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BSE LIMITED
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
NEW YORK STOCK EXCHANGE

October 14, 2020

Dear Sir, Madam,

<u>Sub: Outcome of Board meeting</u>

This has reference to our letter dated September 15, 2020, regarding the captioned subject. The Board, at their meeting held on October 13-14, 2020 transacted the following items of business:

<u>Financial Results</u>

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 half year ended September 30, 2020;

2. Took on record the audited standalone financial results of the Company as per INDAS for the quarter and half year ended September 30, 2020;

3. Took on record the audited financial statements of the Company and its subsidiaries as per INDAS and IFRS for the quarter and half year ended September 30, 2020.

<u>Interim Dividend</u>

4. Declared an interim dividend of ₹12/- per equity share;

5. Fixed October 26, 2020 as record date for interim dividend and November 11, 2020 as payment date.

<u>Other matters</u>

6. On recommendation of the Nomination and Remuneration Committee, approved the grant of 33,900 RSUs to certain eligible employees under the 2015 Plan. The grant date for these RSUs is November 1, 2020. The RSUs would vest over a period of three to four years and the exercise price of RSUs will be equal to the par value of the share.

Yours sincerely,
For **Infosys Limited**

A.G.S. Manikantha
Company Secretary

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Fact Sheet

Consolidated Financial Data - Second Quarter, Fiscal 2021

25.4% YoY	2.2% YoY	25.4%	$3.15bn	₹12
Digital CC growth	CC growth	Operating margin	Large deal signings	Interim DPS, up by 50% YoY

Revenue Growth- Q2 21

	Reported	CC
QoQ growth (%)	6.1	4.0
YoY growth (%)	3.2	2.2

Revenues by Offering

	Quarter ended ($ mn)			YoY Growth (%)	
	Sep 30, 2020	June 30, 2020	Sep 30, 2019	Reported	CC
Digital	1,568	1,389	1,230	27.4	25.4
Core	1,744	1,732	1,980	(11.9)	(12.1)
Total	**3,312**	**3,121**	**3,210**	**3.2**	**2.2**
Digital Revenues as % of Total Revenues	*47.3*	*44.5*	*38.3*		

Revenues by Business Segments

(in %)

	Quarter ended			YoY Growth	
	Sep 30, 2020	June 30, 2020	Sep 30, 2019	Reported	CC
Financial services	32.0	31.5	31.9	3.7	2.9
Retail	14.9	14.3	15.2	0.7	(0.3)
Communication	12.6	13.4	13.1	(0.8)	(1.8)
Energy, Utilities, Resources & Services	12.3	12.8	13.1	(2.8)	(3.7)
Manufacturing	9.1	9.5	10.1	(7.0)	(8.2)
Hi-Tech	9.1	8.7	7.6	24.4	24.4
Life Sciences	6.8	6.7	6.4	9.3	7.4
Others	3.2	3.1	2.6	24.9	24.8
Total	**100.0**	**100.0**	**100.0**	**3.2**	**2.2**

Revenues by Client Geography

(in %)

	Quarter ended			YoY Growth	
	Sep 30, 2020	June 30, 2020	Sep 30, 2019	Reported	CC
North America	60.7	61.5	61.4	2.1	1.9
Europe	24.3	24.0	24.1	4.0	0.6
Rest of the world	12.0	11.6	11.8	4.5	3.7
India	3.0	2.9	2.7	15.8	20.4
Total	**100.0**	**100.0**	**100.0**	**3.2**	**2.2**

Client Data

	Quarter ended		
	Sep 30, 2020	June 30, 2020	Sep 30, 2019
Number of Clients			
Active	1,487	1,458	1,364
Added during the period (gross)	96	110	96
Number of million dollar clients*			
1 Million dollar +	745	729	693
10 Million dollar +	242	236	228
50 Million dollar +	60	60	61
100 Million dollar +	30	25	27
Client contribution to revenues			
Top 5 clients	11.3%	11.8%	11.5%
Top 10 clients	18.7%	19.3%	19.2%
Top 25 clients	34.2%	34.6%	34.6%
Repeat business	98.0%	99.0%	98.1%
Days Sales Outstanding	69	71	66

*LTM (Last twelve months) Revenues

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended		
	Sep 30, 2020	June 30, 2020	Sep 30, 2019
Effort			
Onsite	26.1	28.0	28.2
Offshore	73.9	72.0	71.8
Utilization			
Including trainees	80.6	78.2	81.6
Excluding trainees	83.6	81.2	84.9

Employee Metrics

(Nos.)

	Quarter ended		
	Sep 30, 2020	June 30, 2020	Sep 30, 2019
Total employees	2,40,208	2,39,233	2,36,486
S/W professionals	2,26,067	2,25,167	2,22,851
Sales & Support	14,141	14,066	13,635
Voluntary Attrition % (Annualized - IT Services)	7.8%	11.7%	18.3%
% of Women Employees	37.9%	37.8%	37.4%
Revenue per Employee - Consolidated (In US $ K)	53.5	53.5	54.4

Cash Flow

In US $ million

	Quarter ended		
	Sep 30, 2020	June 30, 2020	Sep 30, 2019
Free cash flow (1)	674	728	397
Consolidated cash and investments (2)(3)	4,555	3,797	3,348

In ₹ *crore*

	Quarter ended		
	Sep 30, 2020	June 30, 2020	Sep 30, 2019
Free cash flow (1)	4,989	5,524	2,802
Consolidated cash and investments (2)(3)	33,601	28,674	23,733

(1) 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 (Non-IFRS measure)

(2) Consolidated cash and investments comprise of cash and cash equivalents, other receivables towards redemption of mutual funds, current and non-current investments excluding investments in unquoted equity and preference shares and others (Non-IFRS measure)

(3) Cash balances as of June 30, 2020 excludes earmarked bank balance for dividend - $536 Million (₹4,046 crore). Dividend was paid on July 3, 2020

Consolidated statement of Comprehensive Income for three months ended,

(Extracted from IFRS Financial Statement)

In US $ million, except per equity share data

Particulars	Sep 30, 2020	Sep 30, 2019	Growth % Q2 21 over Q2 20	June 30, 2020	Growth % Q2 21 over Q1 21
Revenues	**3,312**	**3,210**	**3.2**	**3,121**	**6.1**
Cost of sales	2,125	2,140	(0.7)	2,071	2.6
Gross Profit	**1,187**	**1,070**	**10.9**	**1,050**	**13.0**
Operating Expenses:					
Selling and marketing expenses	153	165	(7.3)	151	1.3
Administrative expenses	194	209	(7.2)	191	1.6
Total Operating Expenses	**347**	**374**	**(7.2)**	**342**	**1.5**
Operating Profit	**840**	**696**	**20.7**	**708**	**18.7**
Operating Margin %	***25.4***	***21.7***	***3.7***	***22.7***	***2.7***
Other Income, net[1]	70	83	(15.7)	57	22.8
Profit before income taxes	**910**	**779**	**16.8**	**765**	**19.0**
Income tax expense	255	207	23.2	201	26.9
Net Profit (before minority interest)	**655**	**572**	**14.5**	**564**	**16.2**
Net Profit (after minority interest)	**653**	**569**	**14.7**	**558**	**17.0**
Basic EPS ($)	**0.15**	**0.13**	**14.9**	**0.13**	**17.0**
Diluted EPS ($)	**0.15**	**0.13**	**14.9**	**0.13**	**16.9**
Dividend Per Share ($)[2]	**0.16**	**0.11**	**47.9**	**-**	**-**

Consolidated statement of Comprehensive Income for six months ended,

(Extracted from IFRS Financial Statement)

In US $ million, except per equity share data

Particulars	Sep 30, 2020	Sep 30, 2019	Growth %
Revenues	**6,433**	**6,340**	**1.5**
Cost of sales	4,196	4,261	(1.5)
Gross Profit	**2,237**	**2,079**	**7.6**
Operating Expenses:			
Selling and marketing expenses	305	333	(8.4)
Administrative expenses	385	408	(5.6)
Total Operating Expenses	**690**	**741**	**(6.9)**
Operating Profit	**1,547**	**1,338**	**15.6**
Operating Margin %	***24.1***	***21.1***	***3.0***
Other Income, net[1]	128	183	(30.1)
Profit before income taxes	**1,675**	**1,521**	**10.1**
Income tax expense	456	403	13.2
Net Profit (before minority interest)	**1,219**	**1,118**	**9.0**
Net Profit (after minority interest)	**1,212**	**1,115**	**8.6**
Basic EPS ($)	**0.29**	**0.26**	**9.5**
Diluted EPS ($)	**0.29**	**0.26**	**9.5**
Dividend Per Share ($)[2]	**0.16**	**0.11**	**47.9**

[1] Other income includes Finance Cost
[2] USD/INR exchange rate as of September 30, 2020

Consolidated statement of Comprehensive Income for three months ended,

(Extracted from IFRS Financial Statement)

In ₹crore, except per equity share data

Particulars	Sep 30, 2020	Sep 30, 2019	Growth % Q2 21 over Q2 20	June 30, 2020	Growth % Q2 21 over Q1 21
Revenues	**24,570**	**22,629**	**8.6**	**23,665**	**3.8**
Cost of sales	15,771	15,079	4.6	15,703	0.4
Gross Profit	**8,799**	**7,550**	**16.5**	**7,962**	**10.5**
Operating Expenses:					
Selling and marketing expenses	1,136	1,162	(2.2)	1,146	(0.9)
Administrative expenses	1,435	1,476	(2.8)	1,451	(1.1)
Total Operating Expenses	**2,571**	**2,638**	**(2.5)**	**2,597**	**(1.0)**
Operating Profit	**6,228**	**4,912**	**26.8**	**5,365**	**16.1**
Operating Margin %	***25.3***	***21.7***	***3.6***	***22.7***	***2.7***
Other Income, net(1)	522	584	(10.6)	427	22.2
Profit before income taxes	**6,750**	**5,496**	**22.8**	**5,792**	**16.5**
Income tax expense	1,892	1,459	29.7	1,520	24.5
Net Profit (before minority interest)	4,858	**4,037**	**20.3**	**4,272**	**13.7**
Net Profit (after minority interest)	**4,845**	**4,019**	**20.5**	**4,233**	**14.4**
Basic EPS (₹)	**11.42**	**9.46**	**20.8**	**9.98**	**14.4**
Diluted EPS (₹)	**11.40**	**9.44**	**20.7**	**9.97**	**14.4**
Dividend Per Share (₹)	**12.00**	**8.00**	**50.0**	**-**	**-**

Consolidated statement of Comprehensive Income for six months ended,

(Extracted from IFRS Financial Statement)

In ₹crore, except per equity share data

Particulars	Sep 30, 2020	Sep 30, 2019	Growth %
Revenues	**48,234**	**44,432**	**8.6**
Cost of sales	31,473	29,858	5.4
Gross Profit	**16,761**	**14,574**	**15.0**
Operating Expenses:			
Selling and marketing expenses	2,283	2,336	(2.3)
Administrative expenses	2,885	2,855	1.1
Total Operating Expenses	**5,168**	**5,191**	**(0.4)**
Operating Profit	**11,593**	**9,383**	**23.6**
Operating Margin %	***24.0***	***21.1***	***2.9***
Other Income, net(1)	950	1,280	(25.8)
Profit before income taxes	**12,543**	**10,663**	**17.6**
Income tax expense	3,412	2,824	20.8
Net Profit (before minority interest)	**9,131**	**7,839**	**16.5**
Net Profit (after minority interest)	**9,078**	**7,817**	**16.1**
Basic EPS (₹)	**21.40**	**18.28**	**17.1**
Diluted EPS (₹)	**21.37**	**18.25**	**17.1**
Dividend Per Share (₹)	**12.00**	**8.00**	**50.0**

(1) Other income includes Finance Cost

Deloitte Haskins & Sells LLP

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

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

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 half year ended September 30, 2020, (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

(i) includes the results of the entities as given in the Annexure to this report;

(ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and

(iii) gives a true and fair view in conformity with the recognition and measurement principles laid down in the 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 of the consolidated net profit and consolidated total comprehensive income and other financial information of the Group for the quarter and half year ended September 30, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for audit of the consolidated financial results section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Consolidated Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been compiled from the audited interim condensed consolidated financial statements for the quarter and half year ended September 30, 2020. The Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the consolidated net profit and consolidated other comprehensive income and other financial information of the Group in accordance with the recognition and measurement principles laid down in the Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.

The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the 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 the 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 respective financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial results by the Directors of the Company, as aforesaid.

In preparing the consolidated financial results, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for Audit of the Consolidated Financial Results

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.

- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the Financial Information of the entities within the Group to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial results.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial results of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

Deloitte
Haskins & Sells LLP

Annexure to Auditors' Report

List of Entities:

1. Infosys Technologies (China) Co. Limited
2. Infosys Technologies S. de R. L. de C. V.
3. Infosys Technologies (Sweden) AB.
4. Infosys Technologies (Shanghai) Company Limited
5. Infosys Tecnologia DO Brasil LTDA. (effective October 01, 2019, merged into Infosys Consulting Ltda.)
6. Infosys Nova Holdings LLC.
7. EdgeVerve Systems Limited
8. Infosys Austria GmbH
9. Skava Systems Pvt. Ltd.
10. Kallidus Inc.
11. Infosys Chile SpA
12. Infosys Arabia Limited
13. Infosys Consulting Ltda.
14. Infosys CIS LLC
15. Infosys Luxembourg SARL
16. Infosys Americas Inc.
17. Infosys Public Services, Inc.
18. Infosys Canada Public Services Inc.
19. Infosys BPM Limited
20. Infosys (Czech Republic) Limited s.r.o.
21. Infosys Poland Sp Z.o.o
22. Infosys McCamish Systems LLC
23. Portland Group Pty Ltd
24. Infosys BPO Americas LLC.
25. Infosys Consulting Holding AG
26. Infosys Management Consulting Pty Limited
27. Infosys Consulting AG
28. Infosys Consulting GmbH
29. Infosys Consulting S.R.L, Romania
30. Infosys Consulting SAS
31. Infosys Consulting s.r.o.
32. Infosys Consulting (Shanghai) Co., Ltd.(formerly Lodestone Management Consultants Co., Ltd)
33. Infy Consulting Company Limited
34. Infy Consulting B.V.
35. Infosys Consulting Sp. Z.o.o
36. Lodestone Management Consultants Portugal, Unipessoal, Lda.
37. Infosys Consulting S.R.L, Argentina
38. Infosys Consulting (Belgium) NV
39. Panaya Inc.
40. Panaya Limited.
41. Panaya GmbH
42. Panaya Japan Co. Ltd (liquidated effective October 31, 2019)
43. Brilliant Basics Holdings Limited

Annexure to Auditors' Report

List of Entities:

44. Brilliant Basics Limited
45. Brilliant Basics (MENA) DMCC (liquidated effective July 17, 2020)
46. Infosys Consulting Pte Ltd.
47. Infosys Middle East FZ LLC
48. Fluido Oy
49. Fluido Sweden AB (Extero)
50. Fluido Norway A/S
51. Fluido Denmark A/S
52. Fluido Slovakia s.r.o
53. Fluido Newco AB
54. Infosys Compaz PTE. Ltd
55. Infosys South Africa (Pty) Ltd
56. WongDoody Holding Company Inc.
57. WDW Communications, Inc.
58. WongDoody, Inc
59. HIPUS (Acquired on April 01, 2019)
60. Stater N.V. (Acquired on May 23, 2019)
61. Stater Nederland B.V. (acquired on May 23, 2019)
62. Stater Duitsland B.V. (acquired on May 23, 2019)
63. Stater XXL B.V. (acquired on May 23, 2019)
64. HypoCasso B.V. (acquired on May 23, 2019)
65. Stater Participations B.V. (acquired on May 23, 2019)
66. Stater Deutschland Verwaltungs-GmbH (acquired on May 23, 2019)
67. Stater Deutschland GmbH & Co. KG (acquired on May 23, 2019)
68. Stater Belgium N.V./S.A. (Acquired on May 23, 2019)
69. Outbox systems Inc. dba Simplus (US) (acquired on March 13, 2020)
70. Simplus North America Inc. (acquired on March 13, 2020)
71. Simplus ANZ Pty Ltd. (acquired on March 13, 2020)
72. Simplus Australia Pty Ltd (acquired on March 13, 2020)
73. Sqware Peg Digital Pty Ltd (acquired on March 13, 2020)
74. Simplus Philippines, Inc. (acquired on March 13, 2020)
75. Simplus Europe, Ltd. (acquired on March 13, 2020)
76. Simplus U.K., Ltd. (acquired on March 13, 2020)
77. Simplus Ireland, Ltd. (acquired on March 13, 2020)
78. Infosys Limited Bulgaria EOOD (incorporated effective September 11, 2020)
79. Infosys Employees Welfare Trust
80. Infosys Employee Benefits Trust
81. Infosys Science Foundation
82. Infosys Expanded Stock Ownership Trust

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Opinion

We have audited the accompanying Statement of Standalone Financial Results of **INFOSYS LIMITED** (the "Company"), for the quarter and half year ended September 30, 2020, (the "Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

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

a. is presented in accordance with the requirements of Regulation 33 of the Listing Regulation; and

b. gives a true and fair view in conformity with the recognition and measurement principles laid down in the 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 of the net profit and total comprehensive income and other financial information of the Company for the quarter and half year ended September 30, 2020.

Basis for Opinion

We conducted our audit of the Statement in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Standalone Financial Results

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related audited interim condensed standalone financial statements for the quarter and half year ended September 30, 2020. The Company's Board of Directors is responsible for the preparation and presentation of the standalone financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the 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 standalone financial results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors is responsible for assessing the Company's ability, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.

- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the standalone financial results of the Company to express an opinion on the standalone financial results.

Materiality is the magnitude of misstatements in the standalone financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

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Q2 FY 21
Financial
Results

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Regd. Office: Electronics City, Hosur Road, Bengaluru 560 100, India.
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Statement of Consolidated Audited Results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2020 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	24,570	23,665	22,629	48,234	44,432	90,791
Other income, net	570	475	626	1,046	1,362	2,803
Total Income	**25,140**	**24,140**	**23,255**	**49,280**	**45,794**	**93,594**
Expenses						
Employee benefit expenses	13,400	13,604	12,675	27,004	24,977	50,887
Cost of technical sub-contractors	1,634	1,626	1,651	3,260	3,291	6,714
Travel expenses	151	116	599	267	1,427	2,710
Cost of software packages and others	1,108	893	680	2,001	1,296	2,703
Communication expenses	162	163	129	324	256	528
Consultancy and professional charges	286	262	341	548	631	1,326
Depreciation and amortisation expenses	855	756	727	1,611	1,408	2,893
Finance cost	48	48	42	96	82	170
Other expenses	746	880	915	1,626	1,763	3,656
Total expenses	**18,390**	**18,348**	**17,759**	**36,737**	**35,131**	**71,587**
Profit before tax	**6,750**	**5,792**	**5,496**	**12,543**	**10,663**	**22,007**
Tax expense:						
Current tax	1,763	1,321	1,488	3,084	2,947	5,775
Deferred tax	129	199	(29)	328	(123)	(407)
Profit for the period	**4,858**	**4,272**	**4,037**	**9,131**	**7,839**	**16,639**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability/asset, net	7	147	(22)	154	(39)	(180)
Equity instruments through other comprehensive income, net	(5)	(1)	2	(6)	5	(33)
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	27	(6)	17	21	(7)	(36)
Exchange differences on translation of foreign operations	21	164	(35)	185	(10)	378
Fair value changes on investments, net	(45)	54	2	9	18	22
Total other comprehensive income/(loss), net of tax	**5**	**358**	**(36)**	**363**	**(33)**	**151**
Total comprehensive income for the period	**4,863**	**4,630**	**4,001**	**9,494**	**7,806**	**16,790**
Profit attributable to:						
Owners of the company	4,845	4,233	4,019	9,078	7,817	16,594
Non-controlling interest	13	39	18	53	22	45
	4,858	**4,272**	**4,037**	**9,131**	**7,839**	**16,639**
Total comprehensive income attributable to:						
Owners of the company	4,847	4,586	3,984	9,434	7,782	16,732
Non-controlling interest	16	44	17	60	24	58
	4,863	**4,630**	**4,001**	**9,494**	**7,806**	**16,790**
Paid up share capital (par value ₹5/- each, fully paid)	2,123	2,122	2,121	2,123	2,121	2,122
Other equity *#	63,328	63,328	62,778	63,328	62,778	63,328
Earnings per equity share (par value ₹5/- each)**						
Basic (₹)	11.42	9.98	9.46	21.40	18.28	38.97
Diluted (₹)	11.40	9.97	9.44	21.37	18.25	38.91

** Balances for the quarter and half year ended September 30, 2020 and quarter ended June 30, 2020 represents balances as per the audited Balance Sheet for the year ended March 31, 2020 and balances for the quarter and half year ended September 30, 2019 represents balances as per the audited Balance Sheet for the year ended March 31, 2019 as required by SEBI (Listing and Other Disclosure Requirements) Regulations, 2015*

*** EPS is not annualized for the quarter and half year ended September 30, 2020, quarter ended June 30, 2020 and quarter and half year ended September 30, 2019.*

 # Excludes non-controlling interest

1. Notes pertaining to the current quarter

a) The audited interim condensed consolidated financial statements for the quarter and half-year ended September 30, 2020 have been taken on record by the Board of Directors at its meeting held on October 14, 2020. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion.** The information presented above is extracted from the audited interim condensed consolidated financial statements. These interim condensed 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 relevant amendment rules thereafter.

b) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Group has considered the possible effects that may result from COVID-19 in the preparation of these interim condensed consolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Group has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these interim condensed consolidated financial statements.

c) Acquisitions
Kaleidoscope Animations, Inc. :

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based Product Design and Development firm, for a total consideration of up to $ 42 million (approximately ₹310 crore), comprising of cash consideration, contingent consideration and retention payouts, payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. The payment of contingent consideration to sellers of Kaleidoscope Animations, Inc is dependent upon the achievement of certain financial targets by Kaleidoscope Animations, Inc.

GuideVision s.r.o :

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o , a ServiceNow Elite Partners in Europe for a total consideration of up to Euro 30 million (approximately ₹259 crore), comprising of cash consideration, contingent consideration and retention payouts payable to the employees of GuideVision s.r.o over the next three years, subject to their continuous employment with the group. The payment of contingent consideration to sellers of GuideVision s.r.o is dependent upon the achievement of certain financial targets by GuideVision s.r.o.

d) Proposed Acquisition:

On October 8, 2020 Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) entered into a definitive agreement to acquire Blue Acorn iCi, a US based Adobe platinum partner and a digital customer experience company, for a total consideration of up to $125 million (approximately ₹922 crore) including bonuses, subject to fulfillment of customary closing conditions.

e) Business transfer - Kallidus Inc. and Skava Systems Private Limited:

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on August 15, 2020 , the company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively.

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.

f) Employee stock grants

On recommendation of the Nomination and Remuneration Committee, the Board on October 14, 2020 approved the grant of 33,900 RSUs to certain eligible employees under the 2015 Plan. The grant date for these RSUs is November 1, 2020. The RSUs would vest over a period of three to four years and the exercise price of RSUs will be equal to the par value of the share.

g) On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020.

h) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

2. Information on dividends for the quarter and half year ended September 30, 2020

The Board of Directors declared an interim dividend of ₹12/- per equity share. The record date for the payment is October 26, 2020.The interim dividend will be paid on November 11, 2020. The interim dividend declared in the previous year was ₹8/- per equity share.

(in ₹)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
Dividend per share (par value ₹5/- each)						
Interim dividend	12.00	-	8.00	12.00	8.00	8.00
Final dividend	-	-	-	-	-	9.50

3. Audited Consolidated Balance Sheet

(in ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	12,332	12,435
Right of use assets	4,195	4,168
Capital work-in-progress	1,216	954
Goodwill	5,360	5,286
Other Intangible assets	1,752	1,900
Financial assets		
Investments	7,754	4,137
Loans	23	21
Other financial assets	642	737
Deferred tax assets (net)	1,305	1,744
Income tax assets (net)	5,402	5,384
Other non-current assets	1,272	1,426
Total non-current assets	**41,253**	**38,192**
Current assets		
Financial assets		
Investments	3,600	4,655
Trade receivables	17,930	18,487
Cash and cash equivalents	22,411	18,649
Loans	130	239
Other financial assets	6,359	5,457
Income tax assets (net)	-	7
Other current assets	6,895	7,082
Total current assets	**57,325**	**54,576**
Total Assets	**98,578**	**92,768**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,123	2,122
Other equity	68,877	63,328
Total equity attributable to equity holders of the Company	**71,000**	**65,450**
Non-controlling interests	434	394
Total equity	**71,434**	**65,844**
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	4,068	4,014
Other financial liabilities	805	807
Deferred tax liabilities (net)	863	968
Other non-current liabilities	722	279
Total non-current liabilities	**6,458**	**6,068**
Current liabilities		
Financial liabilities		
Trade payables	2,375	2,852
Lease liabilities	647	619
Other financial liabilities	10,060	10,481
Other Current Liabilities	5,325	4,842
Provisions	686	572
Income tax liabilities (net)	1,593	1,490
Total current liabilities	**20,686**	**20,856**
Total equity and liabilities	**98,578**	**92,768**

The disclosure is an extract of the audited Consolidated Balance Sheet as at September 30, 2020 and March 31, 2020 prepared in compliance with the Indian Accounting Standards (Ind-AS).

4. Audited Consolidated Statement of Cash Flows

(in ₹ crore)

Particulars	Half-year ended September 30, 2020	Half-year ended September 30, 2019
Cash flow from operating activities		
Profit for the period	9,131	7,839
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	3,412	2,824
Depreciation and amortization	1,611	1,408
Interest and dividend income	(804)	(861)
Finance cost	96	82
Impairment loss recognized / (reversed) under expected credit loss model	159	82
Exchange differences on translation of assets and liabilities	(7)	54
Stock compensation expense	174	119
Other adjustments	(60)	(102)
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(67)	(1,578)
Loans, other financial assets and other assets	415	410
Trade payables	(477)	(1,071)
Other financial liabilities, other liabilities and provisions	773	930
Cash generated from operations	**14,356**	**10,136**
Income taxes paid	(2,987)	(2,705)
Net cash generated by operating activities	**11,369**	**7,431**
Cash flows from investing activities		
Expenditure on property, plant and equipment and intangibles	(1,306)	(1,891)
Loans to employees	-	5
Deposits placed with corporation	(133)	(7)
Interest and dividend received	708	841
Payment towards acquisition of business, net of cash acquired	-	(511)
Payment of contingent consideration pertaining to acquisition of business	(150)	-
Redemption of escrow pertaining to Buyback	-	257
Other receipts	25	23
Payments to acquire Investments		
Preference, equity securities and others	-	(41)
Tax free bonds and government bonds	-	(19)
Liquid mutual funds and fixed maturity plan securities	(11,960)	(18,295)
Non convertible debentures	(829)	(52)
Government securities	(4,664)	(1,561)
Others	(1)	(16)
Proceeds on sale of financial assets		
Tax free bonds and government bonds	-	18
Non-convertible debentures	720	1,383
Government securities	1,529	1,170
Commercial paper	-	500
Certificates of deposit	900	1,995
Liquid mutual funds and fixed maturity plan securities	11,850	18,946
Preference and equity securities	-	3
Others	22	10
Net cash (used in) / from investing activities	**(3,289)**	**2,758**
Cash flows from financing activities:		
Payment of lease liabilities	(351)	(294)
Payment of dividends (including dividend distribution tax)	(4,031)	(5,422)
Payment of dividend to non-controlling interest of subsidiary	(20)	(33)
Shares issued on exercise of employee stock options	6	1
Buyback of equity shares including transaction cost	-	(7,478)
Net cash used in financing activities	**(4,396)**	**(13,226)**
Net increase / (decrease) in cash and cash equivalents	3,684	(3,037)
Cash and cash equivalents at the beginning of the period	18,649	19,568
Effect of exchange rate changes on cash and cash equivalents	78	(58)
Cash and cash equivalents at the end of the period	**22,411**	**16,473**
Supplementary information:		
Restricted cash balance	404	375

The disclosure is an extract of the audited Consolidated Statement of Cash flows for the half year ended September 30, 2020 and September 30, 2019 prepared in compliance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting.

5. Segment reporting (Consolidated - Audited)

(in ₹ crore)

Particulars	Quarter ended September 30, 2020	Quarter ended June 30, 2020	Quarter ended September 30, 2019	Half-year ended September 30, 2020	Half-year ended September 30, 2019	Year ended March 31, 2020
Revenue by business segment						
Financial Services [(1)]	7,871	7,457	7,213	15,328	14,069	28,625
Retail [(2)]	3,651	3,391	3,448	7,043	6,883	14,035
Communication [(3)]	3,093	3,165	2,961	6,257	5,964	11,984
Energy, Utilities, Resources and Services	3,027	3,027	2,962	6,054	5,796	11,736
Manufacturing	2,241	2,256	2,291	4,497	4,390	9,131
Hi-Tech	2,244	2,063	1,713	4,307	3,392	6,972
Life Sciences [(4)]	1,672	1,575	1,454	3,246	2,795	5,837
All other segments [(5)]	771	731	587	1,502	1,143	2,471
Total	**24,570**	**23,665**	**22,629**	**48,234**	**44,432**	**90,791**
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	**24,570**	**23,665**	**22,629**	**48,234**	**44,432**	**90,791**
Segment profit before tax, depreciation and non-controlling interests:						
Financial Services [(1)]	2,360	2,001	1,866	4,361	3,579	7,306
Retail [(2)]	1,300	1,048	1,038	2,349	2,070	4,212
Communication [(3)]	663	621	623	1,284	1,245	2,424
Energy, Utilities , Resources and Services	825	851	818	1,676	1,542	3,216
Manufacturing	655	506	509	1,160	922	2,059
Hi-Tech	669	598	392	1,268	762	1,604
Life Sciences [(4)]	565	476	392	1,039	670	1,431
All other segments [(5)]	46	20	7	67	12	64
Total	**7,083**	**6,121**	**5,645**	**13,204**	**10,802**	**22,316**
Less: Other Unallocable expenditure	855	756	733	1,611	1,419	2,942
Add: Unallocable other income	570	475	626	1,046	1,362	2,803
Less: Finance cost	48	48	42	96	82	170
Profit before tax and non-controlling interests	**6,750**	**5,792**	**5,496**	**12,543**	**10,663**	**22,007**

[(1)] *Financial Services include enterprises in Financial Services and Insurance*
[(2)] *Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics*
[(3)] *Communication includes enterprises in Communication, Telecom OEM and Media*
[(4)] *Life Sciences includes enterprises in Life sciences and Health care*
[(5)] *All other segments include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services*

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 Group'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 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 not practicable to provide segment disclosures relating to total assets and liabilities since a meaningful segregation of the available data is onerous.

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

(in ₹ crore)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
Revenue from operations	21,046	20,325	19,666	41,372	38,797	79,047
Profit before tax	6,163	5,378	5,123	11,542	9,943	20,477
Profit for the period	4,497	4,008	3,829	8,505	7,398	15,543

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 standalone condensed financial statements as stated.

By order of the Board
for Infosys Limited

PRAVIN RAO UB Digitally signed by PRAVIN RAO UB
Date: 2020.10.14 15:58:57 +05'30'

Bengaluru, India

October 14, 2020

U.B. Pravin Rao

Chief Operating Officer and Whole-time Director

The Board has also taken on record the condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2020, 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 September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
	Audited	Audited	Audited	Audited	Audited	Audited
Revenues	3,312	3,121	3,210	6,433	6,340	12,780
Cost of sales	2,125	2,071	2,140	4,196	4,261	8,552
Gross profit	**1,187**	**1,050**	**1,070**	**2,237**	**2,079**	**4,228**
Operating expenses	347	342	374	690	741	1,504
Operating profit	**840**	**708**	**696**	**1,547**	**1,338**	**2,724**
Other income, net	76	63	89	140	195	395
Finance cost	6	6	6	12	12	24
Profit before income taxes	**910**	**765**	**779**	**1,675**	**1,521**	**3,095**
Income tax expense	255	201	207	456	403	757
Net profit	**655**	**564**	**572**	**1,219**	**1,118**	**2,338**
Earnings per equity share *						
Basic	0.15	0.13	0.13	0.29	0.26	0.55
Diluted	0.15	0.13	0.13	0.29	0.26	0.55
Total assets	13,363	13,037	12,021	13,363	12,021	12,260
Cash and cash equivalents and current investments	3,526	2,886	2,820	3,526	2,820	3,080

** EPS is not annualized for the quarter and half year ended September 30, 2020, quarter ended June 30, 2020 and quarter and half year ended September 30, 2019.*

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders 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 COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, 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, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. 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, 2020. 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. 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® Navigate your next

Q2 FY 21 Financial Results

Infosys Limited

CIN: L85110KA1981PLC013115

Regd. Office: Electronics City, Hosur Road, Bengaluru – 560 100, India.

