31, 2017, respectively.

The details of fund and plan asset position are as follows:

(In ₹ crore)

Particulars	As at	
	December 31, 2017	**March 31, 2017**
Plan assets at period end, at fair value	4,699	4,459
Present value of benefit obligation at period end	4,699	4,459
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	
	December 31, 2017	**March 31, 2017**
Government of India (GOI) bond yield (%)	7.10	6.90
Remaining term to maturity of portfolio (years)	6.1	6.0
Expected guaranteed interest rate (%) - First year:	8.60	8.60
- Thereafter:	8.60	8.60

The Group contributed ₹121 crore and ₹115 crore to the provident fund during the three months ended December 31, 2017 and December 31, 2016, respectively and ₹357 crore and ₹345 crore during the nine months ended December 31, 2017 and December 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.

2.20.4 Employee benefit costs include:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2,017	**2,016**	**2,017**	**2,016**
Salaries and bonus(1)(2)	9,669	9,233	28,245	27,789
Defined contribution plans	65	63	192	187
Defined benefit plans	135	124	402	373
	9,869	**9,420**	**28,839**	**28,349**

(1) *Includes a employee stock compensation expense of ₹20 crore for the three months ended December 31, 2017 and an employee stock compensation cost of ₹58 crore, for the nine months ended December 31, 2017. Similarly, includes employee stock compensation expense of ₹41 crore and ₹71 crore for the three months and nine months ended December 31, 2016.*

(2) *Included in the above is a reversal of stock compensation cost of ₹35 crore towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. Refer note no. 2.11.*

2.21 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:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding[(1)]	2,275,074,804	2,285,651,730	2,282,186,771	2,285,638,678
Effect of dilutive common equivalent shares - share options outstanding	1,306,766	577,312	2,100,721	437,784
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	**227,63,81,570**	**228,62,29,042**	**228,42,87,492**	**228,60,76,462**

[(1)] *Excludes treasury shares*

For the three and nine months ended December 31, 2017, 1,48,399 and 1,55,186 number of options to purchase equity shares had an anti-dilutive effect respectively.
For the three months and nine months ended December 31, 2016, 216,477 and 72,422 number of options to purchase equity shares had an anti-dilutive effect , respectively.

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

(In ₹ crore)

Particulars	As at	
	December 31, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	4,823	6,714
[Amount paid to statutory authorities ₹5,860 crore (*₹4,717 crore*)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	710	1,149
Other commitments*	75	114

**Uncalled capital pertaining to investments*

[(1)] As at December 31, 2017, claims against the group not acknowledged as debts in respect of income tax matters amounted to ₹4,487 crore. These matters are pending before various Appellate Authorities and the management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Group's financial position and results of operations.

Income tax claims amounting to ₹4,565 crore has not been considered as claims not acknowledged as debt because the Company has received favourable decisions on similar claims and therefore based on its assessment , is of the view that any liability resulting from these claims is remote and will not sustain on ultimate resolution.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,825 crore.

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.

2.23 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	**Country**	**Holdings as at**	
		December 31, 2017	**March 31, 2017**
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 Nova Holdings LLC. (Infosys Nova)	U.S.	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) (1)	Singapore	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems)	India	100%	100%
Kallidus Inc. (Kallidus)	U.S.	100%	100%
Infosys Chile SpA (2)	Chile	100%	-
Infosys Americas Inc., (Infosys Americas)	U.S.	100%	100%
Infosys Technologies (Australia) Pty. Limited (Infosys Australia)	Australia	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.	100%	100%
Infosys Canada Public Services Ltd. (3)(4)	Canada	-	-
Infosys BPM Limited (formerly Infosys BPO Limited)	India	99.98%	99.98%
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o) (5)	Czech Republic	99.98%	99.98%
Infosys Poland, Sp z.o.o (formerly Infosys BPO Poland, Sp z.o.o)(5)	Poland	99.98%	99.98%
Infosys McCamish Systems LLC (5)	U.S.	99.98%	99.98%
Portland Group Pty Ltd(5)	Australia	99.98%	99.98%
Infosys BPO Americas LLC.(5)	U.S.	99.98%	99.98%
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%
Lodestone Management Consultants Inc. (6)	U.S.	100%	100%
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) (6)	Australia	100%	100%
Infosys Consulting AG (formerly Lodestone Management Consultants AG) (6)	Switzerland	100%	100%
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) (6)	Germany	100%	100%
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) (6)	France	100%	100%
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) (6)	Czech Republic	100%	100%
Lodestone Management Consultants GmbH (6)	Austria	100%	100%
Lodestone Management Consultants Co., Ltd. (6)	China	100%	100%
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) (6)	U.K.	100%	100%
Infy Consulting B.V. (Lodestone Management Consultants B.V.) (6)	The Netherlands	100%	100%
Infosys Consulting Sp. z.o.o (formerly Lodestone Management Consultants Sp. z o.o.) (6)	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. (6)	Portugal	100%	100%
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) (6)	Romania	100%	100%
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) (6)	Argentina	100%	100%
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) (6)(7)	Switzerland	-	-
Lodestone Augmentis AG (8)(9)	Switzerland	-	-
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) (10)	Belgium	99.90%	99.90%
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) (10)	Brazil	99.99%	99.99%
Panaya Inc. (Panaya)	U.S.	100%	100%
Panaya Ltd. (11)	Israel	100%	100%
Panaya GmbH (11)	Germany	100%	100%
Panaya Japan Co. Ltd. (11)	Japan	100%	100%
Panaya Pty Ltd. (11)(12)	Australia	-	-
Noah Consulting LLC (Noah) (13)	U.S.	-	100%
Noah Information Management Consulting Inc. (Noah Canada) (14)(15)	Canada	-	100%
Brilliant Basics Holdings Limited.(16)	U.K.	100%	-
Brilliant Basics Limited (17)	U.K.	100%	-
Brilliant Basics (MENA) DMCC (17)	Dubai	100%	-

(1) *Wholly owned subsidiary of Infosys*

(2) *Incorporated effective November 20, 2017*

(3) *Wholly owned subsidiary of Infosys Public Services, Inc.*

(4) *Liquidated effective May 9, 2017*

(5) *Wholly owned subsidiary of Infosys BPM (formerly Infosys BPO Limited).*

(6) *Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*

(7) *Liquidated effective December 21, 2016*

(8) *Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)*

(9) *Liquidated effective October 5, 2016*

(10) *Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)*

(11) *Wholly owned subsidiary of Panaya Inc*

(12) *Liquidated effective November 16, 2016*

(13) *Liquidated effective November 9, 2017*

(14) *Wholly owned subsidiary of Noah*

(15) *Liquidated effective December 20, 2017*

(16) *On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1*

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

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

Name of Associates	Country	Holdings as at	
		December 31, 2017	March 31, 2017
DWA Nova LLC[(1)]	U.S.	-	16%

[(1)] During the three months ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to ₹71 crore. DWA Nova LLC has been liquidated w.e.f November 17, 2017

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 BPM (formerly Infosys
Infosys BPO Limited Employees' Gratuity Fund Trust	India	Post-employment benefit plan of Infosys BPM (formerly Infosys
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 Employees Welfare Trust	India	Controlled trust
Infosys Employee Benefits Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust

Refer note no. 2.20 for information on transactions with post-employment benefit plans mentioned above.

List of key management personnel

Whole-time directors
Salil Parekh appointed as Chief Executive Officer and Managing Director effective January 2, 2018. The appointment is for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.