Website: www.infosys.com; Email: investors@infosys.com; Telephone: 91 80 2852 0261; Fax: 91 80 2852 0362

Statement of Audited results of Infosys Limited for the quarter and half-year ended September 30, 2020 prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	21,046	20,325	19,666	41,372	38,797	79,047
Other income, net	582	478	604	1,060	1,316	2,700
Total income	**21,628**	**20,803**	**20,270**	**42,432**	**40,113**	**81,747**
Expenses						
Employee benefit expenses	11,053	11,222	10,604	22,275	20,985	42,434
Cost of technical sub-contractors	2,125	2,095	2,046	4,220	4,090	8,447
Travel expenses	136	92	482	228	1,182	2,241
Cost of software packages and others	548	481	410	1,029	773	1,656
Communication expenses	121	114	94	235	187	381
Consultancy and professional charges	225	193	253	418	486	1,066
Depreciation and amortisation expense	608	546	542	1,154	1,052	2,144
Finance cost	31	31	28	62	55	114
Other expenses	618	651	688	1,269	1,360	2,787
Total expenses	**15,465**	**15,425**	**15,147**	**30,890**	**30,170**	**61,270**
Profit before tax	**6,163**	**5,378**	**5,123**	**11,542**	**9,943**	**20,477**
Tax expense:						
Current tax	1,526	1,225	1,316	2,752	2,632	5,235
Deferred tax	140	145	(22)	285	(87)	(301)
Profit for the period	**4,497**	**4,008**	**3,829**	**8,505**	**7,398**	**15,543**
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of the net defined benefit liability / asset, net	6	156	(18)	162	(35)	(184)
Equity instruments through other comprehensive income, net	(5)	-	2	(5)	2	(31)
Items that will be reclassified subsequently to profit or loss						
Fair value changes on derivatives designated as cash flow hedges, net	27	(6)	17	21	(7)	(36)
Fair value changes on investments, net	(45)	49	1	4	16	17
Total other comprehensive income/ (loss), net of tax	**(17)**	**199**	**2**	**182**	**(24)**	**(234)**
Total comprehensive income for the period	**4,480**	**4,207**	**3,831**	**8,687**	**7,374**	**15,309**
Paid-up share capital (par value ₹5/- each fully paid)	2,129	2,129	2,129	2,129	2,129	2,129
Other Equity*	60,105	60,105	60,533	60,105	60,533	60,105
Earnings per equity share (par value ₹5 /- each)**						
Basic (₹)	10.56	9.41	8.97	19.97	17.22	36.34
Diluted (₹)	10.55	9.41	8.96	19.96	17.21	36.32

** Balances for the quarter and half year ended September 30, 2020 and quarter ended June 30, 2020 represents balances as per the audited Balance Sheet for the year ended March 31, 2020 and balances for the quarter and half year ended September 30, 2019 represents balances as per the audited Balance Sheet for the year ended March 31, 2019 as required by SEBI (Listing and Other Disclosure Requirements) Regulations, 2015*

*** EPS is not annualized for the quarter and half year ended September 30, 2020, quarter ended June 30, 2020 and quarter and half year ended September 30, 2019.*

1. Notes pertaining to the current quarter

a) The audited interim condensed standalone financial statements for the quarter and half-year ended September 30, 2020 have been taken on record by the Board of Directors at its meeting held on October 14, 2020. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unmodified audit opinion.** The information presented above is extracted from the audited interim condensed standalone financial statements. These interim condensed standalone 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 relevant amendment rules thereafter.

b) Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from COVID-19 in the preparation of these interim condensed standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these interim condensed standalone financial statements.

c) Business transfer - Kallidus Inc. and Skava Systems Private Limited:

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on August 15, 2020 , the company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively.

The transaction was between a holding company and a wholly owned subsidiary and the resultant impact of ₹176 crore on account of business transfer was recorded in "Business transfer adjustment reserve" in the standalone financial statements.

d) Employee stock grants

On recommendation of the Nomination and Remuneration Committee, the Board on October 14, 2020 approved the grant of 33,900 RSUs to certain eligible employees under the 2015 Plan. The grant date for these RSUs is November 1, 2020. The RSUs would vest over a period of three to four years and the exercise price of RSUs will be equal to the par value of the share.

e) On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020.

f) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

2. Information on dividends for the quarter and half-year ended September 30, 2020

The Board of Directors declared an interim dividend of ₹12/- per equity share. The record date for the payment is October 26, 2020.The interim dividend will be paid on November 11, 2020. The interim dividend declared in the previous year was ₹8/- per equity share.

(in ₹)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2020	2020	2019	2020	2019	2020
Dividend per share (par value ₹5/- each)						
Interim dividend	12.00	-	8.00	12.00	8.00	8.00
Final dividend	-	-	-	-	-	9.50

3. Audited Standalone Balance Sheet

(In ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	11,011	11,092
Right of use assets	2,930	2,805
Capital work-in-progress	1,206	945
Goodwill	167	29
Other Intangible assets	85	48
Financial assets		
Investments	17,331	13,916
Loans	21	298
Other financial assets	541	613
Deferred tax assets (net)	1,061	1,429
Income tax assets (net)	4,772	4,773
Other non-current assets	1,116	1,273
Total non-current assets	**40,241**	**37,221**
Current assets		
Financial assets		
Investments	2,982	4,006
Trade receivables	15,618	15,459
Cash and cash equivalents	16,247	13,562
Loans	283	307
Other financial assets	4,921	4,398
Other current assets	5,817	6,088
Total current assets	**45,868**	**43,820**
Total assets	**86,109**	**81,041**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	2,129	2,129
Other equity	64,714	60,105
Total equity	**66,843**	**62,234**
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Lease liabilities	2,927	2,775
Other financial liabilities	89	49
Deferred tax liabilities (net)	489	556
Other non-current liabilities	623	207
Total non - current liabilities	**4,128**	**3,587**
Current liabilities		
Financial liabilities		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,359	1,529
Lease liabilities	418	390
Other financial liabilities	7,397	7,936
Other current liabilities	3,977	3,557
Provisions	629	506
Income tax liabilities (net)	1,358	1,302
Total current liabilities	**15,138**	**15,220**
Total equity and liabilities	**86,109**	**81,041**

The disclosure is an extract of the audited Balance Sheet as at September 30, 2020 and March 31, 2020 prepared in compliance with the Indian Accounting Standards (Ind-AS).

4. Audited Standalone Statement of Cash flows

(In ₹ crore)

Particulars	Half-year ended September 30, 2020	2019
Cash flow from operating activities:		
Profit for the period	8,505	7,398
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	1,154	1,052
Income tax expense	3,037	2,545
Impairment loss recognized / (reversed) under expected credit loss model	123	53
Finance cost	62	55
Interest and dividend income	(734)	(837)
Stock compensation expense	154	107
Other adjustments	2	(66)
Exchange differences on translation of assets and liabilities	(20)	28
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(268)	(1,763)
Other financial assets and other assets	457	478
Trade payables	(209)	(363)
Other financial liabilities, other liabilities and provisions	184	190
Cash generated from operations	**12,447**	**8,877**
Income taxes paid	(2,692)	(2,353)
Net cash generated by operating activities	**9,755**	**6,524**
Cash flow from investing activities:		
Expenditure on property, plant and equipment	(1,105)	(1,770)
Deposits placed with corporations	(130)	(54)
Loans to employees	-	1
Loan given to subsidiaries	(76)	(1,201)
Loan repaid by subsidiaries	267	276
Proceeds from redemption of debentures	327	187
Investment in subsidiaries	(215)	-
Payment of arising towards business transfer	(66)	-
Proceeds from return of investment	-	
Payment of contingent consideration pertaining to acquisition	(122)	-
Redemption of escrow pertaining to buyback	-	257
Other receipts	25	23
Payments to acquire investments		
Preference, equity securities and others	(1)	(41)
Liquid mutual fund units and fixed maturity plan securities	(10,499)	(15,980)
Tax free bonds and Government bonds	-	(12)
Non Convertible debentures	(746)	-
Government Securities	(4,664)	(1,561)
Proceeds on sale of investments		
Liquid mutual fund units and fixed maturity plan securities	10,541	16,655
Tax free bonds and Government bonds	-	13
Non-convertible debentures	535	1,383
Certificates of deposit	900	1,625
Commercial paper	-	500
Government Securities	1,529	1,170
Interest and dividend received	673	836
Net cash (used in) / from investing activities	**(2,827)**	**2,307**
Cash flow from financing activities:		
Payment of lease liabilities	(210)	(194)
Buyback of equity shares including transaction cost	-	(7,478)
Payment of dividends (including dividend distribution tax)	(4,048)	(5,443)
Shares issued on exercise of employee stock options	5	-
Net cash used in financing activities	**(4,253)**	**(13,115)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents	10	(40)
Net increase / (decrease) in cash and cash equivalents	2,675	(4,284)
Cash and cash equivalents at the beginning of the period	13,562	15,551
Cash and cash equivalents at the end of the period	**16,247**	**11,227**
Supplementary information:		
Restricted cash balance	99	134

The disclosure is an extract of the audited Statement of Cash flows for the half year ended September 30, 2020 and September 30, 2019 prepared in compliance with Indian Accounting Standard (Ind AS) 34 Interim Financial Reporting.

5. Segment Reporting

The Company publishes standalone financial statements along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the audited interim condensed consolidated financial statements. Accordingly, the segment information is given in the audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2020.

By order of the Board
for Infosys Limited

PRAVIN RAO UB Digitally signed by PRAVIN RAO UB
Date: 2020.10.14 15:59:50 +05'30'

Bengaluru, India
October 14, 2020

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

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders 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 COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, 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, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. 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, 2020. 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. 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®
Navigate your next

IFRS – USD

Press Release

Growth acceleration accompanied by 3.7% YoY margin expansion; revenue and margin guidance increased to 2%-3% in cc and 23%-24% respectively

Bengaluru, India – October 14, 2020

"Our second quarter performance is a clear reflection of our ability to help clients on their digital transformation journeys. Our digital and cloud capabilities combined with intense client relevance are helping us achieve differentiated results in the market as is visible in 2.2% year on year overall revenue growth and 25.4% growth from digital offerings, which now are at 47.3% of revenues", **said Salil Parekh, CEO and MD**. "Increase in revenue and margin outlook for FY 21 is due to the continued trust clients have in us. I am extremely proud of our team for achieving these results in challenging business conditions globally."

25.4% YoY	2.2% YoY	25.4%	$3.15bn	₹12
Digital CC growth	CC growth	Operating margin	Large deal signings	Interim DPS, up by 50% YoY

- Q2 revenues grew sequentially by 4.0% in constant currency
- Q2 revenues grew year-on-year by 3.2% in USD; grew by 2.2% in constant currency
- Q2 Digital revenues at $1,568 million (47.3% of total revenues), year-on-year growth of 25.4% in constant currency
- Q2 operating margin at 25.4%, increase of 370 basis points year-on-year
- Q2 free cash flow at $674 million; year-on-year growth of 69.8%
- Q2 net profit at $653 million, year-on-year growth of 14.7%
- Q2 voluntary attrition for IT services declined to 7.8% from 18.3% in Q2 20
- H1 revenues grew by 1.9% in constant currency
- H1 operating margin at 24.1%
- Declared interim dividend of ₹12 per share
- FY 21 revenue growth guidance revised upward to 2%-3% in constant currency
- FY 21 operating margin guidance revised upward to 23%-24%

1. Financial Highlights – Consolidated results under International Financial Reporting Standards (IFRS)

For the quarter ended September 30, 2020

Revenues were $3,312 million, growth of 3.2% YoY and 6.1% QoQ

Operating profit was $840 million, growth of 20.7% YoY and 18.7% QoQ

Basic EPS was $0.15, growth of 14.9% YoY and 17.0% QoQ

For six months ended September 30, 2020

Revenues were $6,433 million, growth of 1.5% YoY

Operating profit was $1,547 million, growth of 15.6% YoY

Basic EPS was $0.29, growth of 9.5% YoY

"The strength and resilience of Infosys was fully visible in Q2 with operating metrics witnessing a healthy increase, broad-based growth, highest ever large deal TCV at $ 3.15 bn and attrition reducing to single digits", **said Pravin Rao, COO**. "Employees have been critical part of our success. As a recognition of their stellar performance, we are giving 100% variable pay along with a special incentive for Q2. Additionally, we are rolling out salary increases and promotions across all levels effective Jan 1st."

"Our relentless efforts on cost optimization and strengthening operational efficiencies helped by certain cost deferrals led to 270 bps sequential improvement in operating margin to 25.4% and a 300 bps improvement in H1 margins", **said Nilanjan Roy, CFO**. "Free Cash Flows grew significantly in H1 driven by our consistent focus on liquidity and cash management. Consequently, we are increasing our interim dividend per share by 50% to ₹12."

2. Client wins & Testimonials

Even amid global uncertainty across industries and the current medical situation, Infosys continued to nurture a culture of deep client relevance while building capabilities to aid them through recovery.

- Among several milestones achieved in the second quarter, **Consolidated Edison Company** (Con Edison), one of the oldest Fortune 500 utility companies, selected Infosys to digitally transform Con Edison's customer service capabilities over the next four years

- Infosys collaborated with **LANXESS,** a leading specialty chemicals company headquartered in Cologne, Germany, to support the company's IT Infrastructure digitization strategy and enable its global workforce with a secure and fully managed modern workplace

- **Essential Utilities**, one of the largest publicly traded water, wastewater and natural gas providers in the U.S., selected Infosys as a strategic partner to drive its digital transformation

- Infosys has entered into a first-of-its-kind, 360 degree partnership with **LivePerson**, a leader in conversational AI, headquartered in New York, to transform their infrastructure on the public cloud that will deliver industry-leading agility, scalability, and security. Infosys will also help drive penetration of LivePerson's offerings across its clients and digital marketing, e-commerce, contact center, employee engagement and shared services channels.

- **Old National Bancorp (ONB),** the largest financial services bank holding company headquartered in Indiana, U.S., wanted Infosys to enable faster adoption of digital solutions, modernize ONB's existing technology infrastructure, and enhance both the client and employee experience

- **The National Bank of Bahrain (NBB)** selected Infosys Finacle for the digital transformation of its transaction banking business

As global businesses navigate this tough environment, the strength of our relationships and our digital capabilities have helped us sustain the momentum to help our clients grow resilient. Here is what some of them have to say:

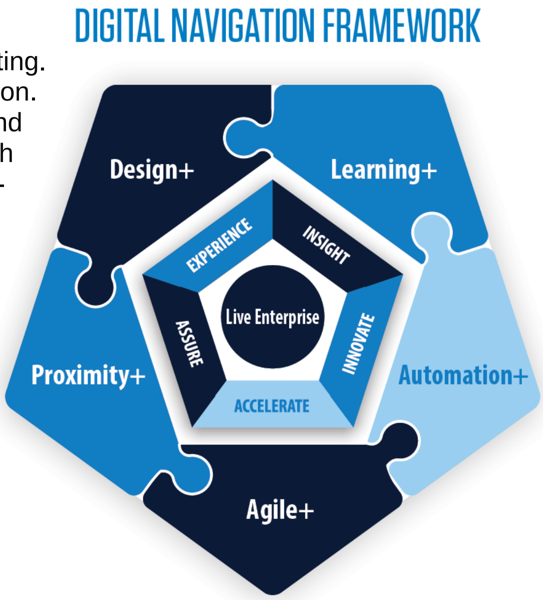
- "We have worked with the Infosys team for over 5 years now, and very successfully. The results were phenomenal. My finance team and the senior Enterprise leadership team couldn't believe how far the guys have gone above and beyond the contract. I am so delighted with the results, delighted with the service that I have received. When the pandemic hit, we had to shut down and lock down both onshore and offshore teams. Thanks to the RPA bots, we were able to issue every single order and we didn't miss a single KPI. Without those bots, we would have been stranded. I can't speak highly enough of the guys involved and the actual tool itself. Superstars one and all." - **Brad Monks, Head of Mobile, BT Enterprise**

- **Kai Finke, CIO of LANXESS** said, "Standardized and harmonized workplace services will enable us to increase our service quality and usability on a global basis as well as increase flexibility and scalability which nowadays are getting more and more important. Working with Infosys will allow us to implement state-of-the-art-technologies faster and thus bring LANXESS to the next level regarding workplace services enhancing our collaboration and mobility capabilities."

Awards & Recognitions

- Positioned as a leader in Everest PEAK: Cloud-Native Application Development Services PEAK Matrix® Assessment 2020
- Ranked as a leader in NelsonHall NEAT for Quality Engineering Services 2020
- Ranked as a leader by NelsonHall NEAT for Advanced Digital Workplace Services 2020
- Positioned as a leader in HFS Research Top 10 for Travel, Hospitality, and Logistics Service Providers
- Ranked as a leader in Gartner Magic Quadrant for IT Services for Communications Service Providers, Worldwide
- Ranked as a leader in IDC MarketScape: Asia /Pacific SAP Implementation Services Vendor Assessment, 2020
- Positioned as a leader in IDC - MarketScape: Worldwide Manufacturing Intelligence Transformation Strategic Consulting 2020 Vendor Assessment
- Positioned as a leader in IDC - MarketScape: Worldwide Manufacturing Intelligence Transformation 2020 Vendor Assessment
- Positioned as a leader in Forrester Wave: Digital Process Automation Service Providers
- Ranked as a leader CapioIT - Salesforce.com Global Systems Integration and Services Providers Capture Share Report – 2020
- Infosys is a winner of the 2020 Top 10 Working Mother & Avtar Best Company for Women in India award
- Infosys has won the Champion of Inclusion' award of Working Mother & Avtar Most Inclusive Companies Index (MICI) 2020
- Infosys Düsseldorf innovation hub was awarded with the prestigious NRW.INVEST award 2020
- Infosys won the German Brand Award 2020 for Excellence in Brand Strategy and Creation
- Recognized by the Top Employers Institute, a global certification company, for exceptional standards in employee conditions across Europe for three years in a row. Infosys is also the certified Top Employer in France, Germany, Switzerland, The Netherlands and the United Kingdom
- Infosys Finacle was positioned as a leader in The Forrester Wave™: Digital Banking Processing Platforms (Corporate Banking), Q3 2020 report
- Infosys Finacle was ranked as a Leader in Gartner's Magic Quadrant for Global Retail Core Banking report 2020 for the 13th consecutive year

About Infosys



Infosys is a global leader in next-generation digital services and consulting. We enable clients in 46 countries to navigate their digital transformation. With nearly four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders 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 COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, 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, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. 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, 2020. 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. 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

Extracted from the Condensed Consolidated Balance Sheet under IFRS as at:

(Dollars in millions)

	September 30, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	3,038	2,465
Current investments	488	615
Trade receivables	2,430	2,443
Unbilled revenue	1,030	941
Other Current assets	785	748
Total current assets	**7,771**	**7,212**
Non-current assets		
Property, plant and equipment and Right-of-use assets	2,438	2,361
Goodwill and other Intangible assets	964	950
Non-current investments	1,051	547
Other non-current assets	1,139	1,190
Total non-current assets	**5,592**	**5,048**
Total assets	**13,363**	**12,260**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	322	377
Unearned revenue	455	395
Employee benefit obligations	263	242
Other current liabilities and provisions	1,764	1,743
Total current liabilities	**2,804**	**2,757**
Non-current liabilities		
Lease liabilities	551	530
Other non-current liabilities	325	272
Total non-current liabilities	**876**	**802**
Total liabilities	**3,680**	**3,559**
Total equity attributable to equity holders of the company	**9,623**	**8,646**
Non-controlling interests	60	55
Total equity	**9,683**	**8,701**
Total liabilities and equity	**13,363**	**12,260**

Extracted from the Condensed Consolidated statement of Comprehensive Income under IFRS for:

(Dollars in millions except per equity share data)

	3 months ended September 30, 2020	3 months ended September 30, 2019	6 months ended September 30, 2020	6 months ended September 30, 2019
Revenues	**3,312**	**3,210**	**6,433**	**6,340**
Cost of sales	2,125	2,140	4,196	4,261
Gross profit	**1,187**	**1,070**	**2,237**	**2,079**
Operating expenses:				
Selling and marketing expenses	153	165	305	333
Administrative expenses	194	209	385	408
Total operating expenses	347	374	690	741
Operating profit	**840**	**696**	**1,547**	**1,338**
Other income, net (3)	70	83	128	183
Profit before income taxes	**910**	**779**	**1,675**	**1,521**
Income tax expense	255	207	456	403
Net profit (before minority interest)	**655**	**572**	**1,219**	**1,118**
Net profit (after minority interest)	**653**	**569**	**1,212**	**1,115**
Basic EPS ($)	**0.15**	**0.13**	**0.29**	**0.26**
Diluted EPS ($)	**0.15**	**0.13**	**0.29**	**0.26**

NOTES:

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and half year ended September 30, 2020 which have been taken on record at the Board meeting held on October 14, 2020.*

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

3. *Other Income includes Finance Cost.*

Infosys®
Navigate your next

IFRS – INR

Press Release

Growth acceleration accompanied by 3.7% YoY margin expansion; revenue and margin guidance increased to 2%-3% in cc and 23%-24% respectively

Bengaluru, India – October 14, 2020

"Our second quarter performance is a clear reflection of our ability to help clients on their digital transformation journeys. Our digital and cloud capabilities combined with intense client relevance are helping us achieve differentiated results in the market as is visible in 2.2% year on year overall revenue growth and 25.4% growth from digital offerings, which now are at 47.3% of revenues", **said Salil Parekh, CEO and MD**. "Increase in revenue and margin outlook for FY 21 is due to the continued trust clients have in us. I am extremely proud of our team for achieving these results in challenging business conditions globally."

25.4% YoY	2.2% YoY	25.4%	$3.15bn	₹12
Digital CC growth	CC growth	Operating margin	Large deal signings	Interim DPS, up by 50% YoY

- Q2 revenues grew sequentially by 4.0% in constant currency
- Q2 revenues grew year-on-year by 8.6% in INR; grew by 2.2% in constant currency
- Q2 Digital revenues at $1,568 million (47.3% of total revenues), year-on-year growth of 25.4% in constant currency
- Q2 operating margin at 25.4%, increase of 370 basis points year-on-year
- Q2 free cash flow at ₹4,989 crore; year-on-year growth of 78.1%
- Q2 net profit at ₹4,845 crore, year-on-year growth of 20.5%
- Q2 voluntary attrition for IT services declined to 7.8% from 18.3% in Q2 20
- H1 revenues grew by 1.9% in constant currency
- H1 operating margin at 24.1%
- Declared interim dividend of ₹12 per share
- FY 21 revenue growth guidance revised upward to 2%-3% in constant currency
- FY 21 operating margin guidance revised upward to 23%-24%

1. Financial Highlights – Consolidated results under International Financial Reporting Standards (IFRS)

For the quarter ended September 30, 2020	For six months ended September 30, 2020
Revenues were ₹24,570 crore, growth of 8.6% YoY and 3.8% QoQ	Revenues were ₹48,234 crore, growth of 8.6% YoY
Operating profit was ₹6,228 crore, growth of 26.8% YoY and 16.1% QoQ	Operating profit was ₹11,593 crore, growth of 23.6% YoY
Basic EPS was ₹11.42, growth of 20.8% YoY and 14.4% QoQ	Basic EPS was ₹21.40, growth of 17.1% YoY

"The strength and resilience of Infosys was fully visible in Q2 with operating metrics witnessing a healthy increase, broad-based growth, highest ever large deal TCV at $ 3.15 bn and attrition reducing to single digits", **said Pravin Rao, COO**. "Employees have been critical part of our success. As a recognition of their stellar performance, we are giving 100% variable pay along with a special incentive for Q2. Additionally, we are rolling out salary increases and promotions across all levels effective Jan 1st."

"Our relentless efforts on cost optimization and strengthening operational efficiencies helped by certain cost deferrals led to 270 bps sequential improvement in operating margin to 25.4% and a 300 bps improvement in H1 margins", **said Nilanjan Roy, CFO**. "Free Cash Flows grew significantly in H1 driven by our consistent focus on liquidity and cash management. Consequently, we are increasing our interim dividend per share by 50% to ₹12."

2. Client wins & Testimonials

Even amid global uncertainty across industries and the current medical situation, Infosys continued to nurture a culture of deep client relevance while building capabilities to aid them through recovery.

- Among several milestones achieved in the second quarter, **Consolidated Edison Company** (Con Edison), one of the oldest Fortune 500 utility companies, selected Infosys to digitally transform Con Edison's customer service capabilities over the next four years

- Infosys collaborated with **LANXESS,** a leading specialty chemicals company headquartered in Cologne, Germany, to support the company's IT Infrastructure digitization strategy and enable its global workforce with a secure and fully managed modern workplace

- **Essential Utilities**, one of the largest publicly traded water, wastewater and natural gas providers in the U.S., selected Infosys as a strategic partner to drive its digital transformation

- Infosys has entered into a first-of-its-kind, 360 degree partnership with **LivePerson**, a leader in conversational AI, headquartered in New York, to transform their infrastructure on the public cloud that will deliver industry-leading agility, scalability, and security. Infosys will also help drive penetration of LivePerson's offerings across its clients and digital marketing, e-commerce, contact center, employee engagement and shared services channels.

- **Old National Bancorp (ONB),** the largest financial services bank holding company headquartered in Indiana, U.S., wanted Infosys to enable faster adoption of digital solutions, modernize ONB's existing technology infrastructure, and enhance both the client and employee experience

- **The National Bank of Bahrain (NBB)** selected Infosys Finacle for the digital transformation of its transaction banking business

As global businesses navigate this tough environment, the strength of our relationships and our digital capabilities have helped us sustain the momentum to help our clients grow resilient. Here is what some of them have to say:

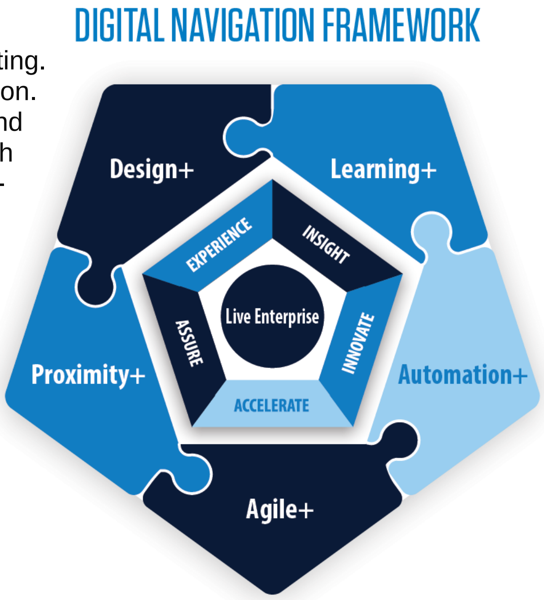
- "We have worked with the Infosys team for over 5 years now, and very successfully. The results were phenomenal. My finance team and the senior Enterprise leadership team couldn't believe how far the guys have gone above and beyond the contract. I am so delighted with the results, delighted with the service that I have received. When the pandemic hit, we had to shut down and lock down both onshore and offshore teams. Thanks to the RPA bots, we were able to issue every single order and we didn't miss a single KPI. Without those bots, we would have been stranded. I can't speak highly enough of the guys involved and the actual tool itself. Superstars one and all." - **Brad Monks, Head of Mobile, BT Enterprise**

- **Kai Finke, CIO of LANXESS** said, "Standardized and harmonized workplace services will enable us to increase our service quality and usability on a global basis as well as increase flexibility and scalability which nowadays are getting more and more important. Working with Infosys will allow us to implement state-of-the-art-technologies faster and thus bring LANXESS to the next level regarding workplace services enhancing our collaboration and mobility capabilities."

Awards & Recognitions

- Positioned as a leader in Everest PEAK: Cloud-Native Application Development Services PEAK Matrix® Assessment 2020
- Ranked as a leader in NelsonHall NEAT for Quality Engineering Services 2020
- Ranked as a leader by NelsonHall NEAT for Advanced Digital Workplace Services 2020
- Positioned as a leader in HFS Research Top 10 for Travel, Hospitality, and Logistics Service Providers
- Ranked as a leader in Gartner Magic Quadrant for IT Services for Communications Service Providers, Worldwide
- Ranked as a leader in IDC MarketScape: Asia /Pacific SAP Implementation Services Vendor Assessment, 2020
- Positioned as a leader in IDC - MarketScape: Worldwide Manufacturing Intelligence Transformation Strategic Consulting 2020 Vendor Assessment
- Positioned as a leader in IDC - MarketScape: Worldwide Manufacturing Intelligence Transformation 2020 Vendor Assessment
- Positioned as a leader in Forrester Wave: Digital Process Automation Service Providers
- Ranked as a leader CapioIT - Salesforce.com Global Systems Integration and Services Providers Capture Share Report – 2020
- Infosys is a winner of the 2020 Top 10 Working Mother & Avtar Best Company for Women in India award
- Infosys has won the Champion of Inclusion' award of Working Mother & Avtar Most Inclusive Companies Index (MICI) 2020
- Infosys Düsseldorf innovation hub was awarded with the prestigious NRW.INVEST award 2020
- Infosys won the German Brand Award 2020 for Excellence in Brand Strategy and Creation
- Recognized by the Top Employers Institute, a global certification company, for exceptional standards in employee conditions across Europe for three years in a row. Infosys is also the certified Top Employer in France, Germany, Switzerland, The Netherlands and the United Kingdom
- Infosys Finacle was positioned as a leader in The Forrester Wave™: Digital Banking Processing Platforms (Corporate Banking), Q3 2020 report
- Infosys Finacle was ranked as a Leader in Gartner's Magic Quadrant for Global Retail Core Banking report 2020 for the 13th consecutive year

About Infosys



Infosys is a global leader in next-generation digital services and consulting. We enable clients in 46 countries to navigate their digital transformation. With nearly four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

Certain statements in this release concerning our future growth prospects, financial expectations and plans for navigating the COVID-19 impact on our employees, clients and stakeholders 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 COVID-19 and the effects of government and other measures seeking to contain its spread, risks related to an economic downturn or recession in India, the United States and other countries around the world, changes in political, business, and economic conditions, 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, unauthorized use of our intellectual property and general economic conditions affecting our industry and the outcome of pending litigation and government investigation. 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, 2020. 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. 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

Extracted from the Condensed Consolidated Balance Sheet under IFRS as at: *(in ₹crore)*

	September 30, 2020	March 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	22,411	18,649
Current investments	3,600	4,655
Trade receivables	17,930	18,487
Unbilled revenue	7,596	7,121
Other Current assets	5,788	5,664
Total current assets	**57,325**	**54,576**
Non-current assets		
Property, plant and equipment and Right-of-use assets	17,986	17,867
Goodwill and other Intangible assets	7,112	7,186
Non-current investments	7,754	4,137
Other non-current assets	8,401	9,002
Total non-current assets	**41,253**	**38,192**
Total assets	**98,578**	**92,768**
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	2,375	2,852
Unearned revenue	3,356	2,990
Employee benefit obligations	1,941	1,832
Other current liabilities and provisions	13,014	13,182
Total current liabilities	**20,686**	**20,856**
Non-current liabilities		
Lease liabilities	4,068	4,014
Other non-current liabilities	2,390	2,054
Total non-current liabilities	**6,458**	**6,068**
Total liabilities	**27,144**	**26,924**
Total equity attributable to equity holders of the company	**71,000**	**65,450**
Non-controlling interests	434	394
Total equity	**71,434**	**65,844**
Total liabilities and equity	**98,578**	**92,768**

Extracted from the Condensed Consolidated statement of Comprehensive Income under IFRS for:

(in ₹crore except per equity share data)

	3 months ended September 30, 2020	3 months ended September 30, 2019	6 months ended September 30, 2020	6 months ended September 30, 2019
Revenues	**24,570**	**22,629**	**48,234**	**44,432**
Cost of sales	15,771	15,079	31,473	29,858
Gross profit	**8,799**	**7,550**	**16,761**	**14,574**
Operating expenses:				
Selling and marketing expenses	1,136	1,162	2,283	2,336
Administrative expenses	1,435	1,476	2,885	2,855
Total operating expenses	2,571	2,638	5,168	5,191
Operating profit	**6,228**	**4,912**	**11,593**	**9,383**
Other income, net [(3)]	522	584	950	1,280
Profit before income taxes	**6,750**	**5,496**	**12,543**	**10,663**
Income tax expense	1,892	1,459	3,412	2,824
Net profit (before minority interest)	**4,858**	**4,037**	**9,131**	**7,839**
Net profit (after minority interest)	**4,845**	**4,019**	**9,078**	**7,817**
Basic EPS (₹)	**11.42**	**9.46**	**21.40**	**18.28**
Diluted EPS (₹)	**11.40**	**9.44**	**21.37**	**18.25**

NOTES:

1. *The above information is extracted from the audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the quarter and half year ended September 30, 2020 which have been taken on record at the Board meeting held on October 14, 2020.*

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

3. *Other Income includes Finance Cost.*

Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

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 September 30, 2020, the Condensed Consolidated Statement of Comprehensive Income for three months and six months period ended, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the six 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").

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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at September 30, 2020, the consolidated profit and consolidated total comprehensive income for three months and six months period ended on that date, consolidated changes in equity and its consolidated cash flows for the six months period ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the interim condensed consolidated financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation 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 IAS 34 as issued by the IASB. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records for safeguarding 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 respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in US Dollars for the three months and six months ended September 30, 2020

Index

Infosys Limited and Subsidiaries

(Dollars in millions except equity share data)

Condensed Consolidated Balance Sheet as at	Note	September 30, 2020	March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,038	2,465
Current investments	2.2	488	615
Trade receivables		2,430	2,443
Unbilled revenue	2.17	1,030	941
Prepayments and other current assets	2.4	750	739
Income tax assets	2.12	-	1
Derivative financial instruments	2.3	35	8
Total current assets		**7,771**	**7,212**
Non-current assets			
Property, plant and equipment	2.7	1,869	1,810
Right-of-use assets	2.8	569	551
Goodwill	2.9	727	699
Intangible assets		237	251
Non-current investments	2.2	1,051	547
Deferred income tax assets	2.12	177	231
Income tax assets	2.12	732	711
Other non-current assets	2.4	230	248
Total Non-current assets		**5,592**	**5,048**
Total assets		**13,363**	**12,260**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		322	377
Lease Liabilities	2.8	88	82
Derivative financial instruments	2.3	3	65
Current income tax liabilities	2.12	216	197
Client deposits		-	2
Unearned revenue		455	395
Employee benefit obligations		263	242
Provisions	2.6	93	76
Other current liabilities	2.5	1,364	1,321
Total current liabilities		**2,804**	**2,757**
Lease liabilities	2.8	551	530
Deferred income tax liabilities	2.12	117	128
Employee benefit obligations		8	5
Other non-current liabilities	2.5	200	139
Total liabilities		**3,680**	**3,559**
Equity			
Share capital - ₹5 ($0.16) par value 4,800,000,000 (4,800,000,000) equity shares authorized, issued and outstanding 4,242,506,036 (4,240,753,210) equity shares fully paid up, net of 16,905,562 (18,239,356) treasury shares as at September 30, 2020 and March 31, 2020	2.19	332	332
Share premium		325	305
Retained earnings		11,573	11,014
Cash flow hedge reserve		1	(2)
Other reserves		715	594
Capital redemption reserve		17	17
Other components of equity		(3,340)	(3,614)
Total equity attributable to equity holders of the company		**9,623**	**8,646**
Non-controlling interests		60	55
Total equity		**9,683**	**8,701**
Total liabilities and equity		**13,363**	**12,260**

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

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and Subsidiaries

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

Condensed Consolidated Statements of Comprehensive Income	**Note**	**Three months ended**		**Six months ended**	
		September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
Revenues	2.16	**3,312**	**3,210**	**6,433**	**6,340**
Cost of sales	2.18	2,125	2,140	4,196	4,261
Gross profit		**1,187**	**1,070**	**2,237**	**2,079**
Operating expenses:					
Selling and marketing expenses	2.18	153	165	305	333
Administrative expenses	2.18	194	209	385	408
Total operating expenses		**347**	**374**	**690**	**741**
Operating profit		**840**	**696**	**1,547**	**1,338**
Other income, net	2.18	76	89	140	195
Finance cost	2.8	6	6	12	12
Profit before income taxes		**910**	**779**	**1,675**	**1,521**
Income tax expense	2.12	255	207	456	403
Net profit		**655**	**572**	**1,219**	**1,118**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of the net defined benefit liability/asset, net		1	(3)	21	(6)
Equity instrument through other comprehensive income, net		(1)	1	(1)	1
		-	(2)	20	(5)
Items that will be reclassified subsequently to profit or loss:					
Fair valuation of investments, net		(6)	-	1	2
Fair value changes on derivatives designated as cash flow hedge, net		4	2	3	(1)
Foreign currency translation		213	(224)	254	(207)
		211	(222)	258	(206)
Total other comprehensive income/(loss), net of tax		**211**	**(224)**	**278**	**(211)**
Total comprehensive income		**866**	**348**	**1,497**	**907**
Profit attributable to:					
Owners of the company		653	569	1,212	1,115
Non-controlling interests		2	3	7	3
		655	**572**	**1,219**	**1,118**
Total comprehensive income attributable to:					
Owners of the company		864	346	1,489	905
Non-controlling interests		2	2	8	2
		866	**348**	**1,497**	**907**
Earnings per equity share					
Basic ($)		0.15	0.13	0.29	0.26
Diluted ($)		0.15	0.13	0.29	0.26
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		4,241,908,471	4,249,343,678	4,241,506,966	4,275,615,916
Diluted		4,248,961,564	4,255,822,953	4,248,434,533	4,282,322,537

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

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Officer and Managing Director

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and Subsidiaries

Condensed Consolidated Statement 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	Non-controlling interest	Total equity
Balance as at April 1, 2019	**4,335,954,462**	**339**	**277**	**11,248**	**384**	**10**	**3**	**(2,870)**	**9,391**	**9**	**9,400**
Impact on account of adoption of IFRS 16*	**-**	**-**	**-**	**(6)**	**-**	**-**	**-**	**-**	**(6)**	**-**	**(6)**
	4,335,954,462	**339**	**277**	**11,242**	**384**	**10**	**3**	**(2,870)**	**9,385**	**9**	**9,394**
Changes in equity for six months ended September 30, 2019											
Net profit	-	-	-	1,115	-	-	-	-	1,115	3	1,118
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	(6)	(6)	-	(6)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	1	1	-	1
Fair value changes on investments, net*	-	-	-	-	-	-	-	2	2	-	2
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Foreign currency translation	-	-	-	-	-	-	-	(206)	(206)	(1)	(207)
Total comprehensive income for the period	**-**	**-**	**-**	**1,115**	**-**	**-**	**(1)**	**(209)**	**905**	**2**	**907**
Shares issued on exercise of employee stock options (Refer note 2.11)	1,395,470	-	-	-	-	-	-	-	-	-	-
Buyback of equity shares	(97,867,266)	(7)	-	(895)	-	-	-	-	(902)	-	(902)
Transaction cost relating to buyback *	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(7)	-	7	-	-	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	46	46
Transfer to other reserves	-	-	-	(163)	163	-	-	-	-	-	-
Transfer from other reserves on utilization	-	-	-	87	(87)	-	-	-	-	-	-
Financial liability under option arrangements	-	-	-	(86)	-	-	-	-	(86)	-	(86)
Employee stock compensation expense (Refer note 2.11)	-	-	17	-	-	-	-	-	17	-	17
Income tax benefit arising on exercise of stock options	-	-	1	-	-	-	-	-	1	-	1
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(5)	(5)
Dividends (including dividend distribution tax)	-	-	-	(782)	-	-	-	-	(782)	-	(782)
Balance as at September 30, 2019	**4,239,482,666**	**332**	**295**	**10,510**	**460**	**17**	**2**	**(3,079)**	**8,537**	**52**	**8,589**

Infosys Limited and Subsidiaries

(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	Non-controlling interest	Total equity
Balance as at April 1, 2020	**4,240,753,210**	**332**	**305**	**11,014**	**594**	**17**	**(2)**	**(3,614)**	**8,646**	**55**	**8,701**
Changes in equity for six months ended September 30, 2020											
Net profit	-	-	-	1,212	-	-	-	-	1,212	7	1,219
Remeasurement of the net defined benefit liability/asset (Refer note 2.18)*	-	-	-	-	-	-	-	21	21	-	21
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Fair value changes on investments, net*	-	-	-	-	-	-	-	1	1	-	1
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	3	-	3	-	3
Foreign currency translation	-	-	-	-	-	-	-	253	253	1	254
Total comprehensive income for the period	**-**	**-**	**-**	**1,212**	**-**	**-**	**3**	**274**	**1,489**	**8**	**1,497**
Shares issued on exercise of employee stock options (Refer note 2.11)	1,752,826	-	1	-	-	-	-	-	1	-	1
Transfer from other reserves on utilization	-	-	-	77	(77)	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(198)	198	-	-	-	-	-	-
Employee stock compensation expense (Refer note 2.11)	-	-	18	-	-	-	-	-	18	-	18
Income tax benefit arising on exercise of stock options	-	-	1	-	-	-	-	-	1	-	1
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(3)	(3)
Dividends	-	-	-	(532)	-	-	-	-	(532)	-	(532)
Balance as at September 30, 2020	**4,242,506,036**	**332**	**325**	**11,573**	**715**	**17**	**1**	**(3,340)**	**9,623**	**60**	**9,683**

** net of tax*

[1] excludes treasury shares of 16,905,562 as at September 30, 2020 18,239,356 as at April 1, 2020, 18,929,512 as at September 30, 2019 and 20,324,982 as at April 1, 2019, 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 Group for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.

The accompanying notes form an integral part of the 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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Chief Operating Officer and Whole-time Director

Sanjiv V. Pilgaonkar
Partner
Membership No.039826

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and Subsidiaries

Condensed Consolidated Statements of Cash Flows

Accounting Policy

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 Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(Dollars in millions)

Particulars	Note	Six months ended September 30, 2020	Six months ended September 30, 2019
Operating activities:			
Net Profit		1,219	1,118
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortization	2.18	215	201
Interest and dividend income		(35)	(40)
Finance Cost	2.8	12	12
Income tax expense	2.12	456	403
Effect of exchange rate changes on assets and liabilities		(2)	8
Impairment loss under expected credit loss model		21	12
Stock compensation expense	2.11	24	17
Other adjustments		(9)	(15)
Changes in working capital			
Trade receivables and unbilled revenue		(9)	(225)
Prepayments and other assets		44	68
Trade payables		(64)	(153)
Unearned revenue and Client deposits		47	(18)
Other liabilities and provisions		56	150
Cash generated from operations		**1,975**	**1,538**
Income taxes paid		(399)	(386)
Net cash provided by operating activities		**1,576**	**1,152**
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(174)	(270)
Loans to employees		-	1
Deposits placed with corporation		(18)	(1)
Interest and dividend received		34	28
Payment towards acquisition of business, net of cash acquired		-	(72)
Payment of contingent consideration pertaining to acquisition of business		(20)	-
Redemption of escrow pertaining to Buyback		-	37
Payments to acquire Investments			
Liquid mutual fund units and fixed maturity plan securities		(1,596)	(2,611)
Quoted debt securities		(733)	(234)
Equity and preference securities		-	(6)
Other Investments		-	(2)
Proceeds on sale of Investments		-	-
Quoted debt securities		300	367
Certificate of deposits		120	285
Commercial papers		-	72
Liquid mutual fund units and fixed maturity plan securities		1,582	2,703
Other Investments		3	2
Other receipts		3	3
Net cash (used)/generated in investing activities		**(499)**	**302**

Financing activities:			
Payment of Lease Liabilities	2.8	(47)	(42)
Payment of dividends (including dividend distribution tax)		(539)	(782)
Payment of dividend to non controlling interests of subsidiary		(3)	(5)
Shares issued on exercise of employee stock options		1	-
Buy back of equity shares including transaction costs	2.19.1	-	(1,070)
Net cash used in financing activities		**(588)**	**(1,899)**
Effect of exchange rate changes on cash and cash equivalents		84	(60)
Net increase / (decrease) in cash and cash equivalents		489	(445)
Cash and cash equivalents at the beginning of the period	2.1	2,465	2,829
Cash and cash equivalents at the end of the period	2.1	**3,038**	**2,324**
Supplementary information:			
Restricted cash balance	2.1	55	53

The accompanying notes form an integral part of the interim condensed consolidated financial statements.
As per our report of even date attached

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Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and Subsidiaries

Overview and Notes to the financial statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) provides consulting, technology, outsourcing and next-generation digital services, to enable clients to execute strategies for their digital transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

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

The Group's interim condensed consolidated financial statements are authorized for issue by the company's Board of Directors on October 14, 2020.

1.2 Basis of preparation of financial statements

The interim condensed consolidated financial statements have been prepared in compliance with IAS 34, Interim Financial Reporting as issued by International Accounting Standards Board, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2020. 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 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim condensed consolidated financial statements comprise the financial statements of the company, its controlled trusts and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. The 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.

1.4 Use of estimates and judgments

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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these interim condensed consolidated financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these interim condensed consolidated financial statements.

1.5 Critical accounting estimates and judgements

a. Revenue recognition

The Group's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price maintenance contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended are used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced (also refer to note 2.12).

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

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 (Refer to note 2.7).

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. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins.

f. Leases

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts (Refer note 2.8).

g. Allowance for credit losses on receivables and unbilled revenue

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

1.6 Recent accounting pronouncements

New and revised IFRS Standards in issue but not yet effective:

Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts	Cost of Fulfilling a Contract
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform—Phase 2

Amendments to IAS 16

On May 14, 2020 International Accounting Standards Board (IASB) has issued amendment to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) which amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

Amendments to IAS 37

On May 14, 2020 IASB has issued Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) which specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

The International Accounting Standards Board (Board) has finalized its response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks by issuing a package of amendments to IFRS Standards in August 2020. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The amendments in this final phase relate to practical expedient for particular changes in contractual cash flows, relief from specific hedge accounting requirements and certain disclosure requirement.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2021, although early adoption is permitted.

The Group is in the process of evaluating the impact of the amendment.

Infosys Limited and Subsidiaries

2. Notes to the interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(Dollars in millions)

Particulars	As at	
	September 30, 2020	March 31, 2020
Cash and bank deposits	2,289	1,624
Deposits with financial institutions	749	841
Total Cash and cash equivalents	**3,038**	**2,465**

Cash and cash equivalents as at September 30, 2020 and March 31, 2020 include restricted cash and bank balances of $55 million and $52 million, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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.

2.2 Investments

The carrying value of investments are as follows:

(Dollars in millions)

Particulars	As at	
	September 30, 2020	March 31, 2020
(i) Current		
Fair value through profit and loss		
Liquid Mutual funds	371	278
Fixed maturity plan securities	-	65
Fair Value through Other comprehensive income		
Quoted debt securities	83	123
Certificate of deposits	34	149
Total current investments	**488**	**615**
(ii) Non-current		
Amortized cost		
Quoted debt securities	250	244
Fair value through Other comprehensive income		
Quoted debt securities	779	281
Unquoted equity and preference securities	14	14
Fair value through profit and loss		
Unquoted Preference securities	1	1
Others[1]	7	7
Total Non-current investments	**1,051**	**547**
Total investments	**1,539**	**1,162**
Investment carried at amortized cost	250	244
Investments carried at fair value through other comprehensive income	910	567
Investments carried at fair value through profit and loss	379	351

[1] *Uncalled capital commitments outstanding as on September 30, 2020 and March 31, 2020 was $8 million and $8 million, respectively.*

Refer note 2.3 for accounting policies on financial instruments.

Method of fair valuation: *(Dollars in millions)*

Class of investment	Method	Fair value: As at September 30, 2020	Fair value: As at March 31, 2020
Liquid mutual funds	Quoted price	371	278
Fixed maturity plan securities	Market observable inputs	-	65
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	303	284
Quoted debt securities- carried at Fair value through other comprehensive income	Quoted price and market observable inputs	862	404
Certificate of deposits	Market observable inputs	34	149
Unquoted equity and preference securities at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model, etc.	14	14
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model, etc.	1	1
Others	Discounted cash flows method, Market multiples method, Option pricing model, etc.	7	7
		1,592	**1,202**

Certain quoted investments are classified as Level 2 in the absence of active market for such investments.

2.3 Financial instruments

Accounting Policy

2.3.1 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.

2.3.2 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 Group 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.

(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 and financial liability under option arrangements 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 transaction. .

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.

2.3.3 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.

2.3.4 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 table ‘Financial instruments by category’ below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of those instruments.

2.3.5 Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues 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 comprehensive income.

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Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2020 were as follows:

(Dollars in millions)

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 2.1)	3,038	-	-	-	-	3,038	3,038	
Investments (Refer to Note 2.2)								
Liquid mutual funds	-	-	371	-	-	371	371	
Quoted debt securities	250	-	-	-	862	1,112	1,165	(1)
Certificate of deposits	-	-	-	-	34	34	34	
Unquoted equity and preference securities:	-	-	1	14	-	15	15	
Unquoted investment others	-	-	7	-	-	7	7	
Trade receivables	2,430	-	-	-	-	2,430	2,430	
Unbilled revenues (Refer note 2.17)[3]	438	-	-	-	-	438	438	
Prepayments and other assets (Refer to Note 2.4)	498	-	-	-	-	498	488	(2)
Derivative financial instruments	-	-	33	-	2	35	35	
Total	**6,654**	**-**	**412**	**14**	**898**	**7,978**	**8,021**	
Liabilities:								
Trade payables	322	-	-	-	-	322	322	
Lease liabilities	639		-	-	-	639	639	
Derivative financial instruments	-	-	3	-	-	3	3	
Financial liability under option arrangements	-	-	92	-	-	92	92	
Other liabilities including contingent consideration (Refer to note 2.5)	1,096	-	11	-	-	1,107	1,107	
Total	**2,057**	**-**	**106**	**-**	**-**	**2,163**	**2,163**	

(1) On account of fair value changes including interest accrued

(2) Excludes interest accrued on quoted debt securities carried at amortized cost of $10 million.

(3) Excludes unbilled revenue for contracts where the right to consideration is dependent on completion of contractual milestones

Infosys Limited and Subsidiaries

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows:

(Dollars in millions)

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 to Note 2.1)	2,465	-	-	-	-	2,465	2,465	
Investments (Refer note 2.2)								
Liquid mutual funds	-	-	278	-	-	278	278	
Fixed maturity plan securities	-	-	65	-	-	65	65	
Quoted debt securities	244	-	-	-	404	648	688	(1)
Certificate of deposits	-	-	-	-	149	149	149	
Unquoted equity and preference	-	-	1	14	-	15	15	
Unquoted investment others	-	-	7	-	-	7	7	
Trade receivables	2,443	-	-	-	-	2,443	2,443	
Unbilled revenues(Refer note 2.17)[3]	369	-	-	-	-	369	369	
Prepayments and other assets (Refer to Note 2.4)	476	-	-	-	-	476	465	(2)
Derivative financial instruments	-	-	7	-	1	8	8	
Total	**5,997**	**-**	**358**	**14**	**554**	**6,923**	**6,952**	
Liabilities:								
Trade payables	377	-	-	-	-	377	377	
Lease liabilities	612	-	-	-	-	612	612	
Derivative financial instruments	-	-	62	-	3	65	65	
Financial liability under option	-	-	82	-	-	82	82	
Other liabilities including contingent consideration	1,054	-	45	-	-	1,099	1,099	
Total	**2,043**	**-**	**189**	**-**	**3**	**2,235**	**2,235**	

(1) *On account of fair value changes including interest accrued*

(2) *Excludes interest accrued on quoted debt securities carried at amortized cost of $11 million.*

(3) *Excludes unbilled revenue for contracts where the right to consideration is dependent on completion of contractual milestones*

Infosys Limited and Subsidiaries

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 as at September 30, 2020

(Dollars in millions)

Particulars	**As at September 30, 2020**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	371	371	-	-
Investments in quoted debt securities (Refer to Note 2.2)	1,165	1,080	85	-
Investments in certificate of deposit (Refer to Note 2.2)	34	-	34	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	15	-	-	15
Investments in unquoted investments others (Refer to Note 2.2)	7	-	-	7
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	35	-	35	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	3	-	3	-
Financial liability under option arrangements	92	-	-	92
Liability towards contingent consideration (Refer to note 2.5)*	11	-	-	11

*Discount rate pertaining to contingent consideration ranges from 8% to 14%

During the six months ended September 30, 2020, quoted debt securities of $7 million were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of $18 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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

(Dollars in millions)

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting period 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)	65	-	65	-
Investments in quoted debt securities (Refer to Note 2.2)	688	618	70	-
Investments in certificate of deposit (Refer to Note 2.2)	149	-	149	-
Investments in commercial paper (Refer to Note 2.2)	-	-	-	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	15	-	-	15
Investments in unquoted investments others (Refer to Note 2.2)	7	-	-	7
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	8	-	8	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	65	-	65	-
Financial liability under option arrangements	82	-	-	82
Liability towards contingent consideration (Refer to Note 2.5)*	45	-	-	45

*Discount rate pertaining to contingent consideration ranges from 8% to 14%

During the year ended March 31, 2020 quoted debt securities of $87 million were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of $7 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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.

Majority of investments of the Group are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non-convertible debentures. The Group invests after considering counterparty risks based on multiple criteria including Tier I capital, Capital Adequacy Ratio, Credit Rating, Profitability, NPA levels and Deposit base of banks and financial institutions. These risks are monitored regularly as per its risk management program.

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2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Rental deposits	5	4
Security deposits	1	1
Loans to employees	18	32
Prepaid expenses(1)	133	128
Interest accrued and not due	74	62
Withholding taxes and others(1)	196	209
Advance payments to vendors for supply of goods(1)	6	19
Deposit with corporations*	264	237
Deferred contract cost(1)	5	4
Net investment in sublease of right of use asset	10	5
Other non financial assets(1)	3	4
Other financial assets	35	34
Total Current prepayment and other assets	**750**	**739**
Non-current		
Loans to employees	3	3
Security deposits	7	7
Deposit with corporations *	5	7
Prepaid gratuity(1)	11	20
Prepaid expenses(1)	9	11
Deferred contract cost(1)	11	13
Withholding taxes and others(1)	105	103
Net investment in sublease of right of use asset	45	53
Rental Deposits	28	29
Other non financial assets	3	-
Other financial assets	3	2
Total Non- current prepayment and other assets	**230**	**248**
Total prepayment and other assets	**980**	**987**
Financial assets in prepayments and other assets	**498**	**476**

(1) Non financial assets

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at September 30, 2020, Cenvat recoverable includes $50 million which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

*Deposit with corporation represents amounts deposited to settle certain employee-related obligations as and when they arise during the normal course of business.

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2.5 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Accrued compensation to employees	468	391
Accrued provident fund liability[(1)]	-	9
Accrued expenses	549	518
Withholding taxes and others [(1)]	263	232
Retention money	3	10
Liabilities of controlled trusts	24	25
Deferred income - government grants[(1)]	3	-
Liability towards contingent consideration	7	29
Capital creditors	31	37
Others non financial liabilities[(1)]	1	1
Other financial liabilities	15	69
Total Current other liabilities	**1,364**	**1,321**
Non-Current		
Liability towards contingent consideration	4	16
Accrued compensation to employees	5	3
Accrued gratuity[(1)]	5	4
Accrued provident fund liability[(1)]	16	24
Deferred income - government grants[(1)]	6	6
Deferred income [(1)]	2	3
Financial liability under option arrangements	92	82
Withholding taxes and others[(1)]	69	-
Other financial liabilities	1	1
Total Non-current other liabilities	**200**	**139**
Total other liabilities	**1,564**	**1,460**
Financial liabilities included in other liabilities	1,199	1,181
Financial liability towards contingent consideration on an undiscounted basis	12	48

(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.

2.6 Provisions and other contingencies

Accounting Policy

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.

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Post sales client support

The Group provides its clients with a fixed-period post sales support for 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.

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.

Provisions comprise the following:

(Dollars in millions)

Particulars	As at	
	September 30, 2020	**March 31, 2020**
Provision for post sales client support and other provisions	93	76
	93	**76**

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 1 year.

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 September 30, 2020 and March 31, 2020, claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.12) amounted to $39 million (₹285 crore) and $30 million (₹230 crore), respectively.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020.

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

2.7 Property, plant and equipment

Accounting Policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to 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[(1)]	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

[(1)] includes solar plant with a useful life of 20 years

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in 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 consolidated statement of comprehensive income.

Impairment

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

If such assets are considered to be impaired, the impairment to be recognized in 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.

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Following are the changes in the carrying value of property, plant and equipment for three months ended September 30, 2020:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at July 1, 2020	**183**	**1,332**	**626**	**930**	**384**	**6**	**3,461**
Additions	-	2	8	42	8	-	60
Deletions	-	-	(1)	(5)	(1)	-	(7)
Translation difference	5	33	15	22	11	-	86
Gross carrying value as at September 30, 2020	**188**	**1,367**	**648**	**989**	**402**	**6**	**3,600**
Accumulated depreciation as at July 1, 2020	**-**	**(448)**	**(434)**	**(674)**	**(254)**	**(4)**	**(1,814)**
Depreciation	-	(13)	(16)	(36)	(13)	-	(78)
Accumulated depreciation on deletions	-	-	1	5	1	-	7
Translation difference	-	(11)	(10)	(15)	(8)	-	(44)
Accumulated depreciation as at September 30, 2020	**-**	**(472)**	**(459)**	**(720)**	**(274)**	**(4)**	**(1,929)**
Capital work-in progress as at September 30, 2020							198
Carrying value as at September 30, 2020	**188**	**895**	**189**	**269**	**128**	**2**	**1,869**
Capital work-in progress as at July 1, 2020							178
Carrying value as at July 1, 2020	**183**	**884**	**192**	**256**	**130**	**2**	**1,825**

Following are the changes in the carrying value of property, plant and equipment for three months ended September 30, 2019:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at July 1, 2019	**189**	**1,315**	**595**	**881**	**350**	**5**	**3,335**
Additions	1	46	46	33	37	1	164
Additions- Business Combinations	-	-	-	-	-	-	-
Deletions	-	-	-	(10)	(1)	-	(11)
Reclassified on account of adoption of IFRS 16	-	-	-	-	-	-	-
Translation difference	(5)	(36)	(16)	(23)	(11)	-	(91)
Gross carrying value as at September 30, 2019	**185**	**1,325**	**625**	**881**	**375**	**6**	**3,397**
Accumulated depreciation as at July 1, 2019	**-**	**(436)**	**(406)**	**(634)**	**(234)**	**(3)**	**(1,713)**
Depreciation	-	(12)	(17)	(32)	(11)	-	**(72)**
Accumulated depreciation on deletions	-	-	-	10	1	-	**11**
Reclassified on account of adoption of IFRS 16	-	-	-	-	-	-	**-**
Translation difference	-	11	11	17	6	-	**45**
Accumulated depreciation as at September 30, 2019	**-**	**(437)**	**(412)**	**(639)**	**(238)**	**(3)**	**(1,729)**
Capital work-in progress as at September 30, 2019							210
Carrying value as at September 30, 2019	**185**	**888**	**213**	**242**	**137**	**3**	**1,878**
Capital work-in progress as at July 1, 2019							281
Carrying value as at July 1, 2019	**189**	**879**	**189**	**247**	**116**	**2**	**1,903**

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Following are the changes in the carrying value of property, plant and equipment for six months ended September 30, 2020:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2020	**174**	**1,324**	**621**	**882**	**381**	**6**	**3,388**
Additions	9	7	12	88	11	-	127
Deletions	-	-	(2)	(6)	(2)	-	(10)
Translation difference	5	36	17	25	12	-	95
Gross carrying value as at September 30, 2020	**188**	**1,367**	**648**	**989**	**402**	**6**	**3,600**
Accumulated depreciation as at April 1, 2020	**-**	**(434)**	**(418)**	**(646)**	**(243)**	**(4)**	**(1,745)**
Depreciation	-	(26)	(32)	(63)	(24)	-	(145)
Accumulated depreciation on deletions	-	-	2	6	2	-	10
Translation difference	-	(12)	(11)	(17)	(9)	-	(49)
Accumulated depreciation as at September 30, 2020	**-**	**(472)**	**(459)**	**(720)**	**(274)**	**(4)**	**(1,929)**
Capital work-in progress as at September 30, 2020							198
Carrying value as at September 30, 2020	**188**	**895**	**189**	**269**	**128**	**2**	**1,869**
Capital work-in progress as at April 1, 2020							167
Carrying value as at April 1, 2020	**174**	**890**	**203**	**236**	**138**	**2**	**1,810**

Following are the changes in the carrying value of property, plant and equipment for six months ended September 30, 2019:

(Dollars in millions)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2019	**276**	**1,291**	**572**	**845**	**321**	**5**	**3,310**
Additions	1	70	69	63	64	1	**268**
Additions- Business Combinations	-	-	-	9	1	-	**10**
Deletions	-	-	(1)	(14)	(2)	-	**(17)**
Reclassified on account of adoption of IFRS 16	(87)	-	-	-	-	-	**(87)**
Translation difference	(5)	(36)	(15)	(22)	(9)	-	**(87)**
Gross carrying value as at September 30, 2019	**185**	**1,325**	**625**	**881**	**375**	**6**	**3,397**
Accumulated depreciation as at April 1, 2019	**(5)**	**(423)**	**(390)**	**(606)**	**(223)**	**(3)**	**(1,650)**
Depreciation	-	(25)	(33)	(63)	(22)	-	**(143)**
Accumulated depreciation on deletions	-	-	1	14	2	-	**17**
Reclassified on account of adoption of IFRS 16	5	-	-	-	-	-	**5**
Translation difference	-	11	10	16	5	-	**42**
Accumulated depreciation as at September 30, 2019	**-**	**(437)**	**(412)**	**(639)**	**(238)**	**(3)**	**(1,729)**
Capital work-in progress as at September 30, 2019							210
Carrying value as at September 30, 2019	**185**	**888**	**213**	**242**	**137**	**3**	**1,878**
Capital work-in progress as at April 1, 2019							271
Carrying value as at April 1, 2019	**271**	**868**	**182**	**239**	**98**	**2**	**1,931**

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

The contractual commitments for capital expenditure primarily comprises of commitments for infrastructure facilities and computer equipment’s aggregating to $142 million and $180 million as at September 30, 2020 and March 31, 2020, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

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

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

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

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

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

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

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2020

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of July 1, 2020	**83**	**435**	**3**	**8**	**529**
Additions*	1	51	-	1	53
Deletions	-	(4)	-	-	(4)
Depreciation	-	(20)	-	(1)	(21)
Translation difference	2	10	-	-	12
Balance as of September 30, 2020	**86**	**472**	**3**	**8**	**569**

* *Net of lease incentives of $5 million related to lease of Buildings*

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2019

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of July 1, 2019	**91**	**446**	**3**	**-**	**540**
Additions	-	45	-	4	49
Deletions	-	(1)	-	-	(1)
Depreciation	(1)	(18)	-	-	(19)
Translation difference	(2)	(14)	-	(1)	(17)
Balance as of September 30, 2019	**88**	**458**	**3**	**3**	**552**

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2020

(Dollars in millions)

Particulars	**Category of ROU asset**				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of April 1, 2020	**83**	**461**	**2**	**5**	**551**
Additions*	1	49	1	4	55
Deletions	-	(12)	-	-	(12)
Depreciation	-	(40)	-	(1)	(41)
Translation difference	2	14	-	-	16
Balance as of September 30, 2020	**86**	**472**	**3**	**8**	**569**

* *Net of lease incentives of $11 million related to lease of Buildings*

Infosys Limited and Subsidiaries

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2019

(Dollars in millions)

Particulars	Category of ROU asset				
	Land	**Buildings**	**Vehicle**	**Computer**	**Total**
Balance as of April 1, 2019	**-**	**419**	**1**	**-**	**420**
Reclassified on account of adoption of IFRS 16	92	-	-	-	92
Additions	-	62	-	4	66
Additions through business combination	-	26	2	-	28
Deletions	-	(1)	-	-	(1)
Depreciation	(1)	(36)	-	-	(37)
Translation difference	(3)	(12)	-	(1)	(16)
Balance as of September 30, 2019	**88**	**458**	**3**	**3**	**552**

The aggregate depreciation expense on ROU assets is included in cost of sales in the consolidated Statement of Comprehensive Income.