U. B. Pravin Rao, Chief Operating officer stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.

Dr. Vishal Sikka resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017

Non-whole-time directors
Nandan M. Nilekani (appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017)
Ravi Venkatesan (resigned from his position as Co-Chairman effective August 24, 2017)
Kiran Mazumdar-Shaw
Roopa Kudva
Dr. Punita Kumar-Sinha
D. N. Prahlad (appointed effective October 14, 2016)
D. Sundaram (appointed effective July 14, 2017)
Prof. Jeffrey Lehman, (resigned effective August 24, 2017)
R. Seshasayee (resigned effective August 24, 2017)
Prof. John Etchemendy (resigned effective August 24, 2017)

Executive Officers
M. D. Ranganath, Chief Financial Officer
David D. Kennedy, General Counsel and Chief Compliance Officer (resigned effective December 31, 2016)
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 (resigned effective July 14, 2017)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (resigned effective June 24, 2017)
Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer (appointed as executive officer effective July 14, 2017)

Company Secretary
A. G. S. Manikantha

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 December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)(3)]	18	31	30	66
Commission and other benefits to non-executive/independent directors	2	3	11	9
Total	20	34	41	75

[(1)] Includes a reversal of stock compensation cost of ₹35 crore towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.11)

[(2)] Total employee stock compensation expense for the three months and nine months ended December 31, 2017 includes a charge of ₹4 crore and a reversal of ₹14 crore, respectively towards key managerial personnel. For the three months and nine months ended December 31, 2016, an employee stock compensation expense of ₹10 crore and ₹24 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.11)

[(3)] Includes ₹6 crore payable under severance agreement to David Kennedy, General counsel and Chief compliance officer during the three months ended December 31, 2016

[(4)] On December 2, 2017, the Board appointed Salil Parekh as the Chief Executive Officer and Managing Director of the Company with effect from January 2, 2018. The appointment for a term of 5 years with effect from January 2, 2018 to January 1, 2023 and the remuneration is subject to shareholders approval through postal ballot which will get concluded on February 20, 2018.

[(5)] U. B. Pravin Rao stepped down as the interim CEO and Managing Director effective January 2, 2018 and will continue as Chief Operating Officer and a whole-time director of the Company.

2.24 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 Ind AS 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 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. The 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. The 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 December 31, 2017 and *December 31, 2016* :

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	4,643	1,955	4,241	2,837	2,375	1,256	487	**17,794**
	4,663	*1,893*	*3,885*	*2,821*	*2,196*	*1,250*	*565*	*17,273*
Identifiable operating expenses	2,419	1,020	2,149	1,369	1,156	671	285	9,069
	2,341	*1,007*	*1,878*	*1,342*	*1,064*	*642*	*358*	*8,632*
Allocated expenses	970	437	947	634	530	281	108	3,907
	1,002	*431*	*884*	*642*	*500*	*284*	*129*	*3,872*
Segmental operating income	**1,254**	**498**	**1,145**	**834**	**689**	**304**	**94**	**4,818**
	1,320	*455*	*1,123*	*837*	*632*	*324*	*78*	*4,769*
Unallocable expenses								499
								435
Other income, net								962
								820
Share in net profit/(loss) of associate								-
								-
Write-down of investment in associate								-
								-
Profit before tax								**5,281**
								5,154
Tax expense								152
								1,446
Profit for the period								**5,129**
								3,708
Depreciation and amortization expense								498
								433
Non-cash expenses other than depreciation and amortization								1
								2

Nine months ended December 31, 2017 and *December 31, 2016* :

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	13,955	5,734	12,320	8,274	6,846	3,745	1,565	**52,439**
	13,900	*5,589*	*11,468*	*8,515*	*6,289*	*3,911*	*1,692*	*51,364*
Identifiable operating expenses	7,103	3,058	6,193	3,989	3,396	2,003	912	26,654
	6,952	*2,916*	*5,496*	*4,072*	*3,119*	*2,017*	*1,079*	*25,651*
Allocated expenses	2,966	1,301	2,796	1,878	1,554	850	356	11,701
	3,067	*1,297*	*2,661*	*1,977*	*1,458*	*908*	*392*	*11,760*
Segmental operating income	**3,886**	**1,375**	**3,331**	**2,407**	**1,896**	**892**	**297**	**14,084**
	3,881	*1,376*	*3,311*	*2,466*	*1,712*	*986*	*221*	*13,953*
Unallocable expenses								1,408
								1,264
Other income, net								2,659
								2,333
Share in net profit/(loss) of associate								-
								(5)
Write-down of investment in associate								(71)
								-
Profit before tax								**15,264**
								15,017
Tax expense								2,925
								4,268
Profit for the period								**12,339**
								10,749
Depreciation and amortization expense								1,404
								1,257
Non-cash expenses other than depreciation and amortization								4
								7

Geographic Segments

Three months ended December 31, 2017 and *December 31, 2016* :

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	10,750	4,337	539	2,168	**17,794**
	10,701	*3,844*	*589*	*2,139*	*17,273*
Identifiable operating expenses	5,610	2,149	245	1,065	**9,069**
	5,374	*1,976*	*270*	*1,012*	*8,632*
Allocated expenses	2,394	965	101	447	**3,907**
	2,432	*871*	*117*	*452*	*3,872*
Segmental operating income	**2,746**	**1,223**	**193**	**656**	**4,818**
	2,895	*997*	*202*	*675*	*4,769*
Unallocable expenses					499
					435
Other income, net					962
					820
Share in net profit/(loss) of associate					-
					-
Write-down of investment in associate					-
					-
Profit before tax					**5,281**
					5,154
Tax expense					152
					1,446
Profit for the period					**5,129**
					3,708
Depreciation and amortization expense					498
					433
Non-cash expenses other than depreciation and amortization					1
					2

Nine months ended December 31, 2017 and *December 31, 2016* :

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	31,834	12,253	1,718	6,634	**52,439**
	31,742	*11,608*	*1,633*	*6,381*	*51,364*
Identifiable operating expenses	16,549	6,233	708	3,164	**26,654**
	16,155	*5,777*	*767*	*2,952*	*25,651*
Allocated expenses	7,210	2,770	329	1,392	**11,701**
	7,357	*2,684*	*335*	*1,384*	*11,760*
Segmental operating income	**8,075**	**3,250**	**681**	**2,078**	**14,084**
	8,230	*3,147*	*531*	*2,045*	*13,953*
Unallocable expenses					1,408
					1,264
Other income, net					2,659
					2,333
Share in net profit/(loss) of associate					-
					(5)
Write-down of investment in associate					(71)
					-
Profit before tax					**15,264**
					15,017
Tax expense					2,925
					4,268
Profit for the period					**12,339**
					10,749
Depreciation and amortization expense					1,404
					1,257
Non-cash expenses other than depreciation and amortization					4
					7

Significant clients

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

2.25 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED Statement of Profit and Loss

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2017	2016	2017	2016
Revenue from operations	17,794	17,273	52,439	51,364
Cost of Sales	11,450	10,840	33,576	32,483
Gross profit	**6,344**	**6,433**	**18,863**	**18,881**
Operating expenses				
Selling and marketing expenses	877	885	2,612	2,702
General and administration expenses	1,148	1,214	3,575	3,490
Total operating expenses	2,025	2,099	6,187	6,192
Operating profit	**4,319**	**4,334**	**12,676**	**12,689**
Other income, net	962	820	2,659	2,333
Profit before non controlling interest / Share in net profit / (loss) of associate	**5,281**	**5,154**	**15,335**	**15,022**
Share in net profit/(loss) of associate	-	-	-	(5)
Write-down of investment in associate	-	-	(71)	-
Profit before tax	**5,281**	**5,154**	**15,264**	**15,017**
Tax expense:				
Current tax	144	1,468	3,115	4,404
Deferred tax	8	(22)	(190)	(136)
Profit for the period	**5,129**	**3,708**	**12,339**	**10,749**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability/asset	18	(8)	21	(65)
Equity instruments through other comprehensive income, net	(2)	-	(2)	-
	16	**(8)**	**19**	**(65)**
Items that will be reclassified subsequently to profit or loss				
Fair value changes on derivatives designated as cash flow hedge, net	5	26	(41)	28
Exchange differences on translation of foreign operations	(86)	(47)	121	(60)
Fair value changes on investments, net	(25)	-	14	-
	(106)	**(21)**	**94**	**(32)**
Total other comprehensive income, net of tax	**(90)**	**(29)**	**113**	**(97)**
Total comprehensive income for the period	**5,039**	**3,679**	**12,452**	**10,652**
Profit attributable to:				
Owners of the Company	5,129	3,708	12,339	10,749
Non-controlling interests	-	-	-	-
	5,129	**3,708**	**12,339**	**10,749**
Total comprehensive income attributable to:				
Owners of the Company	5,039	3,679	12,452	10,652
Non-controlling interests	-	-	-	-
	5,039	**3,679**	**12,452**	**10,652**

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

Nandan M. Nilekani *Chairman*	Salil Parekh *Chief Executive officer and Managing Director*	U. B. Pravin Rao *Chief Operating Officer and Whole-time Directc*
D. Sundaram *Director*	M. D. Ranganath *Chief Financial Officer*	A. G. S. Manikantha *Company Secretary*

Bengaluru

January 12, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF
INFOSYS LIMITED

Report on the Interim Consolidated Financial Statements

We have audited the accompanying interim consolidated financial statements of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at December 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the three months and nine months period ended on that date, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the nine months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim consolidated financial statements").

Management's Responsibility for the Interim Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these interim consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the interim consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim consolidated financial statements based on our audit.

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim consolidated financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India of the consolidated state of affairs of the Group as at December 31, 2017, the consolidated profit and consolidated total comprehensive income for the three months and nine months period ended on that date, consolidated changes in equity and the consolidated cash flows for the nine months period ended on that date.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

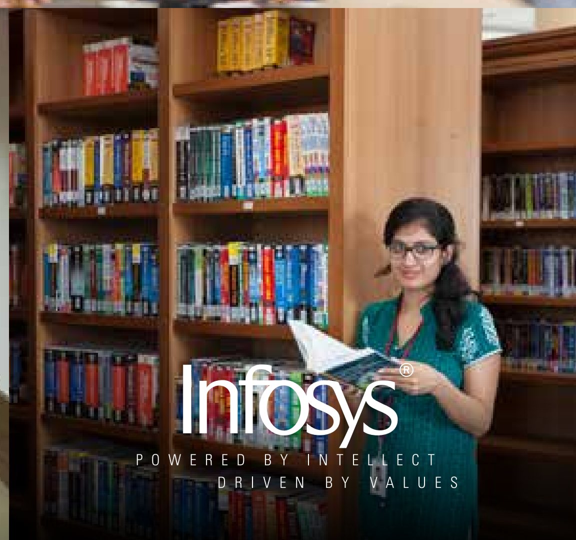
P. R. RAMESH
Partner
(Membership No.70928)

Bengaluru, January 12, 2018



CODE OF CONDUCT AND ETHICS



Infosys®

POWERED BY INTELLECT
DRIVEN BY VALUES

Infosys

CODE OF CONDUCT

Our Code of Conduct sets forth our core values, shared responsibilities, global commitments, and promises. It provides general guidance about the Company's expectations, highlights situations that may require particular attention, and references additional resources and channels of communication available to us. It is also the first step for you to get clarity on any questions relating to ethical conduct.

Our Code, however, cannot possibly address every situation we face at work. Therefore, the Code is by no means a substitute for our good judgment, upon which Infosys depends. We must remember that each of us is responsible for our own actions and that the ethical choice is always the best choice.

Please review the entire Code and refer to it whenever you have a question on ethical conduct. As an annual process, you will be asked to confirm in writing that you have reviewed the Code, and understand and agree to adhere to our core values, shared responsibilities, global commitments, and promises.

This Code of Conduct is also available on our Company website at:
http://www.infosys.com/investors/corporate-governance/Documents/CodeofConduct.pdf.

A MESSAGE
from the CEO & MD

Salil S. Parekh
Chief Executive Officer and Managing Director

Infosys stands for many things – a commitment to delivering great client value, a space for employees to be themselves, a sharp focus on making a difference both within the industry and within the larger society – but most of all, we are known for our values. These values, embodied in C-LIFE (Client Value, Leadership by example, Integrity and Transparency, Fairness and Excellence) form the bedrock of our daily lives at the workplace. They are the foundation on which we built our success over the years and have held us in good stead from our inception.

It isn't a simple task to lead a life, especially in an ever-changing and demanding environment like ours, driven by values. But I have already seen that Infoscions strive to uphold our values in all that they do. This is remarkable, and proves that the only way to follow values is to truly live them. They are a part of our DNA, and rightly so. Therefore, each one of us is responsible for the values, and for maintaining and enhancing the culture that they have built. We act with integrity and transparency in all our transactions and work with fairness to solve the challenges faced by our stakeholders. We lead by example, always, and pursue excellence in all our fields. This is built into our vision, and this helps us make a difference – to ourselves and to everyone with whom we interact.

All of this is captured in our Code of Conduct. With a simple, easy-to-imbibe format, the Code forms the guidelines by which we lead our lives at work. It helps you take the right decisions, especially during challenging or ambiguous times. More than anything, it's important that we raise our concerns whenever we spot a violation of the Code, as the responsibility of upholding the Code lies with us. If you notice something amiss, please do reach out to the Office of Integrity and Compliance, or use the helpline/incident tracker, and we assure you that we will look into it, all the while protecting you against any form of retaliation.

Let us work together to live the Code, and find greater success within the strong framework that we have built over the years.

Regards,
Salil S. Parekh
Chief Executive Officer & Managing Director

VALUES

Our values are the principles we use to run the Company on a daily basis. They are so important that they are the source of our entire Code — a sort of ethical backbone. They are clear and simple. Our values are the foundation of everything we do and they are encapsulated in the acronym C-LIFE.

C-LIFE				
Client Value	Leadership by Example	Integrity & Transparency	Fairness	Excellence
To surpass client expectations consistently.	To set standards in our business and transactions and be an exemplar for the industry and ourselves.	To be ethical, sincere and open in all our transactions.	To be objective and transaction-oriented, and thereby earn trust and respect.	To strive relentlessly, constantly improve ourselves, our teams, our services and products to become the best.

Our values are also influenced by the principle of trusteeship. As Infoscions, we are all trustees of the company's legacy — its resources, assets and opportunities. As trustees, we have an obligation to pass on a better, stronger Infosys than the one we received. By necessity this includes meeting or exceeding our commitments to stakeholders, developing the full potential of our employees, and building Infosys' reputation to make it the most respected company in the world.

But trusteeship at Infosys goes further than that; trusteeship also includes our corporate commitment to utilizing natural resources in a sustainable way and to improving the communities in which we live and work. An early adopter of a robust CSR agenda, along with sustained economic performance, we believe in the importance of social stewardship. We embrace responsibility for our company to create a positive impact in the communities in which we work and live. Our key programs are driven by the strong CSR platforms we've built over the years. Trusteeship to the Infoscion means that we strive to create positive environmental, social and economic values in every aspect of our business.

THE CODE IS MORE THAN JUST WORDS ON A PAGE — IT'S A WAY OF LIFE FOR THE INFOSCION

The Code of Conduct expresses Infosys' commitment to conducting business ethically. It explains what it means to act with integrity and transparency in everything we do and in accordance with our unique culture and values.

As members of the Infosys family, let us follow not only the letter of the Code, but its intent and spirit as well. This means we should:

- Understand the areas covered by the Code, Company policies and procedures, and laws that apply to our job.
- Follow the legal requirements of all locations where we do business.
- Conduct ourselves in ways that are consistent with the Code, Company policies and procedures, and laws.
- Speak up if we have concerns or suspect violations of the Code, Company policies and procedures, or laws.
- When requested, certify that we have reviewed, understand and agree to follow the Code.
- Understand that following the Code is a mandatory part of our job.