The following is the break-up of current and non-current lease liabilities as of September 30, 2020 and March 31, 2020

(Dollars in millions)

Particulars	**As at**	
	September 30, 2020	**March 31, 2020**
Current lease liabilities	88	82
Non-current lease liabilities	551	530
Total	**639**	**612**

2.9 Goodwill

Accounting Policy

Goodwill represents purchase consideration 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 purchase consideration, the fair value of net assets acquired is reassessed and the bargain purchase gain is recognized immediately in the net profit in the Statement of Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition. 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.

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

(Dollars in millions)

Particulars	As at	
	September 30, 2020	**March 31, 2020**
Carrying value at the beginning	699	512
Goodwill on HIPUS acquisition	-	16
Goodwill on Stater acquisition	-	57
Goodwill on Simplus acquisition	-	130
Translation differences	28	(16)
Carrying value at the end	**727**	**699**

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.

2.10 Business combination

Accounting Policy

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. Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Comprehensive Income.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

Business combinations between entities under common control is accounted for at carrying value of the assets and liabilities in the Group's consolidated financial statements.

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognized at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognised.

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.

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based Product Design and Development firm, for a total consideration of upto $42 million, comprising of cash consideration of $29 million, contingent consideration of upto $ 12 million and retention payouts of upto $1 million, payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. The payment of contingent consideration to sellers of Kaleidoscope Animations, Inc is dependent upon the achievement of certain financial targets by Kaleidoscope Animations, Inc.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of Kaleidoscope Animations, Inc, including allocation of purchase consideration to identifiable assets and liabilities.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o , a ServiceNow Elite Partners in Europe for a total consideration of upto Euro 30 million (approximately $35 million), comprising of cash consideration of Euro 20 million (approximately $23 million), contingent consideration of upto Euro 4 million (approximately $5 million) and retention payouts of upto Euro 6 million (approximately $7 million), payable to the employees of GuideVision s.r.o over the next three years, subject to their continuous employment with the group. The payment of contingent consideration to sellers of GuideVision s.r.o is dependent upon the achievement of certain financial targets by GuideVision s.r.o.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of GuideVision s.r.o, including allocation of purchase consideration to identifiable assets and liabilities.

Infosys Limited and Subsidiaries

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently in August 15, 2020, the company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of $23 million (₹171 crore) and $9 million (₹66 crore) respectively.

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.

Proposed Acquisition

Blue Acorn iCi

On October 8, 2020 Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) entered into a definitive agreement to acquire Blue Acorn iCi, a US based Adobe platinum partner and a digital customer experience company, for a total consideration of upto $125 million including bonuses, subject to fulfillment of customary closing conditions.

2.11 Employees' Stock Option Plans (ESOP)

Accounting Policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in net profit in the consolidated statement of comprehensive 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.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan)

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 50,000,000 equity shares. To implement the 2019 Plan, upto 45,000,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The RSUs granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). The performance parameters will be based on a combination of relative Total Shareholder Return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan):

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was 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 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). 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.

Controlled trust holds 16,905,562 and 18,239,356 shares as at September 30, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at September 30, 2020 and March 31, 2020, respectively.

The following is the summary of grants during three months and six months ended September 30, 2020 and September 30, 2019 under the 2015 Plan:

Particulars	2019 Plan				2015 Plan			
	Three months ended September 30,		Six months ended September 30,		Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMP	-	-	-	-	-	24,650	24,600	36,850
	-	**-**	**207,808**	**187,793**	**-**	**24,650**	**228,697**	**248,946**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore (approximately $0.50 million) which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of September 30, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with IFRS 2, Share based payments.

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with the terms of his employment agreement, approved the performance-based grant of RSUs amounting to ₹13 crore (approximately $2 million) for the fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 192,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore (approximately $1.50 million) for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 148,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole-time director

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹4 crore (approximately $0.50 million) for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 59,374 performance based RSU's were granted effective May 2, 2020.

Other KMP

Under the 2015 plan:

On April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 11,133 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2020. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense: -

(Dollars in millions)

Particulars	**Three months ended September 30, 2020**	**Three months ended September 30, 2019**	**Six months ended September 30, 2020**	**Six months ended September 30, 2019**
Granted to:				
KMP	3	2	5	4
Employees other than KMP	9	6	19	13
Total [(1)]	**12**	**8**	**24**	**17**
(1) Cash settled stock compensation expense included in the above	3	-	6	-

The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options and Monte Carlo simulation model is used for TSR based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility during the expected term of the options 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 options. Expected volatility of the comparative company have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the options. Correlation coefficient is calculated between each peer entity and the indices as a whole or between each entity in the peer group.

The fair value of each equity settled award is estimated on the date of grant using the following assumptions:

Particulars	'For options granted in			
	Fiscal 2021-Equity Shares-RSU	**Fiscal 2021-ADS-RSU**	**Fiscal 2020-Equity Shares-RSU**	**Fiscal 2020-ADS-RSU**
Weighted average share price (₹) / ($ ADS)	674	8.93	728	10.52
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-42	29-42	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.2-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / ($ ADS)	563	8.23	607	7.84

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.

2.12 Income taxes

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the consolidated statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at 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. 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.

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

(Dollars in millions)

Particulars	**Three months ended September 30, 2020**	**Three months ended September 30, 2019**	**Six months ended September 30, 2020**	**Six months ended September 30, 2019**
Current taxes				
Domestic taxes	184	151	332	309
Foreign taxes	54	60	80	112
	238	**211**	**412**	**421**
Deferred taxes				
Domestic taxes	23	5	48	4
Foreign taxes	(6)	(9)	(4)	(22)
	17	**(4)**	**44**	**(18)**
Income tax expense	**255**	**207**	**456**	**403**

Income tax expense for the three months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of $14 million and $11 million, respectively. Income tax expense for the six months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of $31 million and $17 million respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

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)

Particulars	Three months ended September 30, 2020	Three months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019
Profit before income taxes	910	779	1,675	1,521
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	317	273	584	532
Tax effect due to non-taxable income for Indian tax purposes	(84)	(86)	(156)	(168)
Overseas taxes	25	31	48	58
Tax provision (reversals)	(14)	(11)	(31)	(17)
Effect of differential tax rates	(6)	(2)	(10)	(3)
Effect of exempt non operating income	(1)	(1)	(2)	(3)
Effect of unrecognized deferred tax assets	2	5	4	7
Effect of non-deductible expenses	4	3	9	6
Branch profit tax (net of credits)	(1)	(4)	(2)	(8)
Others	13	(1)	12	(1)
Income tax expense	**255**	**207**	**456**	**403**

The applicable Indian corporate statutory tax rate for the three months ended and six months ended September 30, 2020 and September 30, 2019 is 34.94% each.

Deferred income tax for the three months ended and six months ended September 30, 2020 and September 30, 2019 substantially relates to origination and reversal of temporary differences.

As at September 30, 2020, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to \$455 million (₹3,360 crore). Amount paid to statutory authorities against this amounted to \$816 million (₹6,018 crore).

As at March 31, 2020, claims against the Group not acknowledged as debts from the Income tax authorities amounted to \$443 million (₹3,353 crore). Amount paid to statutory authorities against the above tax claims amounted to \$707 million (₹5,352 crore).

The claims against the group majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes.

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.

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

Accounting Policy

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.

2.14 Related party transactions

Refer Note 2.20 "Related party transactions" in the Company's 2020 Annual Report on Form 20-F for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the six months ended September 30, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K Ltd and Simplus Ireland Ltd. from Simplus Europe Ltd.

- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.

- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.

Changes in key management personnel

The following are the changes in the key management personnel:

- D.N. Prahlad resigned as director of the Company effective April 20, 2020.
- Uri Levine appointed as independent director of the Company effective April 20, 2020.
- Bobby Parikh appointed as independent director of the Company effective July 15, 2020.

Transactions with key management personnel

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

(Dollars in millions)

Particulars	Three months ended September 30, 2020	Three months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019
Salaries and other employee benefits to whole-time directors and executive officers(1)(2)	5	4	9	9
Commission and other benefits to non-executive/ independent directors	-	-	-	1
Total	**5**	**4**	**9**	**10**

(1) Total employee stock compensation expense for the three months ended September 30, 2020 and September 30, 2019 includes a charge of $ 3 million and $2 million respectively, towards key managerial personnel. For the six months ended September 30, 2020 and September 30, 2019, includes a charge of $5 million and $4 million respectively, towards key managerial personnel. (Refer note 2.11)

(2) Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.15 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. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business 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 accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represent the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services.

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 Infosys Public Services and revenue generated from customers located in India, Japan and China and other enterprises in public service. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centres and on-site expenses, which are categorized in relation to the associated efforts of the segment. Certain expenses such as depreciation and amortization, 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. 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.

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

Disclosure of revenue by geographic locations is given in note 2.16 Revenue from operations

Infosys Limited and Subsidiaries

2.15.1 Business Segments

Three months ended September 30, 2020 and September 30, 2019

(Dollars in millions)

	Financial Services(1)	Retail(2)	Communication(3)	Energy , Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others(5)	Total
Revenues	**1,061**	**492**	**417**	**408**	**302**	**303**	**225**	**104**	**3,312**
	1,023	*489*	*420*	*420*	*325*	*243*	*207*	*83*	*3,210*
Identifiable operating expenses	546	234	246	209	155	170	112	69	1,741
	528	*244*	*249*	*222*	*180*	*144*	*109*	*50*	*1,726*
Allocated expenses	196	83	81	88	58	43	38	29	616
	231	*98*	*83*	*82*	*73*	*43*	*42*	*32*	*684*
Segment profit	**319**	**175**	**90**	**111**	**89**	**90**	**75**	**6**	**955**
	264	*147*	*88*	*116*	*72*	*56*	*56*	*1*	*800*
Unallocable expenses									115
									104
Operating profit									**840**
									696
Other income, net (Refer Note 2.18)									76
									89
Finance cost									6
									6
Profit before Income taxes									**910**
									779
Income tax expense									255
									207
Net profit									**655**
									572
Depreciation and amortization									115
									103
Non-cash expenses other than depreciation and amortization									-
									1

(1) Financial Services include enterprises in Financial Services and Insurance
(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics
(3) Communication includes enterprises in Communication, Telecom OEM and Media
(4) Life Sciences includes enterprises in Life sciences and Health care
(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

Infosys Limited and Subsidiaries

Six months ended September 30, 2020 and September 30, 2019

(Dollars in millions)

	Financial Services(1)	Retail(2)	Communication(3)	Energy, Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others(5)	Total
Revenues	**2,044**	**940**	**834**	**807**	**600**	**575**	**433**	**200**	**6,433**
	2,008	*982*	*851*	*827*	*626*	*484*	*399*	*163*	*6,340*
Identifiable operating expenses	1,061	444	497	414	325	319	217	130	3,407
	1,056	*494*	*505*	*438*	*351*	*291*	*221*	*98*	*3,454*
Allocated expenses	401	182	166	170	120	87	77	61	1,264
	441	*193*	*168*	*169*	*144*	*84*	*83*	*63*	*1,345*
Segment profit	**582**	**314**	**171**	**223**	**155**	**169**	**139**	**9**	**1,762**
	511	295	178	220	131	109	95	2	1,541
Unallocable expenses									215
									203
Operating profit									**1,547**
									1,338
Other income, net (Refer Note 2.18)									140
									195
Finance cost									12
									12
Profit before Income taxes									**1,675**
									1,521
Income tax expense									456
									403
Net profit									**1,219**
									1,118
Depreciation and amortization									215
									201
Non-cash expenses other than depreciation and amortization									-
									2

(1) Financial Services include enterprises in Financial Services and Insurance
(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics
(3) Communication includes enterprises in Communication, Telecom OEM and Media
(4) Life Sciences includes enterprises in Life sciences and Health care
(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

2.15.2 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and six months ended September 30, 2020 and September 30, 2019, respectively.

2.16 Revenue from Operations

Accounting Policy:

The Group derives revenues primarily from IT services comprising software development and related services, maintenance, consulting and package implementation, licensing of software products and platforms across the Group's core and digital offerings (together called as "software related services") and business process management services. Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended are used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance based billing and / or milestone based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

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

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Group uses the expected cost plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably on a straight line basis over the period in which the services are rendered.

Contracts with customers includes subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Group is acting as an agent between the customer and the vendor, and gross when the Group is the principal for the transaction. In doing so, the group first evaluates whether it controls the good or service before it is transferred to the customer. The Group considers whether it has the primary obligation to fulfil the contract, inventory risk, pricing discretion and other factors to determine whether it controls the goods or service and therefore is acting as a principal or an agent.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Group expects to recover them. Any capitalized contract costs are amortized, with the expense recognised as the Group transfers the related goods or services to the customer.

The Group presents revenues net of indirect taxes in its consolidated statement of comprehensive income.

Revenues for the three months ended and six months ended September 30, 2020 and September 30, 2019 is as follows

(Dollars in millions)

Particulars	**Three months ended September 30, 2020**	**Three months ended September 30, 2019**	**Six months ended September 30, 2020**	**Six months ended September 30, 2019**
Revenue from software services	3,063	3,004	5,967	5,957
Revenue from products and platforms	249	206	466	383
Total revenue from operations	**3,312**	**3,210**	**6,433**	**6,340**

The Group has evaluated the impact of COVID–19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID–19 is not material based on these estimates. Due to the nature of the pandemic, the Group continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers by geography and offerings for each of our business segments. The Group believes this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors.

Three months ended September 30, 2020 and September 30, 2019

(Dollars in millions)

Particulars	Financial Services(1)	Retail(2)	Communication(3)	Energy , Utilities, resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others(5)	Total
Revenues by Geography*									
North America	613	324	218	230	158	286	154	27	2,010
	589	*318*	*264*	*233*	*185*	*229*	*134*	*18*	*1,970*
Europe	219	139	94	141	135	6	66	7	807
	223	*141*	*62*	*147*	*124*	*6*	*67*	*5*	*775*
India	53	2	10	1	2	9	1	22	100
	48	*2*	*7*	*-*	*3*	*7*	*2*	*17*	*86*
Rest of the world	176	27	95	36	7	2	4	48	395
	163	*28*	*87*	*40*	*13*	*1*	*4*	*43*	*379*
Total	**1,061**	**492**	**417**	**408**	**302**	**303**	**225**	**104**	**3,312**
	1,023	***489***	***420***	***420***	***325***	***243***	***207***	***83***	***3,210***
Revenue by offerings									
Digital	501	254	204	194	135	150	93	37	1,568
	401	*209*	*166*	*158*	*121*	*88*	*64*	*23*	*1,230*
Core	560	238	213	214	167	153	132	67	1,744
	622	*280*	*254*	*262*	*204*	*155*	*143*	*60*	*1,980*
Total	**1,061**	**492**	**417**	**408**	**302**	**303**	**225**	**104**	**3,312**
	1,023	***489***	***420***	***420***	***325***	***243***	***207***	***83***	***3,210***

(1) Financial Services include enterprises in Financial Services and Insurance
(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics
(3) Communication includes enterprises in Communication, Telecom OEM and Media
(4) Life Sciences includes enterprises in Life sciences and Health care
(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services
** Geographical revenues is based on the domicile of customer*

Infosys Limited and Subsidiaries

Six months ended September 30, 2020 and September 30, 2019

(Dollars in millions)

Particulars	**Financial Services[1]**	**Retail[2]**	**Communication[3]**	**Energy, Utilities, resources and Services**	**Manufacturing**	**Hi Tech**	**Life Sciences[4]**	**Others[5]**	**Total**
Revenues by Geography*									
North America	1,190	612	457	456	330	543	292	49	3,929
	1,168	*638*	*534*	*457*	*354*	*458*	*254*	*34*	*3,897*
Europe	420	273	178	277	251	9	131	14	1,553
	415	*283*	*127*	*290*	*242*	*12*	*135*	*10*	*1,514*
India	102	3	17	1	4	19	2	43	191
	91	*3*	*11*	*-*	*6*	*12*	*3*	*32*	*158*
Rest of the world	332	52	182	73	15	4	8	94	760
	334	*58*	*179*	*80*	*24*	*2*	*7*	*87*	*771*
Total	**2,044**	**940**	**834**	**807**	**600**	**575**	**433**	**200**	**6,433**
	2,008	***982***	***851***	***827***	***626***	***484***	***399***	***163***	***6,340***
Revenue by offerings									
Digital	953	468	401	368	270	264	168	65	2,957
	761	*413*	*320*	*297*	*231*	*172*	*116*	*39*	*2,349*
Core	1,091	472	433	439	330	311	265	135	3,476
	1,247	*569*	*531*	*530*	*395*	*312*	*283*	*124*	*3,991*
Total	**2,044**	**940**	**834**	**807**	**600**	**575**	**433**	**200**	**6,433**
	2,008	***982***	***851***	***827***	***626***	***484***	***399***	***163***	***6,340***

(1) Financial Services include enterprises in Financial Services and Insurance
(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics
(3) Communication includes enterprises in Communication, Telecom OEM and Media
(4) Life Sciences includes enterprises in Life sciences and Health care
(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services
** Geographical revenues is based on the domicile of customer*

Digital Services

Digital Services comprise of service and solution offerings of the Group that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Group that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products & platforms

The Group also derives revenues from the sale of products and platforms including Finacle – core banking solution, Edge Suite of products, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

Trade Receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Group's Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

The Group's receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price maintenance contracts are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore, unbilled revenues for other fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 Unbilled revenue

(Dollars in millions)

Particulars	As at	
	September 30, 2020	March 31, 2020
Unbilled financial asset (1)	438	369
Unbilled non financial asset (2)	592	572
Total	**1,030**	**941**

(1) Right to consideration is unconditional and is due only after a passage of time.
(2) Right to consideration is dependent on completion of contractual milestones.

2.18 Break-up of expenses and other income, net

Accounting Policy

2.18.1 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 and EdgeVerve, contributions are made to the Infosys BPM 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 or 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.

2.18.2 Superannuation

Certain employees of Infosys, Infosys BPM 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.

2.18.3 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 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.

2.18.4 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.

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

2.18.5 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.

2.18.6 Foreign Currency

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 recognized in the Consolidated Statement of Comprehensive Income and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. 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. The related revenue and expense are recognised using the same exchange rate.

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

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the Statement of Comprehensive Income. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

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.

2.18.7 Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

2.18.8 Operating Profits

Operating profit of the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

Cost of sales

(Dollars in millions)

Particulars	Three months ended		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Employee benefit costs	1,603	1,608	3,194	3,187
Depreciation and amortization	115	103	215	201
Travelling costs	17	63	30	156
Cost of technical sub-contractors	220	234	435	470
Cost of software packages for own use	40	37	78	69
Third party items bought for service delivery to clients	108	58	187	114
Short term leases	1	3	2	6
Consultancy and professional charges	1	2	3	3
Communication costs	11	11	23	21
Repairs and maintenance	18	18	36	32
Provision for post-sales client support	(1)	3	-	2
Others	(8)	-	(7)	-
Total	**2,125**	**2,140**	**4,196**	**4,261**

Selling and marketing expenses

(Dollars in Millions)

Particulars	Three months ended		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Employee benefit costs	134	128	271	254
Travelling costs	1	13	1	27
Branding and marketing	13	17	20	37
Consultancy and professional charges	3	5	5	11
Communication costs	-	1	1	1
Others	2	1	7	3
Total	**153**	**165**	**305**	**333**

Infosys Limited and Subsidiaries

Administrative expenses

(Dollars in Millions)

Particulars	Three months ended		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Employee benefit costs	68	62	134	124
Consultancy and professional charges	34	41	66	76
Repairs and maintenance	29	40	60	79
Power and fuel	5	9	9	17
Communication costs	10	7	20	15
Travelling costs	2	10	4	20
Rates and taxes	8	7	15	12
Short-term leases	1	-	3	-
Insurance charges	5	3	9	6
Commission to non-whole time directors	-	-	-	1
Impairment loss recognized/(reversed) under expected credit loss model	8	5	22	13
Contributions towards Corporate Social Responsibility	19	14	35	24
Others	5	11	8	21
Total	**194**	**209**	**385**	**408**

Other income, net

(Dollars in Millions)

Particulars	Three months ended		Six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Interest income on financial assets carried at amortized cost	42	43	81	92
Interest income on financial assets carried at fair value through other comprehensive income	13	12	25	28
Dividend income on investments carried at fair value through profit or loss	1	-	1	-
Gain/(loss) on investments carried at fair value through profit or loss	1	5	5	15
Gain/(loss) on investments carried at fair value through other comprehensive income	4	2	7	4
Interest income on income tax refund	-	-	-	1
Exchange gains / (losses) on forward and options contracts	41	(5)	47	15
Exchange gains / (losses) on translation of other assets and liabilities	(35)	28	(39)	21
Others	9	4	13	19
	76	**89**	**140**	**195**

Infosys Limited and Subsidiaries

2.19 Equity

Accounting policy

Ordinary Shares

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

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 Securities premium.

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Group.

Share premium

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.

Other Reserves

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

Capital Redemption Reserve

In accordance with section 69 of the Indian Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

Other components of equity

Other components of equity consist of currency translation, remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

Cash flow hedge reserve

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. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.19.1 Capital Allocation Policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi annual dividends and/or share buyback and/or special dividends, 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 and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of September 30, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

2.19.2 Dividend

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. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

Amount of per share dividend recognized as distribution to equity shareholders:

Particulars	Six months ended September 30, 2020		Six months ended September 30, 2019	
	in ₹	in US Dollars	in ₹	in US Dollars
Final dividend for fiscal 2020	9.50	0.13	-	-
Final dividend for fiscal 2019	-	-	10.50	0.15

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share (approximately $0.13 per equity share) for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of ₹4,029 crore (approximately $539 million) excluding dividend paid on treasury shares.

The Board of Directors in their meeting on October 14, 2020 declared an interim dividend of ₹12/- per equity share (approximately $0.16 per equity share) which would result in a net cash outflow of approximately ₹5,091 crore ($690 million) excluding dividend paid on treasury shares.

2.19.3 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. 16,905,562 shares and 18,239,356 shares were held by controlled trust, as at September 30, 2020 and March 31, 2020, respectively.

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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*
D. Sundaram *Director*	Nilanjan Roy *Chief Financial Officer*	A. G. S. Manikantha *Company Secretary*

Bengaluru
October 14, 2020

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre,
27th-32nd Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India.

Phone: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

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 September 30, 2020, the Condensed Consolidated Statement of Comprehensive Income for three months and six months period ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the six 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").

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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), of the consolidated state of affairs of the Group as at September 30, 2020, the consolidated profit and consolidated total comprehensive income for the three months and six months period ended on that date, consolidated changes in equity and its consolidated cash flows for the six months ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the ICAI, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. 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.

Management's Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation 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 IAS 34 as issued by the IASB. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records for safeguarding 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 respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the interim condensed consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under International Financial Reporting Standards (IFRS) in Indian Rupee for the three months and six months ended September 30, 2020

Index **Page No.**

Infosys Limited and subsidiaries

(In ₹ crore except equity share data)

Consolidated Balance Sheet as at	Note	September 30, 2020	March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	2.1	22,411	18,649
Current investments	2.2	3,600	4,655
Trade receivables		17,930	18,487
Unbilled revenue	2.17	7,596	7,121
Prepayments and other current assets	2.4	5,531	5,595
Income tax assets	2.12	-	7
Derivative financial instruments	2.3	257	62
Total current assets		**57,325**	**54,576**
Non-current assets			
Property, plant and equipment	2.7	13,791	13,699
Right-of-use assets	2.8	4,195	4,168
Goodwill	2.9	5,360	5,286
Intangible assets		1,752	1,900
Non-current investments	2.2	7,754	4,137
Deferred income tax assets	2.12	1,305	1,744
Income tax assets	2.12	5,402	5,384
Other non-current assets	2.4	1,694	1,874
Total non-current assets		**41,253**	**38,192**
Total assets		**98,578**	**92,768**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		2,375	2,852
Lease liabilities	2.8	647	619
Derivative financial instruments	2.3	22	491
Current income tax liabilities	2.12	1,593	1,490
Client deposits		-	18
Unearned revenue		3,356	2,990
Employee benefit obligations		1,941	1,832
Provisions	2.6	686	572
Other current liabilities	2.5	10,066	9,992
Total current liabilities		**20,686**	**20,856**
Non-current liabilities			
Lease liabilities	2.8	4,068	4,014
Deferred income tax liabilities	2.12	863	968
Employee benefit obligations		58	38
Other non-current liabilities	2.5	1,469	1,048
Total liabilities		**27,144**	**26,924**
Equity			
Share capital - ₹5 par value 480,00,00,000 (480,00,00,000) equity shares authorized, issued and outstanding 424,25,06,036 (424,07,53,210) equity shares fully paid up, net of 1,69,05,562 (1,82,39,356) treasury shares as at September 30, 2020 (March 31, 2020)	2.19	2,123	2,122
Share premium		745	600
Retained earnings		61,652	57,506
Cash flow hedge reserves		6	(15)
Other reserves		4,972	4,070
Capital redemption reserve		111	111
Other components of equity		1,391	1,056
Total equity attributable to equity holders of the Company		**71,000**	**65,450**
Non-controlling interests		434	394
Total equity		**71,434**	**65,844**
Total liabilities and equity		**98,578**	**92,768**

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and subsidiaries

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

Condensed Consolidated Statement of Comprehensive Income for the		Three months ended September 30,		Six months ended September 30,	
	Note	2020	2019	2020	2019
Revenues	2.16	**24,570**	**22,629**	**48,234**	**44,432**
Cost of sales	2.18	15,771	15,079	31,473	29,858
Gross profit		**8,799**	**7,550**	**16,761**	**14,574**
Operating expenses					
Selling and marketing expenses	2.18	1,136	1,162	2,283	2,336
Administrative expenses	2.18	1,435	1,476	2,885	2,855
Total operating expenses		2,571	2,638	5,168	5,191
Operating profit		**6,228**	**4,912**	**11,593**	**9,383**
Other income, net	2.18	570	626	1,046	1,362
Finance cost		48	42	96	82
Profit before income taxes		**6,750**	**5,496**	**12,543**	**10,663**
Income tax expense	2.12	1,892	1,459	3,412	2,824
Net profit		**4,858**	**4,037**	**9,131**	**7,839**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		7	(22)	154	(39)
Equity instruments through other comprehensive income, net		(5)	2	(6)	5
		2	(20)	148	(34)
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		27	17	21	(7)
Exchange differences on translation of foreign operations		21	(35)	185	(10)
Fair value changes on investments, net		(45)	2	9	18
		3	(16)	215	1
Total other comprehensive income/(loss), net of tax		**5**	**(36)**	**363**	**(33)**
Total comprehensive income		**4,863**	**4,001**	**9,494**	**7,806**
Profit attributable to:					
Owners of the Company		4,845	4,019	9,078	7,817
Non-controlling interests		13	18	53	22
		4,858	**4,037**	**9,131**	**7,839**
Total comprehensive income attributable to:					
Owners of the Company		4,847	3,984	9,434	7,782
Non-controlling interests		16	17	60	24
		4,863	**4,001**	**9,494**	**7,806**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		11.42	9.46	21.40	18.28
Diluted (₹)		11.40	9.44	21.37	18.25
Weighted average equity shares used in computing earnings per equity share	2.13				
Basic		424,19,08,471	424,93,43,678	424,15,06,966	427,56,15,916
Diluted		424,89,61,564	425,58,22,953	424,84,34,533	428,23,22,537

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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Chief Executive Officer and Managing Director

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

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	Non-controlling interest	Total equity
Balance as at April 1, 2019	**433,59,54,462**	**2,170**	**396**	**58,848**	**2,570**	**61**	**882**	**21**	**64,948**	**58**	**65,006**
Impact on account of adoption of IFRS 16*	-	-	-	(40)	-	-	-	-	(40)	-	(40)
	433,59,54,462	**2,170**	**396**	**58,808**	**2,570**	**61**	**882**	**21**	**64,908**	**58**	**64,966**
Changes in equity for the six months ended September 30, 2019											
Net profit	-	-	-	7,817	-	-	-	-	7,817	22	7,839
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	(39)	-	(39)	-	(39)
Fair value changes on derivatives designated as Cash flow hedge*	-	-	-	-	-	-	-	(7)	(7)	-	(7)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(12)	-	(12)	2	(10)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	5	-	5	-	5
Fair value changes on investments, net*	-	-	-	-	-	-	18	-	18	-	18
Total comprehensive income for the period	**-**	**-**	**-**	**7,817**	**-**	**-**	**(28)**	**(7)**	**7,782**	**24**	**7,806**
Shares issued on exercise of employee stock options (Refer to note 2.11)	13,95,470	-	1	-	-	-	-	-	1	-	1
Buyback of equity shares	(9,78,67,266)	(49)	-	(6,211)	-	-	-	-	(6,260)	-	(6,260)
Transaction cost relating to buyback*	-	-	-	(11)	-	-	-	-	(11)	-	(11)
Amount transferred to capital redemption reserve upon buyback	-	-	-	(50)	-	50	-	-	-	-	-
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	311	311
Employee stock compensation expense (refer to note 2.11)	-	-	117	-	-	-	-	-	117	-	117
Income tax benefit arising on exercise of stock options	-	-	7	-	-	-	-	-	7	-	7
Transfer on account of options not exercised	-	-	(1)	1	-	-	-	-	-	-	-
Financial liability under option arrangements	-	-	-	(598)	-	-	-	-	(598)	-	(598)
Transferred to other reserves	-	-	-	(1,145)	1,145	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	616	(616)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(33)	(33)
Dividends (including dividend distribution tax)	-	-	-	(5,425)	-	-	-	-	(5,425)	-	(5,425)
Balance as at September 30, 2019	**423,94,82,666**	**2,121**	**520**	**53,802**	**3,099**	**111**	**854**	**14**	**60,521**	**360**	**60,881**

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	Non-controlling interest	Total equity
Balance as at April 1, 2020	**424,07,53,210**	**2,122**	**600**	**57,506**	**4,070**	**111**	**1,056**	**(15)**	**65,450**	**394**	**65,844**
Changes in equity for the six months ended September 30, 2020											
Net profit	-	-	-	9,078	-	-	-	-	9,078	53	9,131
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	154	-	154	-	154
Equity instruments through other comprehensive income*	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	21	21	-	21
Exchange differences on translation of foreign operations	-	-	-	-	-	-	178	-	178	7	185
Fair value changes on investments, net*	-	-	-	-	-	-	9	-	9	-	9
Total comprehensive income for the period	**-**	**-**	**-**	**9,078**	**-**	**-**	**335**	**21**	**9,434**	**60**	**9,494**
Shares issued on exercise of employee stock options (Refer to note 2.11)	17,52,826	1	5	-	-	-	-	-	6	-	6
Employee stock compensation expense (refer to note 2.11)	-	-	134	-	-	-	-	-	134	-	134
Income tax benefit arising on exercise of stock options	-	-	5	-	-	-	-	-	5	-	5
Transfer on account of options not exercised	-	-	1	(1)	-	-	-	-	-	-	-
Transferred to other reserves	-	-	-	(1,463)	1,463	-	-	-	-	-	-
Transferred from other reserves on utilization	-	-	-	561	(561)	-	-	-	-	-	-
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	(20)	(20)
Dividends	-	-	-	(4,029)	-	-	-	-	(4,029)	-	(4,029)
Balance as at September 30, 2020	**424,25,06,036**	**2,123**	**745**	**61,652**	**4,972**	**111**	**1,391**	**6**	**71,000**	**434**	**71,434**

** net of tax*

(1) excludes treasury shares of 1,69,05,562 as at September 30, 2020, 1,82,39,356 as at April 1, 2020, 1,89,29,512 as at September 30, 2019 and 2,03,24,982 as at April 1, 2019, 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 Group for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.