The Code cannot address every situation that may occur. We are expected to exercise good judgment and ask questions when we need guidance or clarification. Many resources are available to assist us. These include our managers, the Office of Integrity and Compliance, Human Resources, Legal Department, the Helpline, and other resources listed at the end of the Code. In addition to the Code, we should also be aware of all Company policies and procedures applicable to our work. You may refer to the Policy Portal which is a repository of all our policies.

WHAT ARE MY RESPONSIBILITIES?

I FOLLOW THE CODE

Our Code applies equally to all Infosys directors, officers and employees globally, across our subsidiaries. The Code also applies to our partners, suppliers, agents or others acting on the Company's behalf. As employees, it is important that we know and follow the Code as a guideline for decision-making that is paired with integrity.

I LEAD BY EXAMPLE

No matter what our role is, each one of us is expected to lead when it is a question of ethics and be accountable for our actions. We act with responsibility and integrity in tune with our C-LIFE values.

I AM THE EXAMPLE FOR MY TEAM

Most often, a manager is the first person to be contacted about a concern in our work environment. Managers have some specific responsibilities:

- Be a role model of ethical behavior.
- Encourage your team to raise issues and speak up.
- Communicate a positive message about your commitment to ethics and compliance.
- Promote our values, the Code of Conduct and compliance with policies and the law.
- Actively support ethics and compliance awareness and training programs.
- Have open avenues for communication.
- Listen and respond fairly to employee concerns.
- Find satisfactory and complete resolutions to ethical issues.
- Escalate concerns when additional assistance is needed.

Infosys' non-retaliation policy is an embodiment of our values and a cornerstone of our Code. If you observe violations of Infosys values and principles, you are encouraged to report such incidents to the Helpline. Infosys will protect you and ensure that you are not retaliated against because of any report that you raise in good faith. Infosys does not tolerate any form of retaliation (whether by a manager, co-worker or otherwise) against an individual because he or she made a good faith report of an integrity concern. This protection also extends to anyone who assists with or cooperates in an investigation or report of an integrity concern or question. We support those who support our values.

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SPEAK UP!

If you believe that you have been discriminated against, harassed or have not been given equal opportunities at work, you are encouraged to submit a complaint to:

- Your manager
- Your Skip-level manager
- Human Resources
- HEAR@infosys.com
- GRB@infosys.com, if you believe you have been sexually harassed
- Helpline

A RESPECTING EACH OTHER

AN EQUAL OPPORTUNITY WORKPLACE FREE OF DISCRIMINATION OR HARASSMENT

At Infosys, we strive to provide a work environment free of discrimination and harassment. We are an equal opportunity employer and employment decisions are based on merit and business needs. Our Human Rights Statement further illustrates our stand on this. Employees in the U.S. may also refer to our U.S. equal opportunity statement.

We are committed to following fair employment practices that provide equal opportunities to all employees. We do not discriminate or allow harassment on the basis of race, color, religion, disability, gender, national origin, sexual orientation, gender identity, gender expression, age, genetic information, military status, or any other legally protected status. At Infosys, we value diversity and believe that a diverse workplace builds a competitive advantage.

To put these values in practice, all of us must ensure that decisions affecting employees are based on business factors only. For instance, decisions regarding hiring, promotion, termination, transfer, leave of absence or compensation should only be based on relevant business factors.

We must also ensure that we never verbally or physically mistreat others or engage in offensive behavior, and we should not tolerate those who do. This includes harassing, bullying, abusive or intimidating treatment, inappropriate language or gestures, disorderly conduct, violence and any other conduct that interferes with a co-worker's ability to do his or her job.

The Company's Anti-Discrimination and Anti-Harassment Policy applies to all persons involved in the operations of the Company and prohibits harassment by any employee of the Company towards other employees as well as outside vendors and customers. If you have any questions relating to what constitutes discrimination or harassment, or any other questions or concerns pertaining to discrimination or harassment, please refer to the Policy on Prevention and Redressal of Harassment at Infosys or any of the location-specific procedures found on your local policy page on the Company intranet. If you wish to report a concern, you may reach out to us using any of the relevant channels noted in the "Speak Up" section on the previous page, or simply call the Helpline listed throughout this Code of Conduct.

A SAFE PLACE TO WORK

To work effectively, all of us need a healthy and safe work environment. All forms of substance abuse as well as the use or distribution of drugs and alcohol while at work is prohibited. Unless required as part of your role (for instance for security personnel where deemed necessary), possession and / or use of weapons / firearms or ammunition while on business of the Company is prohibited. All of us should be safe at our place of work. Should you observe any unsafe situations at work, please reach out to the Helpline. Please also take the time to familiarize yourselves with emergency procedures and the safety manuals applicable to your location.

B

ETHICS IN OUR BUSINESS ACTIVITIES

Infosys enjoys a hard-won reputation for honesty, integrity and fair dealing. Without question, this reputation for integrity is an invaluable part of our success. There are certain regulations that Infosys is subject to and we should ensure that we comply both in letter and in spirit with these as is applicable.

PREVENTING CORRUPTION

The United States Senate in 1977 stated "Corporate bribery is bad business. In our free market system it is basic that the sale of products should take place on the basis of price, quality, and service. Corporate bribery is fundamentally destructive of this basic tenet."

GOVERNMENT OFFICIALS

Particular care must be taken when interacting with government officials. This includes employees of any government, candidates for political office, members of royal families and employees of businesses controlled by the government.

Corruption diverts public resources from priorities such as health, education, and infrastructure and impedes economic growth. Corruption undermines public accountability and the rule of law. Corruption is anti-competitive, increases costs of doing business globally and introduces significant uncertainty into business. Bribery thus raises the risks of doing business, putting a company's bottom line and reputation in jeopardy. Companies that pay bribes to win business ultimately undermine their own long-term interests and the best interests of their investors.

As a global company, apart from the Prevention of Corruption Act, 1988 (India), Infosys is subject to all relevant anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA) (as if it were a U.S. incorporated company) and the Bribery Act 2010 (U.K.). These prohibit bribery of government officials and commercial partners.

We should never offer, directly or indirectly, any form of gift, entertainment or anything of value to any government official, commercial partners including customers or their representatives to:

- Obtain or retain business;
- Influence business decisions; or
- Secure an unfair advantage

This includes bribes, kickbacks and facilitation payments.

What is a bribe? A bribe is anything of value that may be seen as an attempt to influence an action or a decision in order to obtain or retain business or acquire an improper advantage. This could include money, gifts, favors, use of company resources, entertainment or other items of value.

ANYTHING OF VALUE? WHAT DOES THAT MEAN?

Cash payments, gifts, entertainment, excessive business promotional activities, covering or reimbursing expenses, investment opportunities, shares, securities, loans or contractual rights, promise of future employment, payments under consulting agreements, subcontracts, stock options, and similar items of value.

QUESTION

One of the Company's vendors always sends me a large gift basket of fruit and chocolate during the holiday season. Can I accept this?

RESPONSE

As holiday gift baskets tend to be of limited value, and you receive them infrequently, it is unlikely that you would feel obligated or influenced by them. If that is the case, you can continue to accept them. However, you are encouraged to share the gift baskets with other employees in your department.

What is a kickback? A kickback is a form of corruption that involves two parties agreeing that a portion of their sales or profits will be kicked back (given back) to the purchasing party in exchange for making the deal.

What is a facilitation payment? Certain countries may have a practice of 'facilitation payments', which are payments to government officials to expedite or ensure routine actions, such as issuing visas, work permits, licenses etc.

Infoscions don't do any of these, nor do we allow third parties acting on our behalf, such as agents, consultants, suppliers and contractors to make any payments like these.

Also remember that while managing these relationships, we must be on the watch for any actions relating to bribery, kickbacks, improper payments or other corrupting influences. We can and will be held responsible for the conduct of our third parties if they violate the law while working on our behalf.

GIFTS AND ENTERTAINMENT

In connection with certain holidays and other occasions, it is customary in many parts of the world to give gifts of nominal value to customers, government officials and other parties who have a business relationship with the Company. However, we should be careful that while doing so, we do not violate any regulations or do anything that is contrary to our C-LIFE values.

When we make a gift to a customer, a government official or any third party, we should keep the following in mind:

- It is not done to obtain or retain business or gain an improper advantage in business;
- It is lawful under the laws of the country where the gift is being given and permitted under the policies of the client;
- It constitutes a bona fide promotion or goodwill expenditure;
- It is not in the form of cash;
- The gift is of nominal value (on an individual and aggregate basis);
- The gift is accurately recorded in the Company's books and records;
- In any event, you must comply with our gifts and entertainment policy.

Accepting Gifts: The same principles apply if a customer or supplier wishes to give us a gift or any other token of their appreciation.

Reach out to the Office of Integrity & Compliance by writing to OIC@infosys.com to understand the process we need to follow.

CHARITABLE CONTRIBUTIONS

Infosys believes that charitable contributions and donations are an integral part of its corporate social responsibility. Typical areas for granting support are education and research, social welfare, disaster relief and other similar social causes.

Before making a charitable contribution on behalf of Infosys, we should keep in mind the following:

- The recipient is a registered, tax-paying, recognized organization.
- The contributions are permissible under applicable local laws.
- Contributions are made without demand or expectation of business return.
- Beneficiaries of such contributions should not be related to the directors or executive officers of Infosys.
- Contributions shall not be made in cash or to the private account of an individual.
- Any amounts contributed or donations made towards charitable causes shall be fairly and accurately reflected in Infosys' books of accounts.

We have a strict diligence process for charitable contributions. Reach out to the Office of Integrity & Compliance by writing to OIC@infosys.com to understand the diligence we need to follow.

Red Flags While Transacting with Third Parties

- Background check reveals a flawed background or reputation.
- Transaction involves a country known for corrupt payments. Refer to Transparency International's list for this (www.transparency.org).
- Agent suggested by a government official.
- Agent objects to anti-corruption compliance requirements.
- Agent has a personal or business relationship with a government official.
- Unusual contract terms or payment arrangements such as payment in cash, payment in another country's currency or payment to a financial institution outside the country where the contract is performed.
- Requests that identity of the agent be kept confidential.
- Commission exceeds the 'going rate' or must be paid in cash.
- Indication that 'facilitation payments are required' to 'get the business moving'.
- Request false invoices or any other type of false documentation; or
- Payment in a third country or in another party's name.

QUESTION

I have some shares of Infosys as part of my portfolio. I need to sell them as I am in need of money. How do I proceed?

RESPONSE

Read the Company's Insider Trading Policy. You should follow the pre-clearance procedures for trading and trade only when the trading window is open.

TRANSACTING WITH THIRD PARTIES

We try, to the extent reasonably practicable, to directly interact with government officials. However, if third party agents are required to interface with government authorities on behalf of Infosys, we should verify the credentials and reputation of such a third party agent prior to any agreement with them and ensure that a formal contract is executed, including appropriate provisions requiring the third party agent to comply with applicable anti-corruption and local laws. A copy of this Code must be provided to such third party agents.

Keep in mind that the Company and individual directors, officers or employees may be liable for a payment made by a third party agent, if the Company makes a payment or transfers other value to that third party agent knowing that it will be given to a government official.

We ensure that the fee, commission or other remuneration paid to intermediaries or third party agents is reasonable, bona fide and commensurate with the functions and services performed. We should keep track of such expenses so that they are fairly and accurately reflected in Infosys' books of accounts.

TRADING IN COMPANY SHARES

Infosys is a publicly traded company. This means that the shares of Infosys may be traded by the public. The price of our shares may fluctuate on the basis of information about the Company's activities. This fluctuation should be on the basis of information available to the public. If someone is aware of, for example, management changes or an upcoming acquisition and uses it to buy or sell our shares before such information is made public, they may be subject to penalties under insider trading laws.

How is this relevant to me?

In the course of our everyday work, as an employee, a consultant or a vendor, we may have access to "material" non-public Company information. Material non-public information is information about a company that (i) is not in the public domain, and (ii) that an investor would find useful to decide whether to trade in the Company's securities. This could include information about potential new businesses of the Company, acquisitions, Company strategy, information on potential litigation and so on. The list is quite exhaustive.

Under applicable securities laws, it is unlawful for a person who has such information to trade in the shares of the Company or to disclose such information to others who may trade. This activity is commonly referred to as 'insider trading'. Insider trading may lead to imprisonment, fines and insider traders may even be subject to private lawsuits.

So what does this mean?

- Take care that we do not disclose material non-public information to anyone outside the Company, including family and friends.
- Ensure that we do not trade in the shares of Infosys or any company involved with Infosys while you have material non-public information about them. Additionally, the Company imposes a trading blackout period each quarter and members of the Board, executive officers and employees are not to trade in Company securities during this period.

For more details, read the Company's Insider Trading Policy. All questions regarding the Company's Insider Trading Policy should be directed to insidertrading@infosys.com.

Prohibition against Short Selling of Company Securities

No Company director, officer, employee or third party agent may, directly or indirectly, sell any equity security, including derivatives, of the Company if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale") within the applicable settlement cycle.

QUESTION

My spouse is starting a company. To fulfil regulatory requirements, I need to be appointed a director on the company. I will also be a majority shareholder in the company which is in the business of online food delivery. Is there a problem if I do this?

RESPONSE

From the facts, it does not appear that your spouse's start-up is in the same business as Infosys. Remember that you may not use Infosys time, property, or other resources to help your spouse. Good luck!

Understanding Regulated Trade Restrictions

Export Control Regulations

Many countries maintain controls on where products or software may be exported to – these are called 'export controls'. Under these laws, an 'export' occurs when a product, service, technology or certain type of information is given to a foreign person in another country or to any foreign citizen or representative of another country, regardless of where that person is located. Some of the strictest export controls are maintained by the United States. For example, U.S. export regulations apply both to exports from the U.S. and to exports of products from other countries, when those products contain U.S.-origin components or technology. Other countries, including in Europe, also have strict export control regulations.

What do you need to do?

- Early on in any customer engagement, you should carefully consider the obligations of the Company and the customer with respect to export controls.
- Export regulations are complex. While you should familiarize yourself with export control regulations, understand that these regulations are complex, and enlist the assistance of the Office of Integrity & Compliance at an early stage by writing to OIC@infosys.com.

EXPORT CONTROL REGULATIONS

Even if duplicated and packaged abroad, software created in the United States may be subject to these regulations. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute a controlled export.

Anti- Boycott Laws

In the course of our work, we may receive requests for our Company to boycott certain countries, companies or other entities. We should not cooperate with any boycott that is not initiated by the U.S. or Indian governments. This may be considered as an illegal foreign boycott. Be alert to these situations, as these requests may be contained as part of larger documents such as master service agreements, invoices or statements of work. Please contact the Office of Integrity and Compliance at OIC@infosys.com if you have questions.

Conflict of Interest

What does conflict of interest mean?

When the interests or benefits of one person conflict with the interests or benefits of the Company, a conflict of interest is said to occur. We must avoid situations involving actual or potential conflict of interest so that even the slightest doubt about our integrity is not raised.

Conflicts of interest also occur when we or our family members receive improper personal benefits, or preferential treatment as a result of our position, or the position of a family member, in the Company. Remember that such situations might impact our judgment or responsibilities towards our Company and our shareholders and customers.

When could I be faced with a 'conflict of interest' issue?

Some examples include:

Outside Employment

If you take part in any activity that enhances or supports a competitor's position or accept simultaneous employment with any other company or business entity, it is considered outside employment and a conflict of interest. This includes performing services as an employee, agent or contractor for a customer, supplier or any other entity that has a business relationship with the Company while working at Infosys.