The accompanying notes form an integral part of the 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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Infosys Limited and subsidiaries

Condensed Consolidated Statement of Cash Flows

Accounting Policy

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 Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(In ₹ crore)

Particulars	Note	Six months ended September 30, 2020	2019
Operating activities:			
Net Profit		9,131	7,839
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.18	1,611	1,408
Income tax expense	2.12	3,412	2,824
Finance cost		96	82
Interest and dividend income		(273)	(283)
Effect of exchange rate changes on assets and liabilities		(7)	54
Impairment loss under expected credit loss model		159	82
Stock compensation expense	2.11	174	119
Other adjustments		(60)	(102)
Changes in working capital			
Trade receivables and unbilled revenue		(67)	(1,578)
Prepayments and other assets		334	473
Trade payables		(477)	(1,071)
Unearned revenue		349	(121)
Other liabilities and provisions		424	1,051
Cash generated from operations		**14,806**	**10,777**
Income taxes paid		(2,987)	(2,705)
Net cash generated by operating activities		**11,819**	**8,072**
Investing activities:			
Expenditure on property, plant and equipment and intangibles		(1,306)	(1,891)
Loans to employees		-	5
Deposits placed with corporation		(133)	(7)
Interest and dividend received		258	200
Payment towards acquisition of business, net of cash acquired		-	(511)
Payment of contingent consideration pertaining to acquisition of business		(150)	-
Redemption of escrow pertaining to Buyback		-	257
Payments to acquire Investments			
- Quoted debt securities		(5,493)	(1,632)
- Liquid mutual fund units and fixed maturity plan securities		(11,960)	(18,295)
- Equity and preference securities		-	(41)
- Other investments		(1)	(16)
Proceeds on sale of investments			
- Equity and preference securities		-	3
- Certificates of deposit		900	1,995
- Quoted debt securities		2,249	2,571
- Commercial paper		-	500
- Liquid mutual fund units and fixed maturity plan securities		11,850	18,946
- Other investments		22	10
Other receipts		25	23
Net cash (used)/generated in investing activities		**(3,739)**	**2,117**
Financing activities:			
Payment of lease liabilities		(351)	(294)
Payment of dividends (including dividend distribution tax)		(4,031)	(5,422)
Payment of dividends to non-controlling interests of subsidiary		(20)	(33)
Buyback of equity shares including transaction cost		-	(7,478)
Shares issued on exercise of employee stock options		6	1
Net cash used in financing activities		**(4,396)**	**(13,226)**
Effect of exchange rate changes on cash and cash equivalents		78	(58)
Net increase/(decrease) in cash and cash equivalents		3,684	(3,037)
Cash and cash equivalents at the beginning of the period	2.1	18,649	19,568
Cash and cash equivalents at the end of the period		**22,411**	**16,473**
Supplementary information:			
Restricted cash balance	2.1	404	375

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

Nandan M. Nilekani
Chairman

Salil Parekh
Chief Executive Office
and Managing Directo

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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Office

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Notes to the Interim Condensed Consolidated Financial Statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) provides consulting, technology, outsourcing and next-generation digital services, to enable clients to execute strategies for their digital transformation.

Infosys together with its subsidiaries and controlled trusts is herein after referred to as the "Group".

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

The Group's interim condensed consolidated financial statements are authorized for issue by the Company's Board of Directors on October 14, 2020.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements have been prepared in compliance with IAS 34, Interim Financial Reporting as issued by International Accounting Standards Board, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company’s consolidated financial statements under IFRS in indian rupee for the year ended March 31, 2020. 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 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim condensed consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. The 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.

1.4 Use of estimates and judgments

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 interim condensed 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 the 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.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these interim condensed consolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these interim condensed consolidated financial statements

1.5 Critical accounting estimates and judgments

a. Revenue recognition

The Group’s contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price maintenance contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group’s costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. (Refer to Note 2.12)

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires us to fair value identifiable intangible assets and contingent consideration to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management

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. (Refer to Note 2.7).

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. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins.

f. Leases

IFRS 16 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts. (Refer to Note no. 2.8)

g. Allowance for credit losses on receivables and unbilled revenue

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

1.6 Recent accounting pronouncements

New and revised IFRS Standards in issue but not yet effective:

Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IAS 37 Onerous Contracts	Cost of Fulfilling a Contract
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform—Phase 2

Amendments to IAS 16

On May 14, 2020 International Accounting Standards Board (IASB) has issued amendment to IAS 16 Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) which amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

Amendments to IAS 37

On May 14, 2020 IASB has issued Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) which specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2022, although early adoption is permitted. The Group is in the process of evaluating the impact of the amendment.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (Phase 2)

The International Accounting Standards Board (Board) has finalized its response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks by issuing a package of amendments to IFRS Standards in August 2020. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The amendments in this final phase relate to practical expedient for particular changes in contractual cash flows, relief from specific hedge accounting requirements and certain disclosure requirement.

The effective date for adoption of this amendment is annual periods beginning on or after January 1, 2021, although early adoption is permitted.

The Group is in the process of evaluating the impact of the amendment.

2. Notes to the Interim Condensed Consolidated Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Cash and bank deposits	16,885	12,288
Deposits with financial institutions	5,526	6,361
Total Cash and cash equivalents	**22,411**	**18,649**

Cash and cash equivalents as at September 30, 2020 and March 31, 2020 include restricted cash and bank balances of ₹404 crore and ₹396 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the Company and bank balances held as margin money deposits against guarantees.

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.

2.2 Investments

The carrying value of the investments are as follows:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
(i) Current		
Fair Value through profit or loss		
Liquid mutual fund units	2,736	2,104
Fixed Maturity Plan Securities	-	489
Fair Value through other comprehensive income		
Quoted Debt Securities	615	936
Certificates of deposit	249	1,126
Total current investments	**3,600**	**4,655**
(ii) Non-current		
Amortised Cost		
Quoted debt securities	1,846	1,846
Fair Value through other comprehensive income		
Quoted debt securities	5,745	2,126
Unquoted equity and preference securities	101	102
Fair Value through profit or loss		
Unquoted Preference securities	8	9
Others[(1)]	54	54
Total non-current investments	**7,754**	**4,137**
Total investments	**11,354**	**8,792**
Investments carried at amortised cost	1,846	1,846
Investments carried at fair value through other comprehensive income	6,710	4,290
Investments carried at fair value through profit or loss	2,798	2,656

[(1)]Uncalled capital commitments outstanding as at September 30, 2020 and March 31, 2020 was ₹59 crore and ₹61 crore, respectively.

Refer note 2.3 for accounting policies on financial instruments.

Method of fair valuation: *(In ₹ crore)*

Class of investment	Method	Fair value as at	
		September 30, 2020	March 31, 2020
Liquid mutual fund units	Quoted price	2,736	2,104
Fixed maturity plan securities	Market observable inputs	-	489
Quoted debt securities- carried at amortized cost	Quoted price and market observable inputs	2,233	2,144
Quoted debt securities- carried at fair value through other comprehensive income	Quoted price and market observable inputs	6,360	3,062
Certificates of deposit	Market observable inputs	249	1,126
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	101	102
Unquoted equity and preference securities - carried at fair value through profit or loss	Discounted cash flows method, Market multiples method, Option pricing model	8	9
Others	Discounted cash flows method, Market multiples method, Option pricing model	54	54
Total		**11,741**	**9,090**

Certain quoted investments are classified as Level 2 in the absence of active market for such investments.

2.3 Financial instruments

Accounting Policy

2.3.1 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.

2.3.2 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 Group 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.

(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 and financial liability under option arrangements 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 consolidated statement of comprehensive income.

2.3.3 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.

2.3.4 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 table 'Financial instruments by category' below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the balance sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of those instruments.

2.3.5 Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues 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 consolidated statement of comprehensive income.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2020 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets / liabilities at fair value through profit or loss		Financial assets / liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	22,411	-	-	-	-	22,411	22,411
Investments (Refer to Note 2.2)							
Liquid mutual fund units	-	-	2,736	-	-	2,736	2,736
Quoted debt securities	1,846	-	-	-	6,360	8,206	8,593 (1)
Certificates of deposit	-	-	-	-	249	249	249
Unquoted equity and preference securities	-	-	8	101	-	109	109
Unquoted investment others	-	-	54	-	-	54	54
Trade receivables	17,930	-	-	-	-	17,930	17,930
Unbilled revenues (Refer to Note 2.17)(3)	3,233	-	-	-	-	3,233	3,233
Prepayments and other assets (Refer to Note 2.4)	3,664	-	-	-	-	3,664	3,591 (2)
Derivative financial instruments	-	-	239	-	18	257	257
Total	**49,084**	**-**	**3,037**	**101**	**6,627**	**58,849**	**59,163**
Liabilities:							
Trade payables	2,375	-	-	-	-	2,375	2,375
Lease liabilities	4,715	-	-	-	-	4,715	4,715
Derivative financial instruments	-	-	20	-	2	22	22
Financial liability under option arrangements	-	-	678	-	-	678	678
Other liabilities including contingent consideration	8,087	-	79	-	-	8,166	8,166
Total	**15,177**	**-**	**777**	**-**	**2**	**15,956**	**15,956**

(1) On account of fair value changes including interest accrued

(2) Excludes interest accrued on quoted debt securities carried at amortized cost of ₹73 crore.

(3) Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	18,649	-	-	-	-	18,649	18,649
Investments (Refer to Note 2.2)							
Liquid mutual fund units	-	-	2,104	-	-	2,104	2,104
Fixed maturity plan securities	-	-	489	-	-	489	489
Quoted debt securities	1,846	-	-	-	3,062	4,908	5,206 (1)
Certificates of deposit	-	-	-	-	1,126	1,126	1,126
Unquoted equity and preference securities	-	-	9	102	-	111	111
Unquoted investments others	-	-	54	-	-	54	54
Trade receivables	18,487	-	-	-	-	18,487	18,487
Unbilled revenue (Refer to Note 2.17)(3)	2,796	-	-	-	-	2,796	2,796
Prepayments and other assets (Refer to Note 2.4)	3,596	-	-	-	-	3,596	3,514 (2)
Derivative financial instruments	-	-	53	-	9	62	62
Total	**45,374**	**-**	**2,709**	**102**	**4,197**	**52,382**	**52,598**
Liabilities:							
Trade payables	2,852	-	-	-	-	2,852	2,852
Lease liabilities	4,633	-	-	-	-	4,633	4,633
Derivative financial instruments	-	-	471	-	20	491	491
Financial liability under option arrangements	-	-	621	-	-	621	621
Other liabilities including contingent consideration	7,966	-	340	-	-	8,306	8,306
Total	**15,451**	**-**	**1,432**	**-**	**20**	**16,903**	**16,903**

(1) On account of fair value changes including interest accrued

(2) Excludes interest accrued on quoted debt securities carried at amortized cost of ₹82 crore.

(3) Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

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 as at September 30, 2020:

(In ₹ crore)

Particulars	**As at September 30, 2020**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	2,736	2,736	-	-
Investments in quoted debt securities (Refer to Note 2.2)	8,593	7,966	627	-
Investments in certificates of deposit (Refer to Note 2.2)	249	-	249	-
Investments in unquoted equity and preference securities (Refer to Note 2.2)	109	-	-	109
Investments in unquoted investments others (Refer to Note 2.2)	54	-	-	54
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	257	-	257	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	22	-	22	-
Financial liability under option arrangements	678	-	-	678
Liability towards contingent consideration (Refer to Note 2.5)*	79	-	-	79

**Discount rate pertaining to contingent consideration ranges from 8% to 14%*

During the six months ended September 30, 2020, quoted debt securities of ₹55 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹129 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 as at March 31, 2020:

(In ₹ crore)

Particulars	**As at March 31, 2020**	**Fair value measurement at end of the reporting period using**		
		Level 1	**Level 2**	**Level 3**
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	2,104	2,104	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	489	-	489	-
Investments in quoted debt securities (Refer to Note 2.2)	5,206	4,678	528	-
Investments in certificates of deposit (Refer to Note 2.2)	1,126	-	1,126	-
Investments in unquoted equity and preference securities(Refer to Note 2.2)	111	-	-	111
Investments in unquoted investments others (Refer to Note 2.2)	54	-	-	54
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	62	-	62	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	491	-	491	-
Financial liability under option arrangements	621	-	-	621
Liability towards contingent consideration (Refer to Note 2.5)*	340	-	-	340

**Discount rate pertaining to contingent consideration ranges from 8% to 14%*

During the year ended March 31, 2020, quoted debt securities of ₹662 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and quoted debt securities of ₹50 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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.

Majority of investments of the Group are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non convertible debentures. The Group invests after considering counterparty risks based on multiple criteria including Tier I capital, Capital Adequacy Ratio, Credit Rating, Profitability, NPA levels and Deposit base of banks and financial institutions. These risks are monitored regularly as per its risk management program.

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	**March 31, 2020**
Current		
Rental deposits	38	27
Security deposits	6	8
Loans to employees	130	239
Prepaid expenses[(1)]	981	968
Interest accrued and not due	546	474
Withholding taxes and others[(1)]	1,445	1,583
Advance payments to vendors for supply of goods[(1)]	43	145
Deposit with corporations*	1,948	1,795
Deferred contract cost[(1)]	38	33
Net investment in sublease of right of use asset	72	35
Other non financial assets	25	28
Other financial assets	259	260
Total Current prepayment and other	**5,531**	**5,595**
Non-current		
Loans to employees	23	21
Deposit with corporations*	36	55
Rental deposits	209	221
Security deposits	50	50
Withholding taxes and others[(1)]	778	777
Deferred contract cost[(1)]	84	101
Prepaid expenses[(1)]	66	87
Net investment in sublease of right of use asset	334	398
Prepaid gratuity[(1)]	78	151
Other non financial assets	23	-
Other financial assets	13	13
Total Non- current prepayment and other assets	**1,694**	**1,874**
Total prepayment and other assets	**7,225**	**7,469**
Financial assets in prepayments and other assets	**3,664**	**3,596**

[(1)] *Non financial assets*

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at September 30, 2020, Cenvat recoverable includes ₹372 crore which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

*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)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Accrued compensation to employees	3,451	2,958
Accrued expenses	4,050	3,921
Withholding taxes and others[1]	1,943	1,759
Retention money	19	72
Liabilities of controlled trusts	179	188
Deferred income - government grants[1]	22	2
Accrued gratuity [1]	-	3
Accrued provident fund liability [1]	-	64
Liability towards contingent consideration	49	219
Capital Creditors	230	280
Other non-financial liabilities [1]	4	6
Other financial liabilities	119	520
Total current other liabilities	**10,066**	**9,992**
Non-current		
Liability towards contingent consideration	30	121
Withholding taxes and others[1]	506	-
Accrued gratuity [1]	34	28
Accrued provident fund liability [1]	120	185
Accrued compensation to employees	34	22
Deferred income - government grants[1]	43	43
Deferred income[1]	18	21
Other financial liabilities	5	5
Other non-financial liabilities[1]	1	2
Financial liability under option arrangements	678	621
Total non-current other liabilities	**1,469**	**1,048**
Total other liabilities	**11,535**	**11,040**
Financial liabilities included in other liabilities	8,844	8,927
Financial liability towards contingent consideration on an undiscounted basis	88	367

[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.

2.6 Provisions and other contingencies

Accounting Policy

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.

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Post sales client support

The Group provides its clients with a fixed-period post sales support on 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.

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.

Provisions comprise the following:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Provision for post sales client support and other provisions	686	572
	686	**572**

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 1 year.

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

As at September 30, 2020 and March 31, 2020 claims against the Group, not acknowledged as debts, (excluding demands from income tax authorities- Refer to Note 2.12) amounted to ₹285 crore and ₹230 crore respectively.

Legal proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020

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

2.7 Property, plant and equipment

Accounting Policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to 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(1)	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Lower of useful life of the asset or lease term

(1) *Includes solar plant with a useful life of 20 years*

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated 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 consolidated statement of comprehensive income.

Impairment

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the 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 depreciation) had no impairment loss been recognized for the asset in prior years.

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2020:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at July 1, 2020	**1,385**	**10,057**	**4,725**	**7,019**	**2,907**	**45**	**26,138**
Additions	1	14	61	317	57	-	450
Deletions	-	-	(5)	(34)	(6)	(1)	(46)
Translation difference	-	12	2	1	3	-	18
Gross carrying value as at September 30, 2020	**1,386**	**10,083**	**4,783**	**7,303**	**2,961**	**44**	**26,560**
Accumulated depreciation as at July 1, 2020	**-**	**(3,380)**	**(3,274)**	**(5,085)**	**(1,929)**	**(30)**	**(13,698)**
Depreciation	-	(96)	(119)	(265)	(89)	(1)	(570)
Accumulated depreciation on deletions	-	-	4	34	6	1	45
Translation difference	-	(1)	(1)	1	(4)	-	(5)
Accumulated depreciation as at September 30, 2020	**-**	**(3,477)**	**(3,390)**	**(5,315)**	**(2,016)**	**(30)**	**(14,228)**
Capital work-in progress as at July 1, 2020							1,337
Carrying value as at July 1, 2020	**1,385**	**6,677**	**1,451**	**1,934**	**978**	**15**	**13,777**
Capital work-in progress as at September 30, 2020							1,459
Carrying value as at September 30, 2020	**1,386**	**6,606**	**1,393**	**1,988**	**945**	**14**	**13,791**

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2019:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at July 1, 2019	**1,305**	**9,074**	**4,104**	**6,086**	**2,412**	**40**	**23,021**
Additions	7	330	328	230	258	2	1,155
Deletions	-	-	(1)	(72)	(6)	(1)	(80)
Translation difference	-	(11)	-	(3)	(2)	-	(16)
Gross carrying value as at September 30, 2019	**1,312**	**9,393**	**4,431**	**6,241**	**2,662**	**41**	**24,080**
Accumulated depreciation as at July 1, 2019	**-**	**(3,009)**	**(2,804)**	**(4,380)**	**(1,612)**	**(23)**	**(11,828)**
Depreciation	-	(88)	(118)	(222)	(82)	(2)	(512)
Accumulated depreciation on deletions	-	-	1	71	6	1	79
Translation difference	-	(1)	-	4	3	-	6
Accumulated depreciation as at September 30, 2019	**-**	**(3,098)**	**(2,921)**	**(4,527)**	**(1,685)**	**(24)**	**(12,255)**
Capital work-in progress as at July 1, 2019							1,944
Carrying value as at July 1, 2019	**1,305**	**6,065**	**1,300**	**1,706**	**800**	**17**	**13,137**
Capital work-in progress as at September 30, 2019							1,488
Carrying value as at September 30, 2019	**1,312**	**6,295**	**1,510**	**1,714**	**977**	**17**	**13,313**

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2020:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2020	**1,316**	**10,016**	**4,701**	**6,676**	**2,887**	**45**	**25,641**
Additions	70	53	92	663	82	-	960
Deletions	-	-	(12)	(44)	(13)	(1)	(70)
Translation difference	-	14	2	8	5	-	29
Gross carrying value as at September 30, 2020	**1,386**	**10,083**	**4,783**	**7,303**	**2,961**	**44**	**26,560**
Accumulated depreciation as at April 1, 2020	**-**	**(3,284)**	**(3,161)**	**(4,885)**	**(1,848)**	**(28)**	**(13,206)**
Depreciation	-	(191)	(239)	(471)	(177)	(3)	(1,081)
Accumulated depreciation on deletions	-	-	11	44	13	1	69
Translation difference	-	(2)	(1)	(3)	(4)	-	(10)
Accumulated depreciation as at September 30, 2020	**-**	**(3,477)**	**(3,390)**	**(5,315)**	**(2,016)**	**(30)**	**(14,228)**
Capital work-in progress as at April 1, 2020							1,264
Carrying value as at April 1, 2020	**1,316**	**6,732**	**1,540**	**1,791**	**1,039**	**17**	**13,699**
Capital work-in progress as at September 30, 2020							1,459
Carrying value as at September 30, 2020	**1,386**	**6,606**	**1,393**	**1,988**	**945**	**14**	**13,791**

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2019:

(In ₹ crore)

Particulars	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as at April 1, 2019	**1,910**	**8,926**	**3,951**	**5,846**	**2,220**	**38**	**22,891**
Additions	7	494	487	441	447	4	1,880
Additions- Business combinations	-	-	-	60	10	-	70
Deletions	-	-	(6)	(102)	(10)	(1)	(119)
Reclassified on account of adoption of IFRS 16	(605)	0	0	0	0	0	(605)
Translation difference	-	(27)	(1)	(4)	(5)	-	(37)
Gross carrying value as at September 30, 2019	**1,312**	**9,393**	**4,431**	**6,241**	**2,662**	**41**	**24,080**
Accumulated depreciation as at April 1, 2019	**(33)**	**(2,927)**	**(2,697)**	**(4,192)**	**(1,541)**	**(22)**	**(11,412)**
Depreciation	-	(172)	(231)	(440)	(158)	(3)	(1,004)
Accumulated depreciation on deletions	-	-	6	101	10	1	118
Reclassified on account of adoption of IFRS 16	33	-	-	-	-	-	33
Translation difference	-	1	1	4	4	-	10
Accumulated depreciation as at September 30, 2019	**-**	**(3,098)**	**(2,921)**	**(4,527)**	**(1,685)**	**(24)**	**(12,255)**
Capital work-in progress as at April 1, 2019							1,877
Carrying value as at April, 2019	**1,877**	**5,999**	**1,254**	**1,654**	**679**	**16**	**13,356**
Capital work-in progress as at September 30, 2019							1,488
Carrying value as at September 30, 2019	**1,312**	**6,295**	**1,510**	**1,714**	**977**	**17**	**13,313**

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

The contractual commitments for capital expenditure primarily comprises of commitments for infrastructure facilities and computer equipment's aggregating to ₹1,044 crore and ₹1,365 crore as at September 30, 2020 and March 31, 2020, respectively.

2.8 Leases

Accounting Policy

The Group as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of July 1, 2020	625	3,285	20	67	**3,997**
Additions*	7	377	1	2	387
Deletions	-	(32)	-	-	(32)
Depreciation	(2)	(147)	(2)	(4)	(155)
Translation difference	1	(4)	-	1	(2)
Balance as of September 30, 2020	**631**	**3,479**	**19**	**66**	**4,195**

**Net of lease incentives of ₹34 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of July 1, 2019	630	3,079	20	-	**3,729**
Additions	-	320	2	26	348
Deletions	(3)	(5)	-	-	(8)
Depreciation	(2)	(131)	(3)	(1)	(137)
Translation difference	-	(14)	(1)	-	(15)
Balance as of September 30, 2019	**625**	**3,249**	**18**	**25**	**3,917**

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2020	626	3,485	15	42	**4,168**
Additions*	7	360	9	32	408
Deletions	-	(90)	-	-	(90)
Depreciation	(3)	(292)	(5)	(8)	(308)
Translation difference	1	16	-	-	17
Balance as of September 30, 2020	**631**	**3,479**	**19**	**66**	**4,195**

**Net of lease incentives of ₹84 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2019	-	2,898	9	-	**2,907**
Reclassified on account of adoption of IFRS 16	634	-	-	-	634
Additions	-	437	4	26	467
Additions through business combination	-	177	10	-	187
Deletions	(3)	(5)	-	-	(8)
Depreciation	(4)	(252)	(5)	(1)	(262)
Translation difference	(2)	(6)	-	-	(8)
Balance as of September 30, 2019	**625**	**3,249**	**18**	**25**	**3,917**

The aggregate depreciation expense on ROU assets is included in cost of sales in the consolidated statement of comprehensive income.

The following is the break-up of current and non-current lease liabilities as of September 30, 2020 and March 31, 2020:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current lease liabilities	647	619
Non-current lease liabilities	4,068	4,014
Total	**4,715**	**4,633**

2.9 Goodwill and other Intangible assets

2.9.1 Goodwill
Accounting Policy

Goodwill represents the purchase consideration in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the purchase consideration, the fair value of net assets acquired is reassessed and the bargain purchase gain is recognized immediately in the net profit in the Statement of Comprehensive Income. Goodwill is measured at cost less accumulated impairment losses.

Impairment
Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGU's which benefit from the synergies of the acquisition. 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.

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

(In ₹ crore)

Particulars	**As at**	
	September 30, 2020	**March 31, 2020**
Carrying value at the beginning	**5,286**	**3,540**
Goodwill on Stater acquisition	-	399
Goodwill on Hipus acquisition	-	108
Goodwill on Simplus acquisition	-	983
Translation differences	74	256
Carrying value at the end	**5,360**	**5,286**

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.

2.10 BUSINESS COMBINATIONS

2.10.1 Business combinations

Accounting policy

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. Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Comprehensive Income.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognized at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognised.

Business combinations between entities under common control is outside the scope of IFRS 3 (Revised), Business Combinations and is accounted for at carrying value of the assets and liabilities in the Group's consolidated financial statements.

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.

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based Product Design and Development firm, for a total consideration of upto $42 million (approximately ₹310 crore), comprising of cash consideration of $29 million (approximately ₹214 crore), contingent consideration of upto $12 million (approximately ₹91 crore) and retention payouts of upto $1 million (approximately ₹5 crore), payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. The payment of contingent consideration to sellers of Kaleidoscope Animations, Inc is dependent upon the achievement of certain financial targets by Kaleidoscope Animations, Inc.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of Kaleidoscope Animations, Inc, including allocation of purchase consideration to identifiable assets and liabilities.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o , a ServiceNow Elite Partners in Europe for a total consideration of upto Euro 30 million (approximately ₹259 crore), comprising of cash consideration of Euro 20 million (approximately ₹173 crore), contingent consideration of upto Euro 4 million (approximately ₹36 crore) and retention payouts of upto Euro 6 million (approximately ₹50 crore), payable to the employees of GuideVision s.r.o over the next three years, subject to their continuous employment with the group. The payment of contingent consideration to sellers of GuideVision s.r.o is dependent upon the achievement of certain financial targets by GuideVision s.r.o.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of GuideVision s.r.o, including allocation of purchase consideration to identifiable assets and liabilities.

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on August 15, 2020, the company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively.

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.

Proposed Acquisition

Blue Acorn iCi

On October 8, 2020 Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) entered into a definitive agreement to acquire Blue Acorn iCi, a US based Adobe platinum partner and a digital customer experience company, for a total consideration of upto $125 million (approximately ₹922 crore) including bonuses, subject to fulfillment of customary closing conditions.

2.11 Employees' Stock Option Plans (ESOP)

Accounting Policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in net profit in the consolidated statement of comprehensive 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.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan)

On June 22, 2019 pursuant to the approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 50,000,000 equity shares. To implement the 2019 Plan , up to 45,000,000 equity shares may be issued by way of secondary acquisition of shares by the Infosys Expanded Stock Ownership Trust. The RSUs granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). The performance parameters will be based on a combination of relative Total Shareholder Return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was 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 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC) . 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.

Controlled trust holds 16,905,562 and 18,239,356 shares as at September 30, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares 200,000 equity shares each have been earmarked for welfare activities of the employees as at September 30, 2020 and March 31, 2020.

The following is the summary of grants during the three months and six months ended September 30, 2020 and September 30, 2019:

	2019 Plan				2015 Plan			
Particulars	**Three months ended September 30,**		**Six months ended September 30,**		**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Equity settled RSU								
KMPs	-	-	2,07,808	1,87,793	-	-	2,04,097	2,12,096
Employees other than KMP	-	-	-	-	-	24,650	24,600	36,850
Total Grants	**-**	**-**	**2,07,808**	**1,87,793**	**-**	**24,650**	**2,28,697**	**2,48,946**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of September 30, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with IFRS 2, Share based payments.

The Board, on April 20, 2020, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 192,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 148,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole time director

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹4 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 59,374 performance based RSU's were granted effective May 2, 2020.

Other KMPs

Under the 2015 plan:

On April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 11,133 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2020. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Granted to:				
KMP	19	13	36	31
Employees other than KMP	79	41	138	88
Total [1]	**98**	**54**	**174**	**119**
[1] *Cash settled stock compensation expense included in the above*	27	1	40	2

The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options and Monte Carlo simulation model is used for TSR based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility during the expected term of the options 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 options. Expected volatility of the comparative company have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the options. Correlation coefficient is calculated between each peer entity and the indices as a whole or between each entity in the peer group.

The fair value of each equity settled award is estimated on the date of grant with the following assumptions:

Particulars	For options granted in			
	Fiscal 2021-Equity Shares-RSU	**Fiscal 2021-ADS-RSU**	**Fiscal 2020-Equity Shares-RSU**	**Fiscal 2020-ADS-RSU**
Weighted average share price (₹) / ($ ADS)	674	8.93	728	10.52
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-42	29-42	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.2-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / ($ ADS)	563	8.23	607	7.84

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.

2.12 INCOME TAXES

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Consolidated Statement of Comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at 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 securities premium.

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Current taxes				
Domestic taxes	1,367	1,063	2,485	2,163
Foreign taxes	396	425	599	784
	1,763	**1,488**	**3,084**	**2,947**
Deferred taxes				
Domestic taxes	174	33	355	30
Foreign taxes	(45)	(62)	(27)	(153)
	129	**(29)**	**328**	**(123)**
Income tax expense	**1,892**	**1,459**	**3,412**	**2,824**

Income tax expense for the three months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹99 crore and ₹76 crore respectively. Income tax expense for the six months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹230 crore and ₹119 crore respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Profit before income taxes	6,750	5,496	12,543	10,663
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,359	1,920	4,383	3,726
Tax effect due to non-taxable income for Indian tax purposes	(622)	(604)	(1,169)	(1,176)
Overseas taxes	192	219	364	409
Tax provision (reversals)	(99)	(76)	(230)	(119)
Effect of exempt non-operating income	(9)	(10)	(18)	(21)
Effect of unrecognized deferred tax assets	9	29	26	46
Effect of differential tax rates	(46)	(10)	(74)	(19)
Effect of non-deductible expenses	27	24	65	45
Branch profit tax (net of credits)	(9)	(28)	(17)	(57)
Others	90	(5)	82	(10)
Income tax expense	**1,892**	**1,459**	**3,412**	**2,824**

The applicable Indian corporate statutory tax rate for the three months and six months ended September 30, 2020 and September 30, 2019 is 34.94% each.

Deferred income tax for the three months and six months ended September 30, 2020 and September 30, 2019 substantially relates to origination and reversal of temporary differences.

As at September 30, 2020, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to ₹3,360 crore. Amount paid to statutory authorities against this amounted to ₹6,018 crore.

As at March 31, 2020, claims against the Group not acknowledged as debts from the Indian Income tax authorities amounted to ₹3,353 crore. Amount paid to statutory authorities against the above tax claims amounted to ₹5,352 crore.

The claims against the group majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes.

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.

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

Accounting Policy

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.

2.14 Related party transactions

Refer Note 2.14 "Related party transactions" in the Company's 2020 Consolidated financial statements under IFRS in indian rupee for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the six months ended September 30, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K. Ltd and Simplus Ireland Ltd from Simplus Europe Ltd
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.

Change in key management personnel

The following are the changes in the key management personnel:

- D.N. Prahlad (resigned as a member of the Board effective April 20, 2020)
- Uri Levine (appointed as an independent director effective April 20, 2020)
- Bobby Parikh appointed as independent director of the Company effective July 15, 2020.