QUESTION

I work in a country where the laws are different from those in the country where I am based. Does the Code cover both locations?

RESPONSE

Infosys respects the letter and the spirit of the laws and customs of every place where we do business. The Code is intended to be broad enough to cover everyone worldwide, but laws vary from place to place. What may be lawful in one place may be unlawful in another. Employees must always perform their jobs in compliance with applicable laws, policies and procedures. If you are concerned about a possible conflict involving our Code, Company policies and procedures, and any local laws or customs contact any of the resources listed at the end of the Code.

Working with Family and Friends

To avoid conflicts of interest and any appearance of favoritism, ensure that you do not work directly for, supervise or make employment decisions about a family member. This includes positions or assignments within the same department and the employment of such individuals in positions that have a financial or other dependence or influence (e.g., an auditing or control relationship, or a supervisor / subordinate relationship).

Please reach out to your manager and unit HR manager if you have any questions about this. The Human Resources Department is responsible for determining whether an acknowledged relationship is covered by the policy.

Related Party Transactions

You should also avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws.

When faced with such issues, ask yourself:

- Would this create or appear to create an unfair incentive for me or my friends and family?
- Am I putting Infosys at risk of violating laws or agreements with our customers?
- Would this look bad if it was brought up in social media?
- Would this distract me from doing my job?

Material transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Audit Committee. As a listed entity, the Company is subject to certain legal obligations to report such material related party transactions to regulators and it is important that all such transactions be fully disclosed, conducted at arm's length and with no preferential treatment.

Relationships at Work

Personal or romantic involvement with a competitor, supplier, or another employee of the Company might affect your ability to exercise good judgment on behalf of the Company. This could lead to conflict of interest. Personal relationships and romantic liaisons between employees who are in a manager-employee reporting structure may lead to team management challenges and reduced morale. Such relationships must be disclosed to the manager immediately, who may take appropriate corrective action.

Outside Directorships

It is a conflict of interest for employees or directors to serve as a director of any company that competes with the Company. With prior approval of the Office of Integrity and Compliance, employees may serve on the boards of two other business entities, provided such entities do not compete with Infosys.

Outside Investments

You should not have a financial interest, including through a relative, in any organization if that interest would give or appear to give you a conflict of interest with the Company. You should be particularly sensitive to financial interests in competitors, suppliers, customers, distributors and strategic partners. Questions in this regard should be directed to OIC@infosys.com.

Loans

Loans and guarantees to employees by the Company could constitute improper personal benefits depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or executive officer or their family members are prohibited by law.

What should I do if I have any questions?

- All such situations must be disclosed by reaching out to the Helpline. Remember, having a conflict of interest situation may not necessarily be

VALUES IN ACTION

WHAT DOES IT MEAN TO ACT WITH INTEGRITY AND TRANSPARENCY?

Acting with integrity and transparency means that we should be ethical, sincere and open in all our transactions. Personal accountability goes a long way in showing our clients and our employees that they can rely on us. That is why, as employees and leaders of Infosys, we keep our commitments and walk the talk. We speak up when we are uncomfortable or uncertain, especially when it comes to actions, conditions and behaviors that contradict our values and culture.

wrong, however your failure to disclose it will be a violation of this Code.

- Additionally, you must also disclose your potential conflict of interest on an annual basis to your unit HR. You should continue to disclose such circumstances each year in your annual Code training if the potential conflict is ongoing.

Since the situations for other conflicts of interest are wide and many, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, you should raise it to the Helpline.

POLITICAL ACTIVITIES

Infosys reserves the right to communicate its position on important issues to the elected representatives and other government officials. Infosys' funds or assets must not be used as contribution for political campaigns or political practices under any circumstances without the prior written approval of the Board. For obtaining such approvals, please reach out to the Helpline. We do not seek reimbursement for political contributions or use Infosys resources for personal political activities. We also do not indicate in any manner that we represent our Company's opinion about a candidate for office or any political cause or decision of any government.

LOBBYING

If our work includes meetings with government, elected officials, all of which might be construed as 'lobbying', we must be aware that such activities are regulated. We should not claim to represent our Company at such meetings unless we are specifically designated by the Company to do so. As in all other spheres of our activity, any meetings of this sort should be carried out with high integrity, in line with our C-LIFE values.

VALUES IN ACTION

WHAT DOES IT MEAN TO CREATE CLIENT VALUE?

Client value is a commitment to bring in ideas and recommendations that are in the client's best interests, thus discharging our professional responsibilities in a manner that leads to long-term partnerships.

This means we should:

Always consider our customers' perspective. The art of creating value starts with the ability to see our business through our client's eyes.

Consistently work to improve customer satisfaction. Soliciting honest feedback through surveys on a regular basis allows us to keep our finger on the pulse of our customers' needs.

Develop a memorable customer experience. Go the extra mile. Businesses with unforgettable customer experiences are more likely to benefit from word-of-mouth referrals and higher retention rates.

C PROTECTING COMPANY ASSETS

Company Confidential Information

For the Company, its confidential information is a valuable asset and every director, employee and agent of the Company must protect it. Confidential information includes all non-public information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company if disclosed. We must take care that all confidential information is used for Company business purposes only.

Upon joining Infosys, all employees sign a Confidentiality and Nondisclosure Agreement which details their confidentiality obligations to the Company. As employees, we have access to significant amounts of company information that may not be available to the public, and we should preserve the confidentiality of information obtained in the Company's service. Information of a confidential, private and sensitive nature must be used responsibly and controlled and protected to prevent its prohibited, arbitrary or careless disclosure.

Unless the Company has provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, we are prohibited from disclosing confidential Company information. Confidential or proprietary information about clients, our organization, or other parties, which has been gained through employment or affiliation with Infosys, may not be used for personal advantage or for the benefit of third parties.

We are also responsible for properly labeling all documentation in accordance with the Information Labelling and Classification Policy. This responsibility includes the safeguarding, securing and proper disposal of confidential information and extends to confidential information of third parties, which is explained elsewhere in this Code.

Improper Opportunities

When we receive information as part of our job, we should not trade with it for our personal benefit. Neither should we pass on the information to our friends and family members or indirectly compete with the Company. Information obtained as part of our job should not be taken advantage of even after we leave the organization.

Company Intellectual Property

The intellectual property (IP) of the Company must be protected as a vital business asset. Our IP portfolio includes copyrights, patents, trademarks, service marks, trade secrets, design rights, logos, brands and know-how. We must use our IP focusing on protecting these assets. It is important to ensure that to the extent permitted by law, the rights to all IP created using the Company's time and expense that which are within the scope of our duties are assigned to and are the property of the Company. We should promptly disclose any works, inventions or developments we create to obtain legal protection over them. Please contact the IP Cell at iphelp@infosys.com if you have any questions.

VALUES IN ACTION

WHAT DOES IT MEAN TO LEAD BY EXAMPLE?

At Infosys, we strive to set standards in all our business dealings and to be an exemplar for the industry and our fellow Infoscions. Each one of us can lead by example in acting with integrity and transparency.

This means we should:

Act with fairness and honesty in all our dealings — be objective and transaction-oriented.

Make sure that those whom we supervise and those to whom we report understand and follow the Code, Company policies and applicable laws.

Know what resources are available to help.

Support employees who, in good faith, ask questions, raise concerns, or cooperate with investigations.

Raise any integrity concerns immediately. Problems caused by violations of the Code, Company policies or applicable laws seldom get better with the passage of time — they frequently get worse.

Providing Information to the Media

To protect our confidential information from misuse and to ensure that only accurate information about the Company is disclosed, we have designated our Corporate Communications team to handle exchanges with the media. Additionally, our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Investor Relations Department are the official Company spokespeople for financial matters. All inquiries or calls from the press and financial analysts should be referred to the Corporate Communications team. We must not post or discuss information concerning the Company's services or business on the Internet unless we are authorized to do so. Neither must we create a perception that we are speaking or posting on behalf of the Company. Remember that your online posts will be available for a long time, so think carefully prior to posting any information that could affect our Company.

For more information, you may read the Corporate Policy Statement on Investor Relations which establishes who in the Company may communicate information.

Speaking to the Media

Any inappropriate or inaccurate response, even a simple 'NO' or disclaimer of information, may result in adverse publicity and could otherwise gravely affect the Company's legal position.

Physical Access Control

Infosys has developed procedures covering physical access control to ensure privacy of communications, maintenance of the security of the Company communication equipment, and safeguard Company assets from theft, misuse and destruction. We are responsible for complying with the security policies in your location. You must not defeat or cause to defeat the purpose for which the access control was implemented. For more details please read the Company's Information Security Policy.

Use of Company Assets

The use of Infosys assets for individual profit or any unlawful, unauthorized personal or unethical purpose is prohibited. Our information technology, intellectual property (e.g., copyrights, patents, and trademarks), facilities, equipment, machines, software, and cash may be used for business purposes only, including responsible and accurate expense reimbursement, and in accordance with applicable policies.

Other assets (e.g., computers, printers, and copiers) may be used for minor and incidental personal purposes provided such use is kept to a minimum, and does not create any significant incremental costs, interfere with work duties, or violate any laws or Infosys policies. The use of any Infosys resources for personal political activities is prohibited.

Computer hardware, software, data, and facilities are valuable resources that need protection from potential destruction, theft, or misuse. These resources may also include confidential client or Infosys information that requires safeguarding. It is your responsibility to prevent unauthorized access through the use of ID badges, passwords, or other security codes, and physical security measures (such as using computer cable locks, not leaving computers unattended in cars, and other normal precautions).

Copyrighted materials (e.g., books, music, software, and magazines) should not be reproduced, distributed, or altered without permission of the copyright owner or an authorized agent. Software used in connection with the business of Infosys should be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement and may be grounds for disciplinary action. For more information, please read the Company's policies on use of Company assets.

Expense Claims

Each supervisor, manager, and individual employee has an obligation to each other and to the Company to comply with Infosys business expenses and reimbursement policies and practices. All business-related expense claims must be authorized by your manager before being incurred. Personal expenses will not be reimbursed by the Company.

QUESTION

I recently started working at Infosys. I previously worked for a competitor and just realized I may be involved in developing technology for Infosys that is very similar to what I developed for my prior employer. Should I inform my manager?

RESPONSE

Yes, immediately inform your supervisor that there may be a conflict with your obligations to a prior employer, but take care not to disclose any confidential information belonging to the prior employer in doing so. You should follow any obligation to your prior employer not to disclose or use their confidential technical information. Infosys expects you to honor your confidentiality obligations to your prior employer. When in doubt about the scope of obligations to a prior employer contact our IP Cell.

D COMMITTED TO OUR CUSTOMERS AND OUR SUPPLIERS

To many people, you are the only "Infosys" that they will ever meet—as such you are a brand ambassador and a representative of the Company. For instance, if our job involves working with current or potential Company customers / suppliers, we must act in a manner that is representative of our C-LIFE values. The goodwill our Company enjoys is one of our most important assets, and we must preserve and enhance our reputation through our actions.

Fair Dealings

We must deal fairly with the Company's customers, suppliers, partners, service providers, competitors and anyone else with whom we interact while at work. We should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

Confidential Information of Clients and Third Parties

The Confidentiality and Nondisclosure Agreement we sign when we join the Company details our confidentiality obligations to the Company and its clients. We have access to significant amounts of client information that may not be available to the public, and we are required to preserve the confidentiality of information obtained in client service. Information of a confidential, private and sensitive nature must be used responsibly and controlled and protected to prevent its prohibited, arbitrary or careless disclosure. Unless the client has provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, we are prohibited from disclosing confidential client information.

Confidential or proprietary information about clients, our organization, or other parties, which has been gained through employment or affiliation with Infosys, may not be used for personal advantage or for the benefit of third parties.

Free and Fair Competition

At Infosys, we believe that a free and fair market benefits all of us and ensures that our clients receive the best quality products and services at the best prices. Most countries we operate in have laws to encourage and protect free and fair market competition by regulating anti-competitive conduct, including unfair acts by market leaders. These laws regulate our relationships with our customers, competitors, distributors and resellers.

What do we need to know? What is regulated? How do we comply?

- Anti-trust laws generally address the following areas: Unfair pricing practices (including price discrimination), secret rebates, exclusive dealerships or distributorships which are questionable, restrictions on carrying competing products and other practices. If you come across any such questionable practices in the course of your work, for instance, while bidding for services, please contact the Helpline.

QUESTION

My department is in the process of choosing a vendor. One of my employees recommended a company owned by his sister. I have heard good things about this company from other sources. Can I consider this company even though one of my employees is related to the owner?

RESPONSE

This company can compete for the work, but the employee who is related to the owner cannot be involved in decisions about choosing the vendor. Nor can the employee be involved in managing the vendor, if chosen. Your employee should also understand that he cannot provide any confidential Infosys information or other advantage to his sister that would help her company be selected. Also, you should consult your manager about any actual or apparent conflicts of interest under the circumstances, particularly where family members are involved.

- You should not knowingly make false or misleading statements regarding our competitors or the products and services of our competitors, customers or suppliers.
- Collusion among competitors is illegal. Our communications with competitors should always avoid subjects such as prices or other terms and conditions of sale, customers and suppliers. You should not enter into an agreement or understanding, written or oral, express or implied, with any competitor on these subjects.

Industrial Espionage

Our commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws. As a lawful competitor and to help ensure the integrity of the competitive marketplace, we must respect our competitors. Take care that we do not appropriate or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

Governmental Relations

While all our clients are treated with respect, we should be especially careful while dealing with government clients. There are significant penalties in many countries, including debarment and monetary penalties for organizations that fail to follow the law while working for government clients. The principles set out in 'Preventing Corruption' must be strictly followed by all who interact with government officials especially with respect to gifts and entertainment. We should not attempt to influence government employees in any manner other than what is agreed in our contractual arrangement with the government. Employment opportunities for former government officials must not be discussed without first seeking guidance and approval of the Office of Integrity and Compliance. Similarly, we should not initiate discussions for any contract with any business in which a government official or employee holds a significant interest, without the prior approval of the Office of Integrity and Compliance. Reach out to the Helpline for approvals.

Selecting Suppliers

The Company's suppliers make significant contributions to our success. We strive to create an environment where our suppliers are confident that they will be treated with respect. We select our significant suppliers or enter into significant supplier agreements though a competitive bid process where possible. For more information, read our Supplier Code of Conduct.


GLOBAL

E RECORDS, DISCLOSURES AND AUDITS

MAINTAINING ACCURATE RECORDS

The integrity of our financial transactions and records is critical to the operation of our business. Our shareholders' trust is based on their confidence in the accurate recording of our financial transactions. Additionally, as a listed company, we are bound by certain standards for accurate financial reporting and we are required to have appropriate internal controls and procedures. If you have responsibility for or any involvement in financial reporting or accounting, you should have an appropriate understanding of, and you should seek in good faith to adhere to, relevant accounting and financial reporting principles, standards, laws, rules and regulations and the company's financial and accounting policies, controls and procedures.

If you are a senior officer, you should seek to ensure that the internal controls and procedures in your business area are in place, understood and followed.

Additionally you should take every precaution, whether you are otherwise required to be familiar with finance or accounting matters or not, to ensure that every business record or report with which you deal is honestly filled in, accurate, complete and reliable. For more information, refer to the Policies on Reimbursement of Official Expenses. Additional policies may be applicable, based on your location.