Transactions with key management personnel

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

(In ₹ crore)

Particulars	**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Salaries and other employee benefits to whole-time directors and executive officers[(1)(2)]	38	28	71	60
Commission and other benefits to non-executive/ independent directors	2	2	3	4
Total	**40**	**30**	**74**	**64**

[(1)] *For the three months ended September 30, 2020 and September 30, 2019, includes a charge of ₹19 crore and ₹13 crore respectively, towards employee stock compensation expense. For the six months ended September 30, 2020 and September 30, 2019, includes a charge of ₹36 crore and ₹31 crore respectively, towards employee stock compensation expense.(Refer note 2.11).*

[(2)] *Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.*

2.15 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. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business 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 accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represents the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services.

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 Infosys Public services and revenue generated from customers located in India, Japan and China and other enterprises in Public services. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centers and on-site expenses, which are categorized in relation to the associated efforts 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. 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.

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

Disclosure of revenue by geographic locations is given in note 2.16 Revenue from operations.

2.15.1 Business segments

Three months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	Financial Services[1]	Retail[2]	Communication[3]	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences[4]	All other segments[5]	Total
Revenue	**7,871**	**3,651**	**3,093**	**3,027**	**2,241**	**2,244**	**1,672**	**771**	**24,570**
	7,213	*3,448*	*2,961*	*2,962*	*2,291*	*1,713*	*1,454*	*587*	*22,629*
Identifiable operating expenses	4,055	1,733	1,828	1,553	1,153	1,260	827	512	**12,921**
	3,718	*1,722*	*1,756*	*1,564*	*1,264*	*1,015*	*770*	*355*	*12,164*
Allocated expenses	1,456	618	602	649	433	315	280	213	**4,566**
	1,629	*688*	*582*	*580*	*518*	*306*	*292*	*225*	*4,820*
Segment operating income	**2,360**	**1,300**	**663**	**825**	**655**	**669**	**565**	**46**	**7,083**
	1,866	*1,038*	*623*	*818*	*509*	*392*	*392*	*7*	*5,645*
Unallocable expenses									855
									733
Operating profit									6,228
									4,912
Other income, net *(Refer to note 2.18)*									570
									626
Finance Cost									48
									42
Profit before income taxes									**6,750**
									5,496
Income tax expense									1,892
									1,459
Net profit									**4,858**
									4,037
Depreciation and amortization expense									855
									727
Non-cash expenses other than depreciation and amortization									-
									6

(1) *Financial Services include enterprises in Financial Services and Insurance*

(2) *Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics*

(3) *Communication includes enterprises in Communication, Telecom OEM and Media*

(4) *Life Sciences includes enterprises in Life sciences and Health care*

(5) *Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services*

Six months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	**Financial Services[(1)]**	**Retail[(2)]**	**Communication[(3)]**	**Energy, Utilities, Resources and Services**	**Manufacturing**	**Hi Tech**	**Life Sciences[(4)]**	**All other segments[(5)]**	**Total**
Revenues	**15,328**	**7,043**	**6,257**	**6,054**	**4,497**	**4,307**	**3,246**	**1,502**	**48,234**
	14,069	*6,883*	*5,964*	*5,796*	*4,390*	*3,392*	*2,795*	*1,143*	*44,432*
Identifiable operating expenses	7,959	3,326	3,730	3,106	2,436	2,388	1,626	979	**25,550**
	7,400	*3,463*	*3,544*	*3,068*	*2,456*	*2,038*	*1,551*	*685*	*24,205*
Allocated expenses	3,008	1,368	1,243	1,272	901	651	581	456	**9,480**
	3,090	*1,350*	*1,175*	*1,186*	*1,012*	*592*	*574*	*446*	*9,425*
Segment operating income	**4,361**	**2,349**	**1,284**	**1,676**	**1,160**	**1,268**	**1,039**	**67**	**13,204**
	3,579	*2,070*	*1,245*	*1,542*	*922*	*762*	*670*	*12*	*10,802*
Unallocable expenses									1,611
									1,419
Operating profit									11,593
									9,383
Other income, net *(Refer to note 2.18)*									1,046
									1,362
Finance Cost									96
									82
Profit before income taxes									**12,543**
									10,663
Income tax expense									3,412
									2,824
Net profit									**9,131**
									7,839
Depreciation and amortization expense									1,611
									1,408
Non-cash expenses other than depreciation and amortization									-
									11

(1) Financial Services include enterprises in Financial Services and Insurance

(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics

(3) Communication includes enterprises in Communication, Telecom OEM and Media

(4) Life Sciences includes enterprises in Life sciences and Health care

(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

2.15.2 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and six months ended September 30, 2020 and September 30, 2019, respectively.

2.16 Revenue from Operations

Accounting Policy:

The Group derives revenues primarily from IT services comprising software development and related services, maintenance, consulting and package implementation, licensing of software products and platforms across the Group's core and digital offerings (together called as "software related services") and business process management services. Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance based billing and / or milestone based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

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

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Group uses the expected cost plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably on a straight line basis over the period in which the services are rendered.

Contracts with customers includes subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Group is acting as an agent between the customer and the vendor, and gross when the Group is the principal for the transaction. In doing so, the group first evaluates whether it controls the good or service before it is transferred to the customer. The Group considers whether it has the primary obligation to fulfil the contract, inventory risk, pricing discretion and other factors to determine whether it controls the goods or service and therefore is acting as a principal or an agent.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Group expects to recover them. Any capitalized contract costs are amortized, with the expense recognised as the Group transfers the related goods or services to the customer.

The Group presents revenues net of indirect taxes in its consolidated statement of comprehensive income.

Revenues for the three months and six months ended September 30, 2020 and September 30, 2019 is as follows:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenue from software services	22,728	21,177	44,747	41,747
Revenue from products and platforms	1,842	1,452	3,487	2,685
Total revenue from operations	**24,570**	**22,629**	**48,234**	**44,432**

The Group has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Group continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by geography and offerings for each of our business segments. The group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

Three months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography*									
North America	4,547	2,403	1,618	1,710	1,178	2,126	1,141	193	14,916
	4,151	2,245	1,858	1,644	1,305	1,617	943	126	*13,889*
Europe	1,622	1,033	699	1,043	998	39	493	52	5,979
	1,569	992	439	1,036	875	44	473	36	*5,464*
India	394	12	74	4	12	65	5	174	740
	340	13	51	1	23	46	13	120	*607*
Rest of the world	1,308	203	702	270	53	14	33	352	2,935
	1,153	198	613	281	88	6	25	305	*2,669*
Total	**7,871**	**3,651**	**3,093**	**3,027**	**2,241**	**2,244**	**1,672**	**771**	**24,570**
	7,213	***3,448***	***2,961***	***2,962***	***2,291***	***1,713***	***1,454***	***587***	***22,629***
Revenue by offerings									
Digital	3,717	1,885	1,512	1,437	997	1,111	692	273	11,624
	2,828	*1,475*	*1,173*	*1,113*	*853*	*623*	*449*	*164*	*8,678*
Core	4,154	1,766	1,581	1,590	1,244	1,133	980	498	12,946
	4,385	*1,973*	*1,788*	*1,849*	*1,438*	*1,090*	*1,005*	*423*	*13,951*
Total	**7,871**	**3,651**	**3,093**	**3,027**	**2,241**	**2,244**	**1,672**	**771**	**24,570**
	7,213	***3,448***	***2,961***	***2,962***	***2,291***	***1,713***	***1,454***	***587***	***22,629***

(1) *Financial Services include enterprises in Financial Services and Insurance*

(2) *Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics*

(3) *Communication includes enterprises in Communication, Telecom OEM and Media*

(4) *Life Sciences includes enterprises in Life sciences and Health care*

(5) *Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services*

* *Geographical revenues is based on the domicile of customer.*

Six months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography*									
North America	8,921	4,579	3,433	3,422	2,476	4,071	2,189	365	29,456
	8,184	4,468	3,739	3,207	2,481	3,212	1,783	239	*27,313*
Europe	3,158	2,051	1,328	2,079	1,883	70	988	107	11,664
	2,907	1,981	888	2,030	1,697	85	947	73	*10,608*
India	762	22	130	8	27	137	12	325	1,423
	638	25	81	2	42	83	18	223	*1,112*
Rest of the world	2,487	391	1,366	545	111	29	57	705	5,691
	2,340	409	1,256	557	170	12	47	608	*5,399*
Total	**15,328**	**7,043**	**6,257**	**6,054**	**4,497**	**4,307**	**3,246**	**1,502**	**48,234**
	14,069	***6,883***	***5,964***	***5,796***	***4,390***	***3,392***	***2,795***	***1,143***	***44,432***
Revenue by offerings									
Digital	7,143	3,499	3,007	2,757	2,026	1,978	1,257	489	22,156
	5,333	*2,897*	*2,244*	*2,085*	*1,617*	*1,206*	*813*	*272*	*16,467*
Core	8,185	3,544	3,250	3,297	2,471	2,329	1,989	1,013	26,078
	8,736	*3,986*	*3,720*	*3,711*	*2,773*	*2,186*	*1,982*	*871*	*27,965*
Total	**15,328**	**7,043**	**6,257**	**6,054**	**4,497**	**4,307**	**3,246**	**1,502**	**48,234**
	14,069	***6,883***	***5,964***	***5,796***	***4,390***	***3,392***	***2,795***	***1,143***	***44,432***

(1) *Financial Services include enterprises in Financial Services and Insurance*

(2) *Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics*

(3) *Communication includes enterprises in Communication, Telecom OEM and Media*

(4) *Life Sciences includes enterprises in Life sciences and Health care*

(5) *Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services*

* *Geographical revenues is based on the domicile of customer.*

Digital Services

Digital Services comprise of service and solution offerings of the Group that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Group that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products & platforms

The Group also derives revenues from the sale of products and platforms including Finacle – core banking solution, Edge Suite of products, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

Trade Receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in Receivables, Unbilled Revenue, and Unearned Revenue on the Group's Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

The Group's Receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price maintenance contracts are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore unbilled revenues for other fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 Unbilled Revenue

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Unbilled financial asset [(1)]	3,233	2,796
Unbilled non financial asset [(2)]	4,363	4,325
Total	**7,596**	**7,121**

[(1)] Right to consideration is unconditional and is due only after a passage of time.

[(2)] Right to consideration is dependent on completion of contractual milestones.

2.18 Break-up of expenses and other income, net

a. Accounting policy

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 and EdgeVerve, contributions are made to the Infosys BPM 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 the Consolidated Statement of Comprehensive income.

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.

Superannuation

Certain employees of Infosys, Infosys BPM 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.

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.

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Other income, net

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.

Foreign currency

Functional currency
The functional currency of Infosys, Infosys BPM, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for other subsidiaries are their 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 recognized in the Consolidated Statement of Comprehensive Income and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. 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. The related revenue and expense are recognised using the same exchange rate.

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

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the Balance Sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of comprehensive income. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

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.

Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the statement of comprehensive income on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of comprehensive income over the periods necessary to match them with the related costs which they are intended to compensate.

Operating Profits

Operating profit of the Group is computed considering the revenues, net of cost of sales, selling and marketing expenses and administrative expenses.

b. The table below provides details of break-up of expenses:

Cost of sales

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Employee benefit costs	11,902	11,335	23,965	22,331
Depreciation and amortization	855	727	1,611	1,408
Travelling costs	130	441	226	1,092
Cost of technical sub-contractors	1,634	1,651	3,260	3,291
Cost of software packages for own use	298	259	581	486
Third party items bought for service delivery to clients	799	414	1,401	798
Short-term leases	6	21	17	38
Consultancy and professional charges	10	13	20	23
Communication costs	82	74	169	146
Repairs and maintenance	137	124	268	226
Provision for post-sales client support	(7)	19	(1)	10
Others	(75)	1	(44)	9
Total	**15,771**	**15,079**	**31,473**	**29,858**

Selling and marketing expenses

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Employee benefit costs	994	903	2,036	1,779
Travelling costs	4	89	11	193
Branding and marketing	92	120	150	256
Short-term leases	1	1	2	4
Communication costs	3	4	7	8
Consultancy and professional charges	21	34	35	74
Others	21	11	42	22
Total	**1,136**	**1,162**	**2,283**	**2,336**

Administrative expenses

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Employee benefit costs	504	437	1,003	866
Consultancy and professional charges	255	290	493	534
Repairs and maintenance	213	281	449	554
Power and fuel	37	61	71	121
Communication costs	77	51	148	103
Travelling costs	17	69	30	142
Impairment loss recognized/(reversed) under expected credit loss model	63	36	162	88
Rates and taxes	59	47	114	84
Insurance charges	35	21	65	40
Short-term leases	7	-	20	-
Commission to non-whole time directors	2	2	3	4
Contribution towards Corporate Social Responsibility	140	100	260	168
Others	26	81	67	151
Total	**1,435**	**1,476**	**2,885**	**2,855**

Other income consists of the following:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Interest income on financial assets carried at amortized cost	315	304	607	653
Interest income on financial assets carried at fair value through other comprehensive income	97	81	186	196
Dividend income on investments carried at fair value through profit or loss	10	1	11	1
Gain/(loss) on investments carried at fair value through profit or loss	9	37	33	102
Gain/(loss) on investments carried at fair value through other comprehensive income	27	11	54	27
Interest income on income tax refund	-	-	-	9
Exchange gains / (losses) on forward and options contracts	307	(43)	354	96
Exchange gains / (losses) on translation of other assets and liabilities	(262)	205	(294)	159
Others	67	30	95	119
Total	**570**	**626**	**1,046**	**1,362**

2.19 Equity

Accounting policy

Ordinary Shares

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

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 Securities premium.

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Group.

Share premium

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.

Other Reserves

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

Capital Redemption Reserve

In accordance with section 69 of the Indian Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

Other components of equity

Other components of equity consist of currency translation, remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

Cash flow hedge reserve

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. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the consolidated Statement of Comprehensive Income upon the occurrence of the related forecasted transaction.

2.19.1 Dividend

The final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay / distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

Amount of per share dividend recognized as distribution to equity shareholders:-

(In ₹)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Final dividend for fiscal 2019	-	-	-	10.50
Final dividend for fiscal 2020	-	-	9.50	-

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of ₹4,029 crore, excluding dividend paid on treasury shares.

The Board of Directors in their meeting on October 14, 2020 declared a interim dividend of ₹12/- per equity share which would result in a net cash outflow of approximately ₹5,091 crore excluding dividend paid on treasury shares.

2.19.2 Capital allocation policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends, 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 and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at September 30, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements

2.19.3 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. 1,69,05,562 and 1,82,39,356 shares were held by controlled trust, as at September 30, 2020 and March 31, 2020, respectively.

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*	Nilanjan Roy *Chief Financial Officer*	A.G.S. Manikantha *Company Secretary*

Bengaluru
October 14, 2020

Deloitte Haskins & Sells LLP

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Standalone Financial Statements

Opinion

We have audited the accompanying interim condensed standalone financial statements of **INFOSYS LIMITED** (the "Company"), which comprise the Condensed Balance Sheet as at September 30, 2020, the Condensed Statement of Profit and Loss (including Other Comprehensive Income) for three months and six months period ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the six 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").

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 the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34') prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2020, the profit and total comprehensive income for three months and six months period ended on that date, changes in equity and its cash flows for the six months period ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the interim condensed standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed standalone financial statements.

Management Responsibilities for the Interim Condensed Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation of these interim condensed standalone financial statements that give a true and fair view of the financial position, financial performance, including total comprehensive income, changes in equity and cash flows of the Company in accordance with Ind AS 34 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.

In preparing the interim condensed standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Interim Condensed Standalone Financial Statements

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

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed standalone financial statements, including the disclosures, and whether the interim condensed standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the interim condensed standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed standalone financial statements.

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

INFOSYS LIMITED

Condensed Standalone Financial Statements
under Indian Accounting Standards (Ind AS)
for the three months and six months ended September 30, 2020

Index	**Page No.**

INFOSYS LIMITED

(In ₹ crore)

Condensed Balance Sheet as at	Note No.	September 30, 2020	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	11,011	11,092
Right-of-use assets	2.2	2,930	2,805
Capital work-in-progress		1,206	945
Goodwill		167	29
Other intangible assets		85	48
Financial assets			
Investments	2.3	17,331	13,916
Loans	2.4	21	298
Other financial assets	2.5	541	613
Deferred tax assets (net)		1,061	1,429
Income tax assets (net)		4,772	4,773
Other non-current assets	2.8	1,116	1,273
Total non - current Assets		**40,241**	**37,221**
Current assets			
Financial assets			
Investments	2.3	2,982	4,006
Trade receivables	2.6	15,618	15,459
Cash and cash equivalents	2.7	16,247	13,562
Loans	2.4	283	307
Other financial assets	2.5	4,921	4,398
Other current assets	2.8	5,817	6,088
Total current assets		**45,868**	**43,820**
Total Assets		**86,109**	**81,041**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,129	2,129
Other equity		64,714	60,105
Total equity		**66,843**	**62,234**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	2.2	2,927	2,775
Other financial liabilities	2.11	89	49
Deferred tax liabilities (net)		489	556
Other non-current liabilities	2.13	623	207
Total non - current liabilities		**4,128**	**3,587**
Current liabilities			
Financial liabilities			
Trade payables	2.12		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,359	1,529
Lease liabilities	2.2	418	390
Other financial liabilities	2.11	7,397	7,936
Other current liabilities	2.13	3,977	3,557
Provisions	2.14	629	506
Income tax liabilities (net)		1,358	1,302
Total current liabilities		**15,138**	**15,220**
Total equity and liabilities		**86,109**	**81,041**

The accompanying notes form an integral part of the interim condensed standalone 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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

INFOSYS LIMITED

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

Condensed Statement of Profit and Loss for the	Note No.	Three months ended September 30, 2020	Three months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019
Revenue from operations	2.16	21,046	19,666	41,372	38,797
Other income, net	2.17	582	604	1,060	1,316
Total income		**21,628**	**20,270**	**42,432**	**40,113**
Expenses					
Employee benefit expenses	2.18	11,053	10,604	22,275	20,985
Cost of technical sub-contractors		2,125	2,046	4,220	4,090
Travel expenses		136	482	228	1,182
Cost of software packages and others	2.18	548	410	1,029	773
Communication expenses		121	94	235	187
Consultancy and professional charges		225	253	418	486
Depreciation and amortization expense		608	542	1,154	1,052
Finance cost		31	28	62	55
Other expenses	2.18	618	688	1,269	1,360
Total expenses		**15,465**	**15,147**	**30,890**	**30,170**
Profit before tax		**6,163**	**5,123**	**11,542**	**9,943**
Tax expense:					
Current tax	2.15	1,526	1,316	2,752	2,632
Deferred tax	2.15	140	(22)	285	(87)
Profit for the period		**4,497**	**3,829**	**8,505**	**7,398**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset, net		6	(18)	162	(35)
Equity instruments through other comprehensive income, net		(5)	2	(5)	2
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		27	17	21	(7)
Fair value changes on investments, net	2.3	(45)	1	4	16
Total other comprehensive income/ (loss), net of tax		**(17)**	**2**	**182**	**(24)**
Total comprehensive income for the period		**4,480**	**3,831**	**8,687**	**7,374**
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		10.56	8.97	19.97	17.22
Diluted (₹)		10.55	8.96	19.96	17.21
Weighted average equity shares used in computing earnings per equity share					
Basic	2.19	4,25,93,28,154	4,26,88,51,243	4,25,91,94,980	4,29,54,39,223
Diluted	2.19	4,26,19,11,389	4,27,13,30,367	4,26,16,77,462	4,29,79,21,834

The accompanying notes form an integral part of the interim condensed standalone 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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

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	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (1)	Capital reserve	Other reserves(2)	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2019	**2,178**	**138**	**54,070**	**190**	**227**	**2,479**	**54**	**3,219**	**61**	**80**	**21**	**(6)**	**62,711**
Impact on account of adoption of Ind AS 116	-	-	(17)	-	-	-	-	-	-	-	-	-	(17)
	2,178	**138**	**54,053**	**190**	**227**	**2,479**	**54**	**3,219**	**61**	**80**	**21**	**(6)**	**62,694**
Changes in equity for the six months ended September 30, 2019													
Profit for the period	-	-	7,398	-	-	-	-	-	-	-	-	-	7,398
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	(35)	(35)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	2	-	-	2
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	(7)	-	(7)
Fair value changes on investments, net* (refer note no. 2.3)	-	-	-	-	-	-	-	-	-	-	-	16	16
Total comprehensive income for the period	**-**	**-**	**7,398**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**(7)**	**(19)**	**7,374**
Transfer to general reserve	-	-	(1,470)	1,470	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,096)	-	-	1,096	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	593	-	-	(593)	-	-	-	-	-	-	-
Amount transferred to capital redemption reserve upon buyback	-	-	-	(50)	-	-	-	-	50	-	-	-	-
Exercise of stock options (refer note no. 2.10)	-	77	-	-	(77)	-	-	-	-	-	-	-	-
Share based payment to employees (refer note no. 2.10)	-	-	-	-	117	-	-	-	-	-	-	-	117
Income tax benefit arising on exercise of stock options	-	7	-	-	-	-	-	-	-	-	-	-	7
Buyback of equity shares	(49)	-	(4,717)	(1,494)	-	-	-	-	-	-	-	-	(6,260)
Transaction cost relating to buyback*	-	-	-	(11)	-	-	-	-	-	-	-	-	(11)
Dividends (including dividend distribution tax)	-	-	(5,446)	-	-	-	-	-	-	-	-	-	(5,446)
Balance as at September 30, 2019	**2,129**	**222**	**49,315**	**105**	**267**	**2,982**	**54**	**3,219**	**111**	**82**	**14**	**(25)**	**58,475**

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	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve (1)	Capital reserve	Other reserves(2)	Capital redemption reserve	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2020	**2,129**	**268**	**52,419**	**106**	**297**	**3,907**	**54**	**3,082**	**111**	**49**	**(15)**	**(173)**	**62,234**
Changes in equity for the six months ended September 30, 2020													
Profit for the period	-	-	8,505	-	-	-	-	-	-	-	-	-	8,505
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	162	162
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	(5)	-	-	(5)
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	21	-	21
Fair value changes on investments*	-	-	-	-	-	-	-	-	-	-	-	4	4
Total comprehensive income for the period	**-**	**-**	**8,505**	**-**	**-**	**-**	**-**	**-**	**-**	**(5)**	**21**	**166**	**8,687**
Transfer to general reserve	-	-	(1,554)	1,554	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,412)	-	-	1,412	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	530	-	-	(530)	-	-	-	-	-	-	-
Exercise of stock options (refer note no.2.10)	-	100	-	-	(100)	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	1	(1)	-	-	-	-	-	-	-	-
Shares issued on exercise of employee stock options (refer note no.2.10)	-	5	-	-	-	-	-	-	-	-	-	-	5
Employee stock compensation expense (refer to note no. 2.10)	-	-	-	-	134	-	-	-	-	-	-	-	134
Income tax benefit arising on exercise of stock options	-	5	-	-	-	-	-	-	-	-	-	-	5
Reserves recorded upon business transfer under common control (Refer note 2.3.1)	-	-	-	-	-	-	-	(176)	-	-	-	-	(176)
Dividends	-	-	(4,046)	-	-	-	-	-	-	-	-	-	(4,046)
Balance as at September 30, 2020	**2,129**	**378**	**54,442**	**1,661**	**330**	**4,789**	**54**	**2,906**	**111**	**44**	**6**	**(7)**	**66,843**

**net of tax*

(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 / loss on transfer of business between entities under common control taken to reserve.

The accompanying notes form an integral part of the interim condensed standalone 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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

INFOSYS LIMITED

Condensed Statement of Cash Flows

Accounting Policy

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. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(In ₹ crore)

Particulars	Note No.	Six months ended September 30,	
		2020	2019
Cash flow from operating activities:			
Profit for the period		8,505	7,398
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.1 & 2.2	1,154	1,052
Income tax expense	2.15	3,037	2,545
Impairment loss recognized / (reversed) under expected credit loss model		123	53
Finance cost		62	55
Interest and dividend income		(734)	(837)
Stock compensation expense		154	107
Other adjustments		2	(66)
Exchange differences on translation of assets and liabilities		(20)	28
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(268)	(1,763)
Loans, other financial assets and other assets		457	478
Trade payables		(209)	(363)
Other financial liabilities, other liabilities and provisions		184	190
Cash generated from operations		**12,447**	**8,877**
Income taxes paid		(2,692)	(2,353)
Net cash generated by operating activities		**9,755**	**6,524**
Cash flow from investing activities:			
Expenditure on property, plant and equipment		(1,105)	(1,770)
Deposits placed with corporations		(130)	(54)
Loans to employees		-	1
Loan given to subsidiaries		(76)	(1,201)
Loan repaid by subsidiaries		267	276
Proceeds from redemption of debentures		327	187
Investment in subsidiaries		(215)	-
Payment towards business transfer		(66)	-
Proceeds from return of investment		-	6
Payment of contingent consideration pertaining to acquisition		(122)	-
Redemption of escrow pertaining to buyback		-	257
Other receipts		25	23
Payments to acquire investments			
Preference, equity securities and others		(1)	(41)
Liquid mutual fund units and fixed maturity plan securities		(10,499)	(15,980)
Tax free bonds and Government bonds		-	(12)
Non Convertible debentures		(746)	-
Government Securities		(4,664)	(1,561)
Proceeds on sale of investments			
Liquid mutual fund units and fixed maturity plan securities		10,541	16,655
Tax free bonds and Government bonds		-	13
Non-convertible debentures		535	1,383
Certificates of deposit		900	1,625
Commercial paper		-	500
Government Securities		1,529	1,170
Interest and dividend received		673	836
Net cash (used in) / from investing activities		**(2,827)**	**2,313**

Cash flow from financing activities:			
Payment of lease liabilities	2.2	(210)	(194)
Buyback of equity shares including transaction cost		-	(7,478)
Shares issued on exercise of employee stock options		5	-
Payment of dividends (including dividend distribution tax)		(4,048)	(5,443)
Net cash used in financing activities		**(4,253)**	**(13,115)**
Effect of exchange differences on translation of foreign currency cash and cash equivalents		10	(40)
Net increase / (decrease) in cash and cash equivalents		2,675	(4,278)
Cash and cash equivalents at the beginning of the period	2.7	13,562	15,551
Cash and cash equivalents at the end of the period		**16,247**	**11,233**
Supplementary information:			
Restricted cash balance	2.7	99	134

The accompanying notes form an integral part of the interim condensed standalone 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

Sanjiv V. Pilgaonkar
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Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Notes to the Interim Condensed Standalone Financial Statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) provides consulting, technology, outsourcing and next-generation digital services, to enable clients to execute strategies for their digital transformation.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Electronic city, Hosur Road, Bengaluru 560100, Karnataka, India. The company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited. The Company's American Depositary Shares (ADS) representing equity shares are listed on the New York Stock Exchange (NYSE).

The interim condensed standalone financial statements are approved for issue by the Company's Board of Directors on October 14, 2020.

1.2 Basis of preparation of financial statements

These interim condensed standalone financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), 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') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed standalone financial statements do not include all the information required for a complete set of financial statements. These interim condensed standalone financial statements should be read in conjunction with the standalone financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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 figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarters might not always add up to the year figures reported in this statement.

1.3 Use of estimates and judgments

The preparation of the interim condensed standalone 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 interim condensed 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 financial statements have been disclosed in Note no. 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these interim condensed standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these interim condensed standalone financial statements.

1.4 Critical accounting estimates and judgments

a. Revenue recognition

The Company's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price maintenance contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Company uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Company to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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 note no. 2.15 and note no. 2.20.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company 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.

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. Refer note no. 2.1

d. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts. Refer note no 2.2

e. Allowance for credit losses on receivables and unbilled revenue

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered current and anticipated future economic conditions relating to industries the Company deals with and the countries where it operates. In calculating expected credit loss, the Company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to 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)(2)*	5 years
Office equipment	5 years
Computer equipment*(1)*	3-5 years
Furniture and fixtures*(1)*	5 years
Vehicles*(1)*	5 years
Leasehold improvements	Lower of useful life of the asset or 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.