VALUES IN ACTION

WHAT DOES IT MEAN TO BE FAIR?

Fairness in the workplace is about respecting the rights of all those who work with us.

This means we should:

Treat employees fairly, keeping differing skills, abilities and circumstances in mind.

As a manager, make our expectations and evaluation criteria known.

At every stage, give employees an equal chance to be heard — whether it is allowing them to share great ideas or to air grievances.

Discourage politicking. Establish a reputation for discouraging this practice and encouraging team members to communicate openly with each other to solve issues.

Give credit generously. Employees should be recognized for their ideas and contributions.

ENSURING ACCURATE PUBLIC DISCLOSURES

Infosys is committed to provide full, fair, accurate, timely and clear disclosures in reports and documents that we file with, or submit to our regulators and in our other public communications. To enable this, we must ensure that we comply with our disclosure controls and procedures, and our internal control over financial reporting.

DO NOT

- enter information in the Company's records that hides the true nature of any financial or non-financial transaction or result;
- establish any undisclosed or unrecorded fund, account, asset or liability for any improper purpose;
- enter into any transaction or agreement that could affect the accurate and timely recording of revenues or expenses.

AUDITORS

Our outside auditors have a duty to review our records in a fair and accurate manner. We must cooperate with them in good faith and in accordance with law. We must never mislead them in any manner regarding financial records, processes, controls or procedures or other matters which they may enquire about.

INTERACTING WITH REGULATORS

We must fully and truthfully cooperate with any examination or request for information from a regulator or law enforcement agency. Any contact with law enforcement agencies or regulators must be coordinated through the Legal Department.

RECORDS ON LEGAL HOLD

In certain circumstances, such as litigation or government investigations, you may be informed by the Legal Department that a legal hold is placed on records for which you are responsible. A legal hold prevents the destruction of documents which may be required for such investigations. We must all comply with instructions of the Legal Department if a legal hold is placed.

Unless released in writing by the Legal Department, a legal hold remains effective. If you have any questions about a legal hold, contact the person who has sent you the notice of legal hold.

RECORD RETENTION

All Company records shall be maintained in accordance with our Document Retention and Archival Policy.


ANALYSIS REPORT

F ADMINISTERING OUR CODE

The Office of Integrity and Compliance is responsible for administering the Code and reports to the General Counsel and the Audit Committee of the Company.

INVESTIGATIONS

We have put in place a process to review and investigate all potential legal or Code violations. Investigations will be conducted in confidence and will be respectful and fair. If an allegation is substantiated by an investigation, the appropriate management team will review the findings and determine the final outcome. Should you report a potential violation in good faith, you are assured of all support by the Company. This support is extended to any person who is assisting in any investigation or process with respect to such a violation as well. You can report any potential violation in good faith without ever worrying, for instance if it will affect you professionally. Any such retaliation may be immediately reported to the Helpline. If you are the subject of an external investigation, you should immediately report this to your manager unless it is prohibited by law.

AMENDMENTS / MODIFICATIONS TO OUR CODE

Our Company's Board is responsible for approving and issuing the Code. The Code was first effective on April 10, 2003, with revisions through January 12, 2018. Our Code is reviewed annually to determine whether revisions may be required due to changes in the law or regulations, or changes in our business or the business environment. The Board of Directors must approve any changes to our Code.

ACKNOWLEDGEMENT

Each year, we distribute the Code to our employees. Additionally, annual training on the Code may be required as part of your role. Employees and our Board of Directors are required to acknowledge that they have read and understood the Code. Our Independent directors may be required to acknowledge acceptance of the Code for Independent Directors as well. You must remember that under no circumstances does your failure to read our Code, sign an acknowledgement or certify online exempt you from your obligation to comply with our Code.

WAIVERS

Any waiver of our Code requires the prior written approval of the Office of Integrity and Compliance or, in certain circumstances, the Board of Directors or a committee thereof. Waivers will be promptly disclosed as required by applicable law.

VALUES IN ACTION

WHAT DOES IT MEAN TO BE EXCELLENT?

'Excellence' can be defined as the quality of excelling, possessing good qualities in high degree. It is about developing a winning mindset that says, "I want to be great at what I do. I want my work and my personal life to be successful."

This means we should:

Match behavior with values

Demonstrate our positive personal values in all we do and say. Be sincere and real.

Learn from mistakes

View failures as feedback that provides us with the information we need to learn, grow and succeed.

Speak with purpose

Think before we speak. Make sure your intention is positive and your words are sincere.

Make the most of every moment

Focus our attention on the present moment. Keep a positive attitude.

Take responsibility for actions

Be responsible for our thoughts, feelings, words and actions. 'Own' the choices you make and the results that follow.

Be willing to do things differently

Recognize what's not working and be willing to change what you are doing to achieve your goal.

Be balanced

Balance is about considering everything that's meaningful and important to us when we make choices about how we spend our time and energy. When we find the right balance, we are happy, healthy, satisfied and productive.

DISCIPLINARY ACTIONS

If you violate our Code, the Company will take appropriate disciplinary action.

The matters covered in this Code are of the utmost importance to the Company, its shareholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our directors, officers, employees and third party agents to adhere to these rules in carrying out their duties for the Company.

We take violations of this Code, Company policies and applicable laws seriously. Where appropriate, the Company takes prompt corrective action, up to and including termination of employment. We strive for consistency and fairness in discipline for Code violations. Discipline may include a verbal or written warning; suspension with or without pay; loss or reduction of bonus or stock options; or, for the most serious offenses or repeated misconduct, termination of employment.

Any disciplinary action depends on the nature, severity, and frequency of the violation. It may vary depending upon local law. Please understand that those who violate the laws or regulations mentioned in the Code could expose themselves and the Company to substantial civil damages and criminal penalties.

Corrective action may be taken if you:

- Violate the Code, Company policies and procedures, or applicable laws.
- Direct others to violate the Code, Company policies and procedures, or applicable laws.
- Are aware of a violation or potential violation, and fail to report it.
- Fail to effectively monitor the actions of people you manage.
- Do not cooperate in a Company audit or investigation.
- Fail to participate in required training.
- Retaliate against someone for reporting a concern in good faith or for participating in an investigation of such a report.
- Disclose information learned during an internal investigation.

SPEAK UP

Confidential. Toll-free. 24/7.

Report your concerns to your manager, Human Resources manager, or the Helpline. The helpline numbers are :

- U.S. Toll Free #: 1-800-236-6618
- U.K. Toll Free #: 0-808-189-1043
- India Toll Free #: 000-800-100-4380
- You can also report at http://oic.infosys.com

Use the helpline to report:

- Inaccuracy of financial records
- Accounting and auditing irregularities
- Bribery, corruption or illegal payments
- Criminal conduct and violations of law
- Discrimination and harassment
- Conflicts of interest

You can also write to whistleblower@infosys.com,
or to the Chief Compliance Officer at complianceoffice@infosys.com.
If you have concerns about reaching out to the Chief Compliance Officer, you may write to Audit.Committee@infosys.com as well.

For more details, read the Company's Whistleblower Policy available on the Infosys intranet and on the Infosys website at:
http://www.infosys.com/investors/corporate-governance/Documents/whistleblower-policy.pdf.

If you have concerns relating to your fellow employees' behavior, you can also reach out to HEAR@infosys.com.

Grievances relating to sexual harassment may be raised by writing to GRB@infosys.com.

RETALIATION IS AGAINST OUR VALUES

All such reports may be made without fear of reprisal and with the assurance that the Company is behind you. Threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT AND ETHICS

I have received and read the Company's Code of Conduct and Ethics. I understand the standards and policies contained in the Company Code of Conduct and Ethics and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to follow the values of the Company in all that I do and comply with the Company Code of Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Office of Integrity & Compliance, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

______________________________ ______________________________

Employee Name Signature

______________________________ ______________________________

Employee No Date

Please sign and return this form to the Human Resources Department.

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