(2) Includes Solar plant with a useful life of 20 years

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

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

Impairment

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

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

The changes in the carrying value of property, plant and equipment for the three months ended September 30, 2020 are as follows:

(In ₹ crore)

Particulars	Land- Freehold	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 July 1, 2020	**1,385**	**9,077**	**3,050**	**1,103**	**5,989**	**1,885**	**663**	**43**	**23,195**
Additions	1	11	12	17	280	6	78	-	405
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	6	-	2	-	8
Deletions	-	-	(1)	(1)	(27)	(3)	(3)	-	(35)
Gross carrying value as at September 30, 2020	**1,386**	**9,088**	**3,061**	**1,119**	**6,248**	**1,888**	**740**	**43**	**23,573**
Accumulated depreciation as at July 1, 2020	**-**	**(3,200)**	**(2,124)**	**(814)**	**(4,362)**	**(1,296)**	**(272)**	**(28)**	**(12,096)**
Depreciation	-	(86)	(70)	(28)	(229)	(52)	(34)	(1)	(500)
Accumulated depreciation on deletions	-	-	1	1	27	2	3	-	34
Accumulated depreciation as at September 30, 2020	**-**	**(3,286)**	**(2,193)**	**(841)**	**(4,564)**	**(1,346)**	**(303)**	**(29)**	**(12,562)**
Carrying value as at July 1, 2020	**1,385**	**5,877**	**926**	**289**	**1,627**	**589**	**391**	**15**	**11,099**
Carrying value as at September 30, 2020	**1,386**	**5,802**	**868**	**278**	**1,684**	**542**	**437**	**14**	**11,011**

The changes in the carrying value of property, plant and equipment for the three months ended September 30, 2019 are as follows:

(In ₹ crore)

Particulars	Land- Freehold	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 July 1, 2019	**1,305**	**8,234**	**2,700**	**966**	**5,218**	**1,572**	**487**	**39**	**20,521**
Additions	7	239	179	52	204	145	126	2	954
Deletions	-	-	(1)	-	(68)	(2)	-	-	(71)
Gross carrying value as at September 30, 2019	**1,312**	**8,473**	**2,878**	**1,018**	**5,354**	**1,715**	**613**	**41**	**21,404**
Accumulated depreciation as at July 1, 2019	**-**	**(2,872)**	**(1,832)**	**(699)**	**(3,771)**	**(1,087)**	**(176)**	**(22)**	**(10,459)**
Depreciation	-	(80)	(75)	(31)	(188)	(54)	(22)	(2)	(452)
Accumulated depreciation on deletions	-	-	1	-	68	2	-	-	71
Accumulated depreciation as at September 30, 2019	**-**	**(2,952)**	**(1,906)**	**(730)**	**(3,891)**	**(1,139)**	**(198)**	**(24)**	**(10,840)**
Carrying value as at July 1, 2019	**1,305**	**5,362**	**868**	**267**	**1,447**	**485**	**311**	**17**	**10,062**
Carrying value as at September 30, 2019	**1,312**	**5,521**	**972**	**288**	**1,463**	**576**	**415**	**17**	**10,564**

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2020 are as follows: (In ₹ crore)

Particulars	Land-Freehold	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, 2020	**1,316**	**9,038**	**3,038**	**1,094**	**5,690**	**1,875**	**669**	**43**	**22,763**
Additions	70	50	26	28	585	17	80	-	856
Additions through Business transfer (Refer note 2.3.1)	-	-	-	-	6	-	2	-	8
Deletions	-	-	(3)	(3)	(33)	(4)	(11)	-	(54)
Gross carrying value as at September 30, 2020	**1,386**	**9,088**	**3,061**	**1,119**	**6,248**	**1,888**	**740**	**43**	**23,573**
Accumulated depreciation as at April 1, 2020	**-**	**(3,114)**	**(2,053)**	**(787)**	**(4,197)**	**(1,246)**	**(248)**	**(26)**	**(11,671)**
Depreciation	-	(172)	(142)	(57)	(400)	(103)	(66)	(3)	(943)
Accumulated depreciation on deletions	-	-	2	3	33	3	11	-	52
Accumulated depreciation as at September 30, 2020	**-**	**(3,286)**	**(2,193)**	**(841)**	**(4,564)**	**(1,346)**	**(303)**	**(29)**	**(12,562)**
Carrying value as at April 1, 2020	**1,316**	**5,924**	**985**	**307**	**1,493**	**629**	**421**	**17**	**11,092**
Carrying value as at September 30, 2020	**1,386**	**5,802**	**868**	**278**	**1,684**	**542**	**437**	**14**	**11,011**

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2019 are as follows:

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, 2019	**1,305**	**593**	**8,070**	**2,612**	**938**	**5,052**	**1,454**	**414**	**37**	**20,475**
Additions	7	-	403	267	81	385	265	199	4	1,611
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	(593)	-	-	-	-	-	-	-	(593)
Deletions	-	-	-	(1)	(1)	(83)	(4)	-	-	(89)
Gross carrying value as at September 30, 2019	**1,312**	**-**	**8,473**	**2,878**	**1,018**	**5,354**	**1,715**	**613**	**41**	**21,404**
Accumulated depreciation as at April 1, 2019	**-**	**(32)**	**(2,797)**	**(1,762)**	**(672)**	**(3,605)**	**(1,039)**	**(153)**	**(21)**	**(10,081)**
Depreciation	-	-	(155)	(145)	(59)	(369)	(104)	(45)	(3)	(880)
Reclassification on account of adoption of Ind AS 116 (Refer to note 2.2)	-	32	-	-	-	-	-	-	-	32
Accumulated depreciation on deletions	-	-	-	1	1	83	4	-	-	89
Accumulated depreciation as at September 30, 2019	**-**	**-**	**(2,952)**	**(1,906)**	**(730)**	**(3,891)**	**(1,139)**	**(198)**	**(24)**	**(10,840)**
Carrying value as at April 1, 2019	**1,305**	**561**	**5,273**	**850**	**266**	**1,447**	**415**	**261**	**16**	**10,394**
Carrying value as at September 30, 2019	**1,312**	**-**	**5,521**	**972**	**288**	**1,463**	**576**	**415**	**17**	**10,564**

(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.*

The aggregate depreciation has been included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

2.2 LEASES

Accounting Policy

The Company as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at July 1, 2020	553	2,045	67	2,665
Additions*	7	356	2	365
Additions through Business transfer (Refer note 2.3.1)	-	8	-	8
Deletion	-	(11)	-	(11)
Depreciation	(1)	(93)	(3)	(97)
Balance as at September 30, 2020	**559**	**2,305**	**66**	**2,930**

**Net of lease incentives of ₹34 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at July 1, 2019	560	1,837	-	2,397
Additions	-	290	26	316
Deletion	(3)	-	-	(3)
Depreciation	(1)	(80)	(1)	(82)
Balance as at September 30, 2019	**556**	**2,047**	**25**	**2,628**

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2020	554	2,209	42	2,805
Additions*	7	316	32	355
Additions through Business transfer (Refer note 2.3.1)	-	8	-	8
Deletion	-	(46)	-	(46)
Depreciation	(2)	(182)	(8)	(192)
Balance as at September 30, 2020	**559**	**2,305**	66	**2,930**

**Net of lease incentives of ₹83 crore related to lease of buildings*

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset			Total
	Land	Buildings	Computers	
Balance as at April 1, 2019	-	1,861	-	1,861
Reclassified on account of adoption of Ind AS 116 (refer to note 2.1)	561	-	-	561
Additions	-	341	26	367
Deletions	(3)	-	-	(3)
Depreciation	(2)	(155)	(1)	(158)
Balance as at September 30, 2019	**556**	**2,047**	**25**	**2,628**

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the interim condensed statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at September 30, 2020 and March 31, 2020:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current lease liabilities	418	390
Non-current lease liabilities	2,927	2,775
Total	**3,345**	**3,165**

2.3 INVESTMENTS

(In ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
Non-current investments		
Equity instruments of subsidiaries	7,768	7,553
Debentures of subsidiary	832	1,159
Redeemable Preference shares of subsidiary	1,318	1,318
Preference securities and equity instruments	101	103
Others	31	30
Tax free bonds	1,824	1,825
Government bonds	13	13
Non-convertible debentures	1,589	1,251
Government Securities	3,855	664
Total non-current investments	**17,331**	**13,916**
Current investments		
Liquid mutual fund units	2,437	2,019
Certificates of deposit	-	886
Fixed maturity plans securities	-	428
Non-convertible debentures	545	673
Total current investments	**2,982**	**4,006**
Total carrying value	**20,313**	**17,922**

(In ₹ crore, except as otherwise stated)

Particulars	As at September 30, 2020	As at March 31, 2020
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPM Limited	660	660
3,38,23,444 (3,38,23,444) equity shares of ₹10/- each, fully paid up		
Infosys Technologies (China) Co. Limited	333	333
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 Technologies (Shanghai) Company Limited	900	900
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	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and		
26,460 (26,460) - 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 up		
Infosys Nova Holdings LLC (1)	1,373	1,335
Infosys Consulting Pte Ltd	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited	59	59
1,346 (1,346) shares of GBP 0.005 each, fully paid up		
Infosys Arabia Limited	2	2
70 (70) shares		
Kallidus Inc.	150	150
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- each, fully paid up		
Panaya Inc.	582	582
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Chile SpA	7	7
100 (100) shares		
WongDoody Holding Company Inc	380	359
2,000 (2,000) shares		
Infosys Luxembourg S.a r.l.	4	4
5,000 (3,700) shares		
Infosys Austria GmBH (formerly known as Lodestone Management Consultants GmbH)	-	-
80,000 (80,000) shares of EUR 1 par value, fully paid up		
Infosys Consulting Brazil	337	183
27,50,71,070 (16,49,15,570) shares of BRL 1 per share, fully paid up		
Infosys Romania	34	34
99,183 (99,183) shares of RON 100 per share, fully paid up		
Infosys Bulgaria	2	-
4,58,000 (Nil) shares of BGN 1 per share, fully paid up		
Investment in Redeemable Preference shares of subsidiary		
Infosys Consulting Pte Ltd	1,318	1,318
24,92,00,000 (24,92,00,000) shares of SGD 1 per share, fully paid up		
	9,086	**8,871**
Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
8,32,00,000 (11,59,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	832	1,159
	832	**1,159**
Investments carried at fair value through profit or loss		
Others (2)	31	30
	31	**30**
Investment carried at fair value through other comprehensive income		
Preference securities	100	101
Equity instruments	1	2
	101	**103**

Quoted		
Investments carried at amortized cost		
Tax free bonds	1,824	1,825
Government bonds	13	13
	1,837	**1,838**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	1,589	1,251
Government Securities	3,855	664
	5,444	**1,915**
Total non-current investments	**17,331**	**13,916**
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,437	2,019
	2,437	**2,019**
Investments carried at fair value through other comprehensive income		
Certificates of deposit	-	886
	-	**886**
Quoted		
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	-	428
	-	**428**
Investments carried at fair value through other comprehensive income		
Non-convertible debentures	545	673
	545	**673**
Total current investments	**2,982**	**4,006**
Total investments	**20,313**	**17,922**
Aggregate amount of quoted investments	7,826	4,854
Market value of quoted investments (including interest accrued), current	543	1,101
Market value of quoted investments (including interest accrued), non current	7,879	4,048
Aggregate amount of unquoted investments	12,487	13,068
(1) Aggregate amount of impairment in value of investments	121	121
Reduction in the fair value of assets held for sale	854	854
Adjustment in respect of excess of carrying amount over recoverable amount on reclassification from "Held for Sale"	469	469
Investments carried at cost	9,086	8,871
Investments carried at amortized cost	2,669	2,997
Investments carried at fair value through other comprehensive income	6,090	3,577
Investments carried at fair value through profit or loss	2,468	2,477

(2) Uncalled capital commitments outstanding as of September 30, 2020 and March 31, 2020 was ₹14 crore and ₹15 crore, respectively.

Refer note no. 2.9 for accounting policies on financial instruments.

Method of fair valuation: *(In ₹ crore)*

Class of investment	Method	Fair value as at	
		September 30, 2020	**March 31, 2020**
Liquid mutual fund units	Quoted price	2,437	2,019
Fixed maturity plan securities	Market observable inputs	-	428
Tax free bonds and government bonds	Quoted price and market observable inputs	2,223	2,135
Non-convertible debentures	Quoted price and market observable inputs	2,134	1,924
Government Securities	Quoted price	3,855	664
Certificate of deposits	Market observable inputs	-	886
Unquoted equity and preference securities	Discounted cash flows method, Market multiples method, Option pricing model	101	103
Others	Discounted cash flows method, Market multiples method, Option pricing model	31	30

Note : Certain quoted investments are classified as Level 2 in the absence of active market for such investments.

2.3.1 Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently in August 15, 2020, the company entered into a business transfer agreements to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively.

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 September 30, 2020. The table below details out the assets and liabilities taken over upon business transfer:

(In ₹ crore)

Particulars	Kallidus Inc.	Skava Systems Private Limited	Total
Goodwill	89	49	138
Intangible assets	54	-	54
Deferred tax assets/ (liabilities)	(14)	1	(13)
Net assets / (liabilities), others	(152)	34	(118)
Total	(23)	84	61
Less: Consideration payable	171	66	237
Business transfer reserve	**(194)**	**18**	**(176)**

2.4 LOANS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non- Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	-	277
Other Loans		
Loans to employees	21	21
	21	**298**
Unsecured, considered doubtful		
Other Loans		
Loans to employees	20	24
	41	**322**
Less: Allowance for doubtful loans to employees	20	24
Total non - current loans	**21**	**298**
Current		
Loan receivables considered good - Unsecured		
Loans to subsidiaries	178	103
Other Loans		
Loans to employees	105	204
Total current loans	**283**	**307**
Total Loans	**304**	**605**

2.5 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non-current		
Security deposits (1)	46	46
Net investment in Sublease of right of use asset (1)	334	398
Rental deposits (1)	161	169
Total non-current other financial assets	**541**	**613**
Current		
Security deposits (1)	1	1
Rental deposits (1)	13	4
Restricted deposits (1)*	1,773	1,643
Unbilled revenues (1)(5)#	2,039	1,973
Interest accrued but not due (1)	494	441
Foreign currency forward and options contracts (2)(3)	242	19
Net investment in Sublease of right of use asset (1)	72	35
Others (1)(4)	287	282
Total current other financial assets	**4,921**	**4,398**
Total other financial assets	**5,462**	**5,011**
(1) Financial assets carried at amortized cost	5,220	4,992
(2) Financial assets carried at fair value through other comprehensive income	18	9
(3) Financial assets carried at fair value through Profit or Loss	224	10
(4) Includes dues from subsidiaries	39	65
(5) Includes dues from subsidiaries	55	84

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

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time.

2.6 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Unsecured		
Considered good (2)	15,618	15,459
Considered doubtful	562	491
	16,180	15,950
Less: Allowances for credit losses	562	491
Total trade receivables (1)	**15,618**	**15,459**
(1) Includes dues from companies where directors are interested	-	-
(2) Includes dues from subsidiaries	323	408

2.7 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Balances with banks		
In current and deposit accounts	11,583	8,048
Cash on hand	-	-
Others		
Deposits with financial institutions	4,664	5,514
Total Cash and cash equivalents	**16,247**	**13,562**
Balances with banks in unpaid dividend accounts	28	30
Deposit with more than 12 months maturity	6,371	6,171
Balances with banks held as margin money deposits against guarantees	71	71

Cash and cash equivalents as at September 30, 2020 and March 31, 2020 include restricted cash and bank balances of ₹99 crore and ₹101 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

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

2.8 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non-current		
Capital advances	243	310
Advances other than capital advance		
Others		
Prepaid expenses	37	51
Prepaid gratuity	65	143
Deferred contract cost	9	10
Other receivables	2	-
Withholding taxes and others	760	759
Total non-current other assets	**1,116**	**1,273**
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	32	129
Others		
Prepaid expenses [(1)]	717	736
Unbilled revenues[(2)]	3,842	3,856
Deferred contract cost	12	11
Withholding taxes and others	1,203	1,356
Other receivables	11	-
Total current other assets	**5,817**	**6,088**
Total other assets	**6,933**	**7,361**
[(1)] *Includes dues from subsidiaries*	211	168
[(2)] *Classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.*		

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at September 30, 2020 Cenvat recoverable includes ₹355 crore which are pending adjudication. The Company expects these amounts to be sustainable on adjudication and recoverable on final resolution.

2.9 FINANCIAL INSTRUMENTS

Accounting Policy

2.9.1 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, which 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.

2.9.2 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

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.

(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 includes 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 hedge 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 hedge 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 hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge 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 hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

2.9.3 Derecognition of financial instruments

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

2.9.4 Fair value of financial instruments

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

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

2.9.5 Impairment

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenues which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues 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.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2020 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. 2.7)	16,247	-	-	-	-	16,247	16,247
Investments (Refer note no.2.3)							
Preference securities, Equity instruments and others	-	-	31	101	-	132	132
Tax free bonds and government bonds	1,837	-	-	-	-	1,837	2,223 [2]
Liquid mutual fund units	-	-	2,437	-	-	2,437	2,437
Redeemable, non-convertible debentures [1]	832	-	-	-	-	832	832
Non convertible debentures	-	-	-	-	2,134	2,134	2,134
Government Securities	-	-	-	-	3,855	3,855	3,855
Trade receivables (Refer Note no. 2.6)	15,618	-	-	-	-	15,618	15,618
Loans (Refer note no. 2.4)	304	-	-	-	-	304	304
Other financial assets (Refer Note no. 2.5) [4]	5,220	-	224	-	18	5,462	5,389 [3]
Total	**40,058**	-	**2,692**	**101**	**6,007**	**48,858**	**49,171**
Liabilities:							
Trade payables (Refer Note no. 2.12)	1,359	-	-	-	-	1,359	1,359
Lease liabilities (Refer Note no. 2.2)	3,345	-	-	-	-	3,345	3,345
Other financial liabilities (Refer Note no. 2.11)	5,817	-	9	-	2	5,828	5,828
Total	**10,521**	-	**9**	-	**2**	**10,532**	**10,532**

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

[2] On account of fair value changes including interest accrued

[3] Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹73 crore

[4] Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

The carrying value and fair value of financial instruments by categories as at March 31, 2020 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. 2.7)	13,562	-	-	-	-	13,562	13,562
Investments (Refer Note no. 2.3)							
Preference securities, Equity instruments and others	-	-	30	103	-	133	133
Tax free bonds and government bonds	1,838	-	-	-	-	1,838	2,135 [2]
Liquid mutual fund units	-	-	2,019	-	-	2,019	2,019
Redeemable, non-convertible debentures [1]	1,159	-	-	-	-	1,159	1,159
Fixed maturity plan securities	-	-	428	-	-	428	428
Certificates of deposit	-	-	-	-	886	886	886
Government Securities	-	-	-	-	664	664	664
Non convertible debentures	-	-	-	-	1,924	1,924	1,924
Trade receivables (Refer Note no. 2.6)	15,459	-	-	-	-	15,459	15,459
Loans (Refer note no. 2.4)	605	-	-	-	-	605	605
Other financial assets (Refer Note no. 2.5) [4]	4,992	-	10	-	9	5,011	4,929 [3]
Total	**37,615**	-	**2,487**	**103**	**3,483**	**43,688**	**43,903**
Liabilities:							
Trade payables (Refer note no. 2.12)	1,529	-	-	-	-	1,529	1,529
Lease Liabilities (Refer note no. 2.2)	3,165	-	-	-	-	3,165	3,165
Other financial liabilities (Refer Note no. 2.11)	5,844	-	592	-	20	6,456	6,456
Total	**10,538**	-	**592**	-	**20**	**11,150**	**11,150**

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

[2] On account of fair value changes including interest accrued

[3] Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹82 crore

[4] Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones

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 fair value hierarchy of assets and liabilities as at September 30, 2020 is as follows:

(In ₹ crore)

Particulars	September 30, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in tax free bonds (Refer note no. 2.3)	2,209	2,095	114	-
Investments in government bonds (Refer note no. 2.3)	14	14	-	-
Investments in liquid mutual fund units (Refer note no. 2.3)	2,437	2,437	-	-
Investments in non convertible debentures (Refer note no. 2.3)	2,134	1,621	513	-
Investments in government securities (Refer note no. 2.3)	3,855	3,855	-	-
Investments in equity instruments (Refer note no. 2.3)	1	-	-	1
Investments in preference securities (Refer note no. 2.3)	100	-	-	100
Other investments (Refer note no. 2.3)	31	-	-	31
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer note no. 2.5)	242	-	242	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note no. 2.11)	4	-	4	-
Liability towards contingent consideration (Refer note no. 2.11)	7	-	-	7

During the six months ended September 30, 2020, tax free bonds of ₹55 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and non-convertible debentures of ₹129 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2020 was as follows:

(In ₹ crore)

Particulars	March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in government securities (Refer Note no. 2.3)	664	664	-	-
Investments in tax free bonds (Refer Note no. 2.3)	2,122	1,960	162	-
Investments in liquid mutual fund units (Refer Note no. 2.3)	2,019	2,019	-	-
Investments in government bonds (Refer Note no. 2.3)	13	13	-	-
Investments in fixed maturity plan securities (Refer Note no. 2.3)	428	-	428	-
Investments in certificates of deposit (Refer Note no. 2.3)	886	-	886	-
Investments in non convertible debentures (Refer Note no. 2.3)	1,924	1,558	366	-
Investments in equity instruments (Refer Note no. 2.3)	2	-	-	2
Investments in preference securities (Refer Note no. 2.3)	101	-	-	101
Other investments (Refer Note no. 2.3)	30	-	-	30
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	19	-	19	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer note 2.11)	461	-	461	-
Liability towards contingent consideration (Refer note no. 2.11)(1)	151	-	-	151

(1) *Discount rate pertaining to contingent consideration is 14%*

During the year ended March 31, 2020, tax free bonds and non-convertible debentures of ₹518 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price, and tax free bonds of ₹50 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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.

Majority of investments of the Company are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non-convertible debentures. The Company invests after considering counterparty risks based on multiple criteria including Tier I capital, Capital Adequacy Ratio, Credit Rating, Profitability, NPA levels and Deposit base of banks and financial institutions. These risks are monitored regularly as per its risk management program.

2.10 EQUITY

Accounting policy

Ordinary Shares

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

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Company.

Securities premium

The amount received in excess of the par value of equity shares has been classified as securities premium.

Share options outstanding account

The Share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Other reserves

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

Capital redemption reserve

In accordance with section 69 of the Indian Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

Other components of equity

Other components of equity consist of remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

Cash flow hedge reserve

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. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

2.10.1 EQUITY SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	September 30, 2020	March 31, 2020
Authorized		
Equity shares, ₹5/- par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value [(1)]	2,129	2,129
425,94,11,598 (425,89,92,566) equity shares fully paid-up		
	2,129	**2,129**

[(1)] *Refer note no. 2.19 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 Depository Shares (ADS) carry similar rights to voting and dividends as the other equity shares. Each ADS represents one underlying equity share.

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

The reconciliation of the number of shares outstanding and the amount of share capital as at September 30, 2020 and March 31, 2020 is set out below:

(in ₹ crore, except as stated otherwise)

Particulars	As at September 30, 2020		As at March 31, 2020	
	Number of shares	Amount	umber of shares	Amount
As at the beginning of the period	425,89,92,566	2,129	435,62,79,444	2,178
Add: Shares issued on exercise of employee stock options	4,19,032	-	5,80,388	-
Less: Shares bought back	-	-	9,78,67,266	49
As at the end of the period	**425,94,11,598**	**2,129**	**425,89,92,566**	**2,129**

Capital Allocation Policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi annual dividends and/or share buyback and/or special dividends, 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 and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As of September 30, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

2.10.2 DIVIDEND

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. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

The amount of per share dividend recognized as distribution to equity shareholders is as follows: *(in ₹)*

Particulars	**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Final dividend for fiscal 2020	-	-	9.50	-
Final dividend for fiscal 2019	-	-	-	10.50

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of approximately ₹4,046 crore.

The Board of Directors in their meeting on October 14, 2020 declared an interim dividend of ₹12/- per equity share which would result in a net cash outflow of approximately ₹5,111 crore.

2.10.3 Employee Stock Option Plan (ESOP):

Accounting Policy

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss 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.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan) :

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 5,00,00,000 equity shares. To implement the 2019 Plan , up to 4,50,00,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The restricted stock units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and remuneration committee). The performance parameters will be based on a combination of relative total shareholders return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was 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). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). 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.

Controlled trust holds 1,69,05,562 and 1,82,39,356 shares as at September 30, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares, 2,00,000 equity shares each have been earmarked for welfare activities of the employees as at September 30, 2020 and March 31, 2020.

The following is the summary of grants during the three months and six months ended September 30, 2020 and September 30, 2019 :

Particulars	2019 plan				2015 plan			
	Three months ended September 30,		Six months ended September 30,		Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMPs	-	-	-	-	-	24,650	24,600	36,850
	-	**-**	**207,808**	**187,793**	**-**	**24,650**	**228,697**	**2,48,946**

Notes on grants to KMP:

CEO & MD

Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of September 30, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

The Board, on April 20, 2020, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,92,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal year 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 1,48,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole time director

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹4 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 59,374 performance based RSU's were granted effective May 2, 2020.

Other KMPs

Under the 2015 plan:

On April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 11,133 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2020. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense

(in ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Granted to:				
KMP	19	13	36	31
Employees other than KMP	67	36	118	76
Total (1)	**86**	**49**	**154**	**107**
(1) Cash settled stock compensation expense included in the above	23	1	35	1

The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options and Monte Carlo simulation model is used for TSR based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility during the expected term of the options 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 options. Expected volatility of the comparative company have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the options. Correlation coefficient is calculated between each peer entity and the indices as a whole or between each entity in the peer group.

The fair value of each equity settled award is estimated on the date of grant with the following assumptions:

Particulars	For options granted in			
	Fiscal 2021-Equity Shares-RSU	Fiscal 2021-ADS-RSU	Fiscal 2020-Equity Shares-RSU	Fiscal 2020-ADS-RSU
Weighted average share price (₹) / ($ ADS)	674	8.93	728	10.52
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-42	29-42	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.2-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / ($ ADS)	563	8.23	607	7.84

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.

2.11 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non-current		
Others		
Compensated absences	50	32
Accrued compensation to employees [1]	34	12
Other payables [1]	5	5
Total non-current other financial liabilities	**89**	**49**
Current		
Unpaid dividends [1]	28	30
Others		
Accrued compensation to employees [1]	2,711	2,264
Accrued expenses [1][4]	2,390	2,646
Retention monies [1]	18	30
Payable for acquisition of business - Contingent consideration [2]	7	151
Capital creditors [1]	210	254
Compensated absences	1,608	1,497
Other payables [1][5]	421	603
Foreign currency forward and options contracts [2][3]	4	461
Total current other financial liabilities	**7,397**	**7,936**
Total other financial liabilities	**7,486**	**7,985**
[1] *Financial liability carried at amortized cost*	5,817	5,844
[2] *Financial liability carried at fair value through profit or loss*	9	592
[3] *Financial liability carried at fair value through other comprehensive income*	2	20
[4] *Includes dues to subsidiaries*	5	2
[5] *Includes dues to subsidiaries*	201	47
Contingent consideration on undiscounted basis	7	152

2.12 TRADE PAYABLES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Trade payables[1]	1,359	1,529
Total trade payables	**1,359**	**1,529**
[1] *Includes dues to subsidiaries*	317	271

2.13 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non current		
Accrued provident fund liability	120	185
Others		
Deferred income	18	22
Withholding taxes and others	485	-
Total non - current other liabilities	**623**	**207**
Current		
Accrued provident fund liability	-	64
Unearned revenue	2,485	2,140
Client deposits	-	9
Others		
Withholding taxes and others	1,492	1,344
Total current other liabilities	**3,977**	**3,557**
Total other liabilities	**4,600**	**3,764**

2.14 PROVISIONS

Accounting Policy

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that 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 on its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded in the Statement of Profit and Loss. The Company estimates such costs based on historical experience and estimates are reviewed on a periodic basis for any material changes in assumptions and likelihood of occurrence.

b. Onerous contracts

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

Provision for post-sales client support and other provisions

(In ₹ crore)

Particulars	As at	
	September 30, 2020	**March 31, 2020**
Current		
Others		
Post-sales client support and others	629	506
Total provisions	**629**	**506**

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 1 year.

2.15 INCOME TAXES

Accounting Policy

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 securities premium.

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Current taxes	1,526	1,316	2,752	2,632
Deferred taxes	140	(22)	285	(87)
Income tax expense	**1,666**	**1,294**	**3,037**	**2,545**

Income tax expense for the three months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹87 crore and ₹92 crore, respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Income tax expense for the six months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹225 crore and ₹111 crore, respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

Deferred income tax for the three months and six months ended September 30, 2020 and September 30, 2019, substantially relates to origination and reversal of temporary differences.

2.16 REVENUE FROM OPERATIONS

Accounting Policy

The Company derives revenues primarily from IT services comprising software development and related services, maintenance, consulting and package implementation, and from licensing of software products and platforms across the Company's core and digital offerings (together called as "software related services"). Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Company has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Company allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Company estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Company's contracts may include variable consideration including rebates, volume discounts and penalties. The Company includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Company's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance based billing and / or milestone based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

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

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Company uses the expected cost plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably on a straight line basis over the period in which the services are rendered.

Contracts with customers includes subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Company is acting as an agent between the customer and the vendor, and gross when the Company is the principal for the transaction. In doing so, the Company first evaluates whether it controls the good or service before it is transferred to the customer. The Company considers whether it has the primary obligation to fulfil the contract, inventory risk, pricing discretion and other factors to determine whether it controls the goods or service and therefore is acting as a principal or an agent.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Company expects to recover them. Any capitalized contract costs are amortized, with the expense recognised as the Company transfers the related goods or services to the customer.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

Revenue from operations for the three months and six months ended September 30, 2020 and September 30, 2019 is as follows: *(In ₹ crore)*

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenue from software services	20,978	19,613	41,264	38,682
Revenue from products and platforms	68	53	108	115
Total revenue from operations	**21,046**	**19,666**	**41,372**	**38,797**

The company has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the company continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by offerings for the three months and six months ended September 30, 2020 and September 30, 2019 respectively. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenue by offerings				
Core	10,988	12,015	22,191	24,179
Digital	10,058	7,651	19,181	14,618
Total	**21,046**	**19,666**	**41,372**	**38,797**

Digital Services

Digital Services comprise of service and solution offerings of the company that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the company that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products & platforms

The Company also derives revenues from the sale of products and platforms including Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning.

Trade receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Company's Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

The Company's receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price maintenance contracts are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore unbilled revenues for other fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.17 OTHER INCOME, NET

2.17.1 Other income - Accounting Policy

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

2.17.2 Foreign currency - Accounting Policy

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to 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 recognized in the Statement of Profit and Loss and reported within exchange gains/(losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. 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. The related revenue and expense are recognised using the same exchange rate.

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.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

Government grant

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the 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 the 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.

Other income for the three months and six months ended September 30, 2020 and September 30, 2019 is as follows: *(In ₹ crore)*

Particulars	**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	35	35	69	69
Deposit with Bank and others	257	258	495	570
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures, commercial paper, certificates of deposit and government securities	86	68	162	170
Income on investments carried at fair value through other comprehensive income	27	11	54	27
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	7	1	8	1
Gain / (loss) on liquid mutual funds and other investments	10	31	32	93
Exchange gains/(losses) on foreign currency forward and options contracts	279	(38)	311	80
Exchange gains/(losses) on translation of assets and liabilities	(186)	196	(179)	174
Miscellaneous income, net	67	42	108	132
Total other income	**582**	**604**	**1,060**	**1,316**

2.18 EXPENSES

Accounting Policy

2.18.1 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.

2.18.2 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.

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.

2.18.3 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.

2.18.4 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.

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Employee benefit expenses				
Salaries including bonus	10,715	10,303	21,614	20,362
Contribution to provident and other funds	226	227	471	459
Share based payments to employees (Refer note no. 2.10)	86	49	154	107
Staff welfare	26	25	36	57
	11,053	**10,604**	**22,275**	**20,985**
Cost of software packages and others				
For own use	253	215	474	400
Third party items bought for service delivery to clients	295	195	555	373
	548	**410**	**1,029**	**773**
Other expenses				
Power and fuel	25	47	48	94
Brand and Marketing	79	102	123	216
Short-term leases	1	9	12	13
Rates and taxes	41	30	84	60
Repairs and Maintenance	259	314	537	614
Consumables	4	6	11	13
Insurance	29	18	53	33
Provision for post-sales client support and others	(1)	16	10	11
Commission to non-whole time directors	2	2	3	4
Impairment loss recognized / (reversed) under expected credit loss r	40	9	126	58
Auditor's remuneration				
Statutory audit fees	1	2	2	2
Tax matters	-	-	-	-
Other services	-	1	1	2
Contributions towards Corporate Social Responsibility	133	93	246	156
Others	5	39	13	84
	618	**688**	**1,269**	**1,360**

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

Accounting Policy

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.

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(In ₹ crore)

Particulars	**As at**	
	September 30, 2020	**March 31, 2020**
Contingent liabilities :		
Claims against the Company, not acknowledged as debts[(1)]	3,431	3,410
[Amount paid to statutory authorities ₹5,813 crore *(₹5,229 crore)*]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)[(2)]	1,005	1,305
Other Commitments*	14	15

**Uncalled capital pertaining to investments*

[(1)] As at September 30, 2020, claims against the Company not acknowledged as debts in respect of income tax matters amounted to ₹3,281 crore. The claims against the Company majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes. 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.

Amount paid to statutory authorities against the above tax claims amounted to ₹5,812 crore.

[(2)] Capital contracts primarily comprises of commitments for infrastructure facilities and computer equipment's.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020

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

2.21 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2020 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the six months ended September 30, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K,Ltd and Simplus Ireland,Ltd. from Simplus Europe,Ltd.
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, was incorporated on September 11, 2020.

The Company’s material related party transactions during the three months and six months ended September 30, 2020 and September 30, 2019 and outstanding balances as at September 30, 2020 and March 31, 2020 are with its subsidiaries with whom the Company generally enters into transactions which are at arms length and in the ordinary course of business.

Change in key management personnel

The following are the changes in the Key management personnel

D.N. Prahlad , (resigned as a member of the Board effective April 20, 2020)
Uri Levine (appointed as an independent director effective April 20, 2020)
Bobby Parikh (appointed as an independent director effective July 15, 2020)

Transactions with key management personnel

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Salaries and other employee benefits to whole-time directors and executive officers [(1)(2)]	38	28	71	60
Commission and other benefits to non-executive / independent directors	2	2	3	4
Total	**40**	**30**	**74**	**64**

(1)Total employee stock compensation expense for the three months ended September 30, 2020 and September 30, 2019 includes a charge of ₹19 crore and ₹13 crore, respectively, towards key managerial personnel. For the six months ended September 30, 2020 and September 30, 2019, includes a charge of ₹36 crore and ₹31 crore respectively, towards key managerial personnel. (Refer to note 2.10)

(2) Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.22 SEGMENT REPORTING

The Company publishes this financial statement along with the interim condensed consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the 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

D. Sundaram
Director

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
October 14, 2020

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre,
27th-32nd Floor, Tower 3,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India.

Phone: +91 22 6185 4000
Fax: +91 22 6185 4001

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Audit of the Interim Condensed Consolidated Financial Statements

Opinion

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 September 30, 2020, the Condensed Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the three months and six months period ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the six 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").

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 the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the principles laid down in the Indian Accounting Standard 34 Interim Financial Reporting ("Ind AS 34') prescribed under section 133 of the Act read and other accounting principles generally accepted in India, of the state of affairs of the Group as at September 30, 2020, the profit and total comprehensive income for three months and six months period ended on that date, changes in equity and its cash flows for the six months period ended on that date.

Basis for Opinion

We conducted our audit of the interim condensed consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the interim condensed consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the interim condensed consolidated financial statements.

Management Responsibilities for the Interim Condensed Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation and presentation 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 Ind AS 34 and other accounting principles generally accepted in India. The respective Boards of Directors of the companies included in the Group are responsible for maintenance of the 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 respective interim financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the interim condensed consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the interim condensed consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intends to liquidate their own respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Interim Condensed Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Company's internal financial controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the interim condensed consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the interim condensed consolidated financial statements, including the disclosures, and whether the interim condensed consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the interim condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the interim condensed consolidated financial statements of which we are independent auditors.

Materiality is the magnitude of misstatements in the interim condensed consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the interim condensed consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the interim condensed consolidated financial statements.

We communicate with those charged with governance of the Company and such other entities included in the interim condensed consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Sanjiv V. Pilgaonkar
Partner
(Membership No.039826)
UDIN:

Place: Mumbai
Date: October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Financial Statements under Indian Accounting Standards (Ind AS) for the three months and six months ended September 30, 2020

Index **Page No.**

INFOSYS LIMITED AND SUBSIDIARIES

(In ₹ crore)

Condensed Consolidated Balance Sheets as at	Note	September 30, 2020	March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	12,332	12,435
Right-of-use assets	2.18	4,195	4,168
Capital work-in-progress		1,216	954
Goodwill	2.2	5,360	5,286
Other intangible assets		1,752	1,900
Financial assets:			
Investments	2.3	7,754	4,137
Loans	2.4	23	21
Other financial assets	2.5	642	737
Deferred tax assets (net)		1,305	1,744
Income tax assets (net)		5,402	5,384
Other non-current assets	2.8	1,272	1,426
Total non-current assets		**41,253**	**38,192**
Current assets			
Financial assets:			
Investments	2.3	3,600	4,655
Trade receivables	2.6	17,930	18,487
Cash and cash equivalents	2.7	22,411	18,649
Loans	2.4	130	239
Other financial assets	2.5	6,359	5,457
Income tax assets (net)		-	7
Other Current assets	2.8	6,895	7,082
Total current assets		**57,325**	**54,576**
Total assets		**98,578**	**92,768**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.10	2,123	2,122
Other equity		68,877	63,328
Total equity attributable to equity holders of the Company		71,000	65,450
Non-controlling interests		434	394
Total equity		**71,434**	**65,844**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Lease liabilities	2.18	4,068	4,014
Other financial liabilities	2.11	805	807
Deferred tax liabilities (net)		863	968
Other non-current liabilities	2.12	722	279
Total non-current liabilities		**6,458**	**6,068**
Current liabilities			
Financial Liabilities			
Trade payables		2,375	2,852
Lease liabilities	2.18	647	619
Other financial liabilities	2.11	10,060	10,481
Other current liabilities	2.12	5,325	4,842
Provisions	2.13	686	572
Income tax liabilities (net)		1,593	1,490
Total current liabilities		**20,686**	**20,856**
Total equity and liabilities		**98,578**	**92,768**

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

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

Condensed Consolidated Statement of Profit and Loss	Note No.	Three months ended September 30 2020	Three months ended September 30 2019	Six months ended September 30, 2020	Six months ended September 30, 2019
Revenue from operations	2.15	24,570	22,629	48,234	44,432
Other income, net	2.16	570	626	1,046	1,362
Total income		**25,140**	**23,255**	**49,280**	**45,794**
Expenses					
Employee benefit expenses	2.17	13,400	12,675	27,004	24,977
Cost of technical sub-contractors		1,634	1,651	3,260	3,291
Travel expenses		151	599	267	1,427
Cost of software packages and others	2.17	1,108	680	2,001	1,296
Communication expenses		162	129	324	256
Consultancy and professional charges		286	341	548	631
Depreciation and amortisation expenses		855	727	1,611	1,408
Finance cost		48	42	96	82
Other expenses	2.17	746	915	1,626	1,763
Total expenses		**18,390**	**17,759**	**36,737**	**35,131**
Profit before tax		**6,750**	**5,496**	**12,543**	**10,663**
Tax expense:					
Current tax	2.14	1,763	1,488	3,084	2,947
Deferred tax	2.14	129	(29)	328	(123)
Profit for the period		**4,858**	**4,037**	**9,131**	**7,839**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset. net		7	(22)	154	(39)
Equity instruments through other comprehensive income, net		(5)	2	(6)	5
		2	**(20)**	**148**	**(34)**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		27	17	21	(7)
Exchange differences on translation of foreign operations		21	(35)	185	(10)
Fair value changes on investments, net		(45)	2	9	18
		3	**(16)**	**215**	**1**
Total other comprehensive income /(loss), net of tax		**5**	**(36)**	**363**	**(33)**
Total comprehensive income for the period		**4,863**	**4,001**	**9,494**	**7,806**
Profit attributable to:					
Owners of the Company		4,845	4,019	9,078	7,817
Non-controlling interests		13	18	53	22
		4,858	**4,037**	**9,131**	**7,839**
Total comprehensive income attributable to:					
Owners of the Company		4,847	3,984	9,434	7,782
Non-controlling interests		16	17	60	24
		4,863	**4,001**	**9,494**	**7,806**
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		11.42	9.46	21.40	18.28
Diluted (₹)		11.40	9.44	21.37	18.25
Weighted average equity shares used in computing earnings per equity share	2.19				
Basic		424,19,08,471	424,93,43,678	424,15,06,966	427,56,15,916
Diluted		424,89,61,564	425,58,22,953	424,84,34,533	428,23,22,537

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statement of Changes in Equity

(In ₹ crore)

Particulars		OTHER EQUITY														
		RESERVES & SURPLUS								Other comprehensive income						
	Equity Share capital (1)	Securities Premium	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	Non-controlling interest	Total equity
Balance as at April 1, 2019	**2,170**	**149**	**57,566**	**54**	**1,242**	**227**	**2,570**	**6**	**61**	**72**	**842**	**21**	**(32)**	**64,948**	**58**	**65,006**
Impact on account of adoption of Ind AS 116*	-	-	(40)	-	-	-	-	-	-	-	-	-	-	(40)	-	(40)
	2,170	**149**	**57,526**	**54**	**1,242**	**227**	**2,570**	**6**	**61**	**72**	**842**	**21**	**(32)**	**64,908**	**58**	**64,966**
Changes in equity for the six months ended September 30, 2019																
Profit for the period	-	-	7,817	-	-	-	-	-	-	-	-	-	-	7,817	22	7,839
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	-	(39)	(39)	-	(39)
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	5	-	-	-	5	-	5
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	-	(7)	-	(7)	-	(7)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	(12)	-	-	(12)	2	(10)
Fair value changes on investments*	-	-	-	-	-	-	-	-	-	-	-	-	18	18	-	18
Total Comprehensive income for the period	**-**	**-**	**7,817**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**(12)**	**(7)**	**(21)**	**7,782**	**24**	**7,806**
Shares issued on exercise of employee stock options	-	1	-	-	-	-	-	-	-	-	-	-	-	1	-	1
Employee Stock Compensation Expense	-	-	-	-	-	117	-	-	-	-	-	-	-	117	-	117
Buyback of equity shares	(49)	-	(4,717)	-	(1,494)	-	-	-	-	-	-	-	-	(6,260)	-	(6,260)
Transaction costs relating to buyback *	-	-	-	-	(11)	-	-	-	-	-	-	-	-	(11)	-	(11)
Amount transferred to capital redemption reserve upon buyback	-	-	-	-	(50)	-	-	-	50	-	-	-	-	-	-	-
Exercise of stock options	-	77	-	-	-	(77)	-	-	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	7	-	-	-	-	-	-	-	-	-	-	-	7	-	7
Financial liability under option arrangements	-	-	(598)	-	-	-	-	-	-	-	-	-	-	(598)	-	(598)
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33)	(33)
Dividends (including dividend distribution tax)	-	-	(5,425)	-	-	-	-	-	-	-	-	-	-	(5,425)	-	(5,425)
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311	311
Transfer to general reserve	-	-	(1,470)	-	1,470	-	-	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,145)	-	-	-	1,145	-	-	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	616	-	-	-	(616)	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2019	**2,121**	**234**	**52,604**	**54**	**1,157**	**267**	**3,099**	**6**	**111**	**77**	**830**	**14**	**(53)**	**60,521**	**360**	**60,881**

Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars	Equity Share capital [1]	OTHER EQUITY: RESERVES & SURPLUS: Securities Premium	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve [2]	Other reserves[3]	Capital redemption reserve	Other comprehensive income: 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	Non-controlling interest	Total equity
Balance as at April 1, 2020	**2,122**	**282**	**56,309**	**54**	**1,158**	**297**	**4,070**	**6**	**111**	**39**	**1207**	**(15)**	**(190)**	**65,450**	**394**	**65,844**
Changes in equity for the six months ended September 30, 2020																
Profit for the period	-	-	9,078	-	-	-	-	-	-	-	-	-	-	9,078	53	9,131
Remeasurement of the net defined benefit liability/asset*	-	-	-	-	-	-	-	-	-	-	-	-	154	154	-	154
Equity instruments through other comprehensive income*	-	-	-	-	-	-	-	-	-	(6)	-	-	-	(6)	-	(6)
Fair value changes on derivatives designated as cash flow hedge*	-	-	-	-	-	-	-	-	-	-	-	21	-	21	-	21
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	-	178	-	-	178	7	185
Fair value changes on investments*	-	-	-	-	-	-	-	-	-	-	-	-	9	9	-	9
Total Comprehensive income for the period	**-**	**-**	**9,078**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**	**178**	**21**	**163**	**9,434**	**60**	**9,494**
Shares issued on exercise of employee stock options	1	5	-	-	-	-	-	-	-	-	-	-	-	6	-	6
Employee stock compensation expense (refer to note 2.10)	-	-	-	-	-	134	-	-	-	-	-	-	-	134	-	134
Exercise of stock options	-	100	-	-	-	(100)	-	-	-	-	-	-	-	-	-	-
Transfer on account of options not exercised	-	-	-	-	1	(1)	-	-	-	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	5	-	-	-	-	-	-	-	-	-	-	-	5	-	5
Dividends paid to non controlling interest of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Dividends	-	-	(4,029)	-	-	-	-	-	-	-	-	-	-	(4,029)	-	(4,029)
Transfer to general reserve	-	-	(1,554)	-	1,554	-	-	-	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(1,463)	-	-	-	1,463	-	-	-	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	561	-	-	-	(561)	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2020	**2,123**	**392**	**58,902**	**54**	**2,713**	**330**	**4,972**	**6**	**111**	**33**	**1,385**	**6**	**(27)**	**71,000**	**434**	**71,434**

* *Net of tax*

[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 Group 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 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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

INFOSYS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statement of Cash Flows

Accounting policy

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 Group are segregated. The Group considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(In ₹ crore)

Particulars	Note No.	Six months ended September 30, 2020	2019
Cash flow from operating activities			
Profit for the period		9,131	7,839
Adjustments to reconcile net profit to net cash provided by operating activities:			
Income tax expense	2.14	3,412	2,824
Depreciation and amortization		1,611	1,408
Interest and dividend income	2.16	(804)	(861)
Finance cost		96	82
Impairment loss recognized / (reversed) under expected credit loss model		159	82
Exchange differences on translation of assets and liabilities		(7)	54
Stock compensation expense	2.10	174	119
Other adjustments		(60)	(102)
Changes in assets and liabilities			
Trade receivables and unbilled revenue		(67)	(1,578)
Loans, other financial assets and other assets		415	410
Trade payables		(477)	(1,071)
Other financial liabilities, other liabilities and provisions		773	930
Cash generated from operations		**14,356**	**10,136**
Income taxes paid		(2,987)	(2,705)
Net cash generated by operating activities		**11,369**	**7,431**
Cash flows from investing activities			
Expenditure on property, plant and equipment and intangibles		(1,306)	(1,891)
Loans to employees		-	5
Deposits placed with corporation		(133)	(7)
Interest and dividend received		708	841
Payment towards acquisition of business, net of cash acquired		-	(511)
Payment of contingent consideration pertaining to acquisition of business		(150)	-
Redemption of escrow pertaining to Buyback		-	257
Other receipts		25	23
Payments to acquire Investments			
Preference, equity securities and others		-	(41)
Tax free bonds and government bonds		-	(19)
Liquid mutual funds and fixed maturity plan securities		(11,960)	(18,295)
Non convertible debentures		(829)	(52)
Government securities		(4,664)	(1,561)
Others		(1)	(16)
Proceeds on sale of Investments			
Tax free bonds and government bonds		-	18
Non-convertible debentures		720	1,383
Government securities		1,529	1,170
Commercial paper		-	500
Certificates of deposit		900	1,995
Liquid mutual funds and fixed maturity plan securities		11,850	18,946
Preference and equity securities		-	3
Others		22	10
Net cash (used in) / from investing activities		**(3,289)**	**2,758**

Cash flows from financing activities:			
Payment of lease liabilities		(351)	(294)
Payment of dividends (including dividend distribution tax)		(4,031)	(5,422)
Payment of dividend to non-controlling interest of subsidiary		(20)	(33)
Shares issued on exercise of employee stock options		6	1
Buyback of equity shares including transaction cost		-	(7,478)
Net cash used in financing activities		**(4,396)**	**(13,226)**
Net increase / (decrease) in cash and cash equivalents		3,684	(3,037)
Cash and cash equivalents at the beginning of the period	2.7	18,649	19,568
Effect of exchange rate changes on cash and cash equivalents		78	(58)
Cash and cash equivalents at the end of the period		**22,411**	**16,473**
Supplementary information:			
Restricted cash balance	2.7	404	375

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 039826

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Mumbai
October 14, 2020

Bengaluru
October 14, 2020

Notes to the interim condensed consolidated financial statements

1. Overview

1.1 Company overview

Infosys Limited ('the Company' or Infosys) provides consulting, technology, outsourcing and next-generation digital services, to enable clients to execute strategies for their digital transformation.

Infosys together with its subsidiaries and controlled trusts is hereinafter referred to as 'the Group'.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Electronics city, Hosur Road, Bengaluru 560100, Karnataka, India. The Company has its primary listings on the BSE Ltd. and National Stock Exchange of India Limited. The Company's American Depositary Shares (ADS) representing equity shares are listed on the New York Stock Exchange (NYSE).

The Group's interim condensed consolidated financial statements are approved for issue by the Company's Board of Directors on October 14, 2020.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), 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') and guidelines issued by the Securities and Exchange Board of India (SEBI). Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report for the year ended March 31, 2020. The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

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 Basis of consolidation

Infosys consolidates entities which it owns or controls. The interim condensed consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

1.4 Use of estimates and judgements

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 condensed consolidated financial statements.

Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these interim condensed consolidated financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group has, at the date of approval of these condensed financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these interim condensed consolidated financial statements.

1.5 Critical accounting estimates and judgments

a. Revenue recognition

The Group's contracts with customers include promises to transfer multiple products and services to a customer. Revenues from customer contracts are considered for recognition and measurement when the contract has been approved, in writing, by the parties to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables, and allocation of transaction price to these distinct performance obligations involves significant judgement.

Fixed price maintenance revenue is recognized ratably on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period. Revenue from fixed price maintenance contract is recognized ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of the contract because the services are generally discrete in nature and not repetitive. The use of method to recognize the maintenance revenues requires judgment and is based on the promises in the contract and nature of the deliverables.

The Group uses the percentage-of-completion method in accounting for other fixed-price contracts. Use of the percentage-of-completion method requires the Group to determine the actual efforts or costs expended to date as a proportion of the estimated total efforts or costs to be incurred. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. The estimation of total efforts or costs involves significant judgement and is assessed throughout the period of the contract to reflect any changes based on the latest available information.

Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

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. 2.14

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced. (Refer to Note 2.14)

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. Estimates are required to be made in determining the value of contingent consideration, value of option arrangements and intangible assets. These valuations are conducted by external valuation experts. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management.

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 (Refer to Note no 2.1).

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. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition and which represent the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of CGUs is determined based on higher of value-in-use and fair value less cost to sell. Key assumptions in the cash flow projections are prepared based on current economic conditions and comprises estimated long term growth rates, weighted average cost of capital and estimated operating margins.

f. Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Infosys's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Group has concluded that no material changes are required to lease period relating to the existing lease contracts. (Refer to Note no. 2.18)

g. Allowance for credit losses on receivables and unbilled revenue

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The group considered current and anticipated future economic conditions relating to industries the Group deals with and the countries where it operates. In calculating expected credit loss, the Group has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

2.1 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to 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)(2)]	5 years
Office equipment	5 years
Computer equipment [(1)]	3-5 years
Furniture and fixtures [(1)]	5 years
Vehicles[(1)]	5 years
Leasehold improvements	Lower of useful life of the asset or 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.*

[(2)] *Includes Solar plant with a useful life of 20 years*

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

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready 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 the Consolidated 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 Consolidated Statement of Profit and Loss.

Impairment

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

If such assets are considered to be impaired, the impairment to be recognized in the Consolidated 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 Consolidated 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 depreciation) had no impairment loss been recognized for the asset in prior years.

The changes in the carrying value of property, plant and equipment for the three months ended September 30, 2020 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Buildings [(1)]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at July 1, 2020	1,387	10,057	3,198	1,276	7,019	2,083	1,073	45	26,138
Additions	1	14	12	18	317	7	81	-	450
Deletions	-	-	(2)	(2)	(34)	(3)	(4)	(1)	(46)
Translation difference	-	12	1	1	1	1	2	-	18
Gross carrying value as at September 30, 2020	**1,388**	**10,083**	**3,209**	**1,293**	**7,303**	**2,088**	**1,152**	**44**	**26,560**
Accumulated depreciation as at July 1, 2020	-	(3,380)	(2,220)	(963)	(5,085)	(1,435)	(585)	(30)	(13,698)
Depreciation	-	(96)	(75)	(31)	(265)	(58)	(44)	(1)	(570)
Accumulated depreciation on deletions	-	-	2	1	34	3	4	1	45
Translation difference	-	(1)	-	(1)	1	-	(4)	-	(5)
Accumulated depreciation as at September 30, 2020	-	**(3,477)**	**(2,293)**	**(994)**	**(5,315)**	**(1,490)**	**(629)**	**(30)**	**(14,228)**
Carrying value as at July 1, 2020	**1,387**	**6,677**	**978**	**313**	**1,934**	**648**	**488**	**15**	**12,440**
Carrying value as at September 30, 2020	**1,388**	**6,606**	**916**	**299**	**1,988**	**598**	**523**	**14**	**12,332**

The changes in the carrying value of property, plant and equipment for the three months ended September 30, 2019 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Buildings [(1)]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at July 1, 2019	**1,307**	**9,074**	**2,798**	**1,126**	**6,086**	**1,747**	**843**	**40**	**23,021**
Additions	7	330	223	58	230	169	136	2	1,155
Deletions	-	-	(1)	-	(72)	(6)	-	(1)	(80)
Translation difference	-	(11)	-	(1)	(3)	(2)	1	-	(16)
Gross carrying value as at September 30, 2019	**1,314**	**9,393**	**3,020**	**1,183**	**6,241**	**1,908**	**980**	**41**	**24,080**
Accumulated depreciation as at July 1, 2019	-	**(3,009)**	**(1,912)**	**(838)**	**(4,381)**	**(1,221)**	**(444)**	**(23)**	**(11,828)**
Depreciation	-	(88)	(78)	(33)	(221)	(59)	(31)	(2)	(512)
Accumulated depreciation on deletions	-	-	1	-	71	6	-	1	79
Translation difference	-	(1)	-	-	4	2	1	-	6
Accumulated depreciation as at September 30, 2019	-	**(3,098)**	**(1,989)**	**(871)**	**(4,527)**	**(1,272)**	**(474)**	**(24)**	**(12,255)**
Carrying value as at July 1, 2019	**1,307**	**6,065**	**886**	**288**	**1,705**	**526**	**399**	**17**	**11,193**
Carrying value as at September 30, 2019	**1,314**	**6,295**	**1,031**	**312**	**1,714**	**636**	**506**	**17**	**11,825**

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2020 are as follows:

(In ₹ crore)

Particulars	Land - Freehold	Buildings [1]	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as at April 1, 2020	1,318	10,016	3,185	1,265	6,676	2,073	1,063	45	25,641
Additions	70	53	26	32	663	19	97	-	960
Deletions	-	-	(3)	(5)	(44)	(5)	(12)	(1)	(70)
Translation difference	-	14	1	1	8	1	4	-	29
Gross carrying value as at September 30, 2020	**1,388**	**10,083**	**3,209**	**1,293**	**7,303**	**2,088**	**1,152**	**44**	**26,560**
Accumulated depreciation as at April 1, 2020	-	(3,284)	(2,145)	(934)	(4,885)	(1,380)	(550)	(28)	(13,206)
Depreciation	-	(191)	(151)	(63)	(471)	(115)	(87)	(3)	(1,081)
Accumulated depreciation on deletions	-	-	3	4	44	5	12	1	69
Translation difference	-	(2)	-	(1)	(3)	-	(4)	-	(10)
Accumulated depreciation as at September 30, 2020	**-**	**(3,477)**	**(2,293)**	**(994)**	**(5,315)**	**(1,490)**	**(629)**	**(30)**	**(14,228)**
Carrying value as at April 1, 2020	**1,318**	**6,732**	**1,040**	**331**	**1,791**	**693**	**513**	**17**	**12,435**
Carrying value as at September 30, 2020	**1,388**	**6,606**	**916**	**299**	**1,988**	**598**	**523**	**14**	**12,332**

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2019 are as follows:

(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, 2019	**1,307**	**605**	**8,926**	**2,709**	**1,101**	**5,846**	**1,620**	**739**	**38**	**22,891**
Additions	7	-	494	313	88	441	291	242	4	1,880
Additions - Business Combinations	-	-	-	-	-	60	8	2	-	70
Deletions	-	-	-	(1)	(5)	(102)	(9)	(1)	(1)	(119)
Reclassified on account of adoption of Ind AS 116	-	(605)	-	-	-	-	-	-	-	(605)
Translation difference	-	-	(27)	(1)	(1)	(4)	(2)	(2)	-	(37)
Gross carrying value as at September 30, 2019	**1,314**	**-**	**9,393**	**3,020**	**1,183**	**6,241**	**1,908**	**980**	**41**	**24,080**
Accumulated depreciation as at April 1, 2019	**-**	**(33)**	**(2,927)**	**(1,841)**	**(813)**	**(4,192)**	**(1,170)**	**(414)**	**(22)**	**(11,412)**
Depreciation	-	-	(172)	(150)	(63)	(440)	(113)	(63)	(3)	(1,004)
Accumulated depreciation on deletions	-	-	-	1	5	101	9	1	1	118
Reclassified on account of adoption of Ind AS 116	-	33	-	-	-	-	-	-	-	33
Translation difference	-	-	1	1	-	4	2	2	-	10
Accumulated depreciation as at September 30, 2019	**-**	**-**	**(3,098)**	**(1,989)**	**(871)**	**(4,527)**	**(1,272)**	**(474)**	**(24)**	**(12,255)**
Carrying value as at April 1, 2019	**1,307**	**572**	**5,999**	**868**	**288**	**1,654**	**450**	**325**	**16**	**11,479**
Carrying value as at September 30, 2019	**1,314**	**-**	**6,295**	**1,031**	**312**	**1,714**	**636**	**506**	**17**	**11,825**

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

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

2.2 GOODWILL

Accounting policy

Goodwill represents the purchase consideration in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds purchase consideration, the fair value of net assets acquired is reassessed and the bargain purchase gain is recognized in capital reserve. Goodwill is measured at cost less accumulated impairment losses.

Impairment

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit (CGU) is less than its carrying amount. For the impairment test, goodwill is allocated to the CGU or groups of CGUs which benefit from the synergies of the acquisition. 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 the Consolidated Statement of Profit and Loss and is not reversed in the subsequent period.

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

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Carrying value at the beginning	5,286	3,540
Goodwill on Hipus acquisition	-	108
Goodwill on Stater acquisition	-	399
Goodwill on Simplus acquisition	-	983
Translation differences	74	256
Carrying value at the end	**5,360**	**5,286**

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.

2.3 INVESTMENTS

(In ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income		
Preference securities	100	101
Equity instruments	1	1
	101	**102**
Investments carried at fair value through profit and loss		
Preference securities	8	9
Others [1]	54	54
	62	**63**
Quoted		
Investments carried at amortized cost		
Tax free bonds	1,824	1,825
Government Bonds	22	21
	1,846	**1,846**
Investments carried at fair value through other comprehensive income		
Non convertible debentures	1,890	1,462
Government securities	3,855	664
	5,745	**2,126**
Total non-current investments	**7,754**	**4,137**
Current		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	2,736	2,104
	2,736	**2,104**
Investments carried at fair value through other comprehensive income		
Certificates of deposit	249	1,126
	249	**1,126**
Quoted		
Investments carried at fair value through profit and loss		
Fixed maturity plan securities	-	489
	-	**489**
Investments carried at fair value through other comprehensive income		
Non convertible debentures	615	936
	615	**936**
Total current investments	**3,600**	**4,655**
Total investments	**11,354**	**8,792**
Aggregate amount of quoted investments	8,206	5,397
Market value of quoted investments (including interest accrued), current	613	1,425
Market value of quoted investments (including interest accrued), non current	8,189	4,268
Aggregate amount of unquoted investments	3,148	3,395
Investments carried at amortized cost	1,846	1,846
Investments carried at fair value through other comprehensive income	6,710	4,290
Investments carried at fair value through profit or loss	2,798	2,656

[1] Uncalled capital commitments outstanding as at September 30, 2020 and March 31, 2020 was ₹59 crore and ₹61 crore, respectively.

Refer to Note no 2.9 for Accounting policies on Financial Instruments.

Method of fair valuation: *(In ₹ crore)*

Class of investment	Method	Fair value as at	
		September 30, 2020	March 31, 2020
Liquid mutual fund units	Quoted price	2,736	2,104
Fixed maturity plan securities	Market observable inputs	-	489
Tax free bonds and government bonds	Quoted price and market observable inputs	2,233	2,144
Non-convertible debentures	Quoted price and market observable inputs	2,505	2,398
Government securities	Quoted price	3,855	664
Certificate of deposits	Market observable inputs	249	1,126
Unquoted equity and preference securities - carried at fair value through other comprehensive income	Discounted cash flows method, Market multiples method, Option pricing model	101	102
Unquoted equity and preference securities - carried at fair value through profit and loss	Discounted cash flows method, Market multiples method, Option pricing model	8	9
Others	Discounted cash flows method, Market multiples method, Option pricing model	54	54
Total		**11,741**	**9,090**

Certain quoted investments are classified as Level 2 in the absence of active market for such investments.

2.4 LOANS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	23	21
	23	**21**
Unsecured, considered doubtful		
Other loans		
Loans to employees	25	30
	48	**51**
Less: Allowance for doubtful loans to employees	25	30
Total non-current loans	**23**	**21**
Current		
Unsecured, considered good		
Other loans		
Loans to employees	130	239
Total current loans	**130**	**239**
Total loans	**153**	**260**

2.5 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non Current		
Security deposits (1)	50	50
Rental deposits (1)	209	221
Net investment in sublease of right of use asset (1)	334	398
Restricted deposits(1)*	36	55
Others (1)	13	13
Total non-current other financial assets	**642**	**737**
Current		
Security deposits (1)	6	8
Rental deposits (1)	38	27
Restricted deposits (1)*	1,948	1,795
Unbilled revenues (1)#	3,233	2,796
Interest accrued but not due (1)	546	474
Foreign currency forward and options contracts (2) (3)	257	62
Net investment in sublease of right of use asset (1)	72	35
Others (1)	259	260
Total current other financial assets	**6,359**	**5,457**
Total other financial assets	**7,001**	**6,194**
(1) Financial assets carried at amortized cost	6,744	6,132
(2) Financial assets carried at fair value through other comprehensive income	18	9
(3) Financial assets carried at fair value through profit or loss	239	53

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

Classified as financial asset as right to consideration is unconditional and is due only after a passage of time.

2.6 TRADE RECEIVABLES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Unsecured		
Considered good	17,930	18,487
Considered doubtful	649	557
	18,579	19,044
Less: Allowance for credit loss	649	557
Total trade receivables(1)	**17,930**	**18,487**
(1) Includes dues from companies where directors are interested	-	-

2.7 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
Balances with banks		
In current and deposit accounts	16,885	12,288
Cash on hand	-	-
Others		
Deposits with financial institutions	5,526	6,361
Total cash and cash equivalents	**22,411**	**18,649**
Balances with banks in unpaid dividend accounts	28	30
Deposit with more than 12 months maturity	7,492	6,895
Balances with banks held as margin money deposits against guarantees	71	71

Cash and cash equivalents as at September 30, 2020 and March 31, 2020 include restricted cash and bank balances of ₹404 crore and ₹396 crore, respectively. The restrictions are primarily on account of bank balances held by irrevocable trusts controlled by the company and bank balances held as margin money deposits against guarantees.

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.

2.8 OTHER ASSETS

(In ₹ crore)

Particulars	As at September 30, 2020	As at March 31, 2020
Non Current		
Capital advances	243	310
Advances other than capital advances		
Others		
Withholding taxes and others	778	777
Prepaid gratuity	78	151
Prepaid expenses	66	87
Deferred Contract Cost	84	101
Other receivables	23	-
Total Non-Current other assets	**1,272**	**1,426**
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	43	145
Others		
Unbilled revenues #	4,363	4,325
Withholding taxes and others	1,445	1,583
Prepaid expenses	981	968
Deferred Contract Cost	38	33
Other receivables	25	28
Total Current other assets	**6,895**	**7,082**
Total other assets	**8,167**	**8,508**

Withholding taxes and others primarily consist of input tax credits and Cenvat recoverable from Government of India. As at September 30 2020, Cenvat recoverable includes ₹372 crore which are pending adjudication. The Group expects these amounts to be sustainable on adjudication and recoverable on final resolution.

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

2.9 FINANCIAL INSTRUMENTS

Accounting policy

2.9.1 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.

2.9.2 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 Group 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.

(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 and financial liability under option arrangements 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 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 consolidated Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

(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 consolidated 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 Consolidated 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 Consolidated Statement of Profit and Loss.

2.9.3 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 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.

2.9.4 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 table 'Financial instruments by category' below for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximates fair value due to the short maturity of those instruments.

2.9.5 Impairment

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets and unbilled revenue which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenues 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 recognized is recognized as an impairment gain or loss in Consolidated Statement of Profit and Loss.

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2020 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. 2.7	22,411	-	-	-	-	22,411	22,411
Investments (Refer Note no. 2.3)							
Equity and preference securities	-	-	8	101	-	109	109
Tax-free bonds and government bonds	1,846	-	-	-	-	1,846	2,233 [1]
Liquid mutual fund units	-	-	2,736	-	-	2,736	2,736
Non convertible debentures	-	-	-	-	2,505	2,505	2,505
Government securities	-	-	-	-	3,855	3,855	3,855
Certificates of deposit	-	-	-	-	249	249	249
Other investments	-	-	54	-	-	54	54
Trade receivables (Refer Note no. 2.6)	17,930	-	-	-	-	17,930	17,930
Loans (Refer Note no. 2.4)	153	-	-	-	-	153	153
Other financials assets (Refer Note no. 2.5)[3]	6,744	-	239	-	18	7,001	6,928 [2]
Total	**49,084**	**-**	**3,037**	**101**	**6,627**	**58,849**	**59,163**
Liabilities:							
Trade payables	2,375	-	-	-	-	2,375	2,375
Lease liabilities (Refer Note no. 2.18)	4,715	-	-	-	-	4,715	4,715
Financial Liability under option arrangements ((Refer Note no. 2.11)	-	-	678	-	-	678	678
Other financial liabilities (Refer Note no. 2.11)	8,087	-	99	-	2	8,188	8,188
Total	**15,177**	**-**	**777**	**-**	**2**	**15,956**	**15,956**

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

[2] *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹73 crore*

[3] *Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones*

The carrying value and fair value of financial instruments by categories as at March 31, 2020 were as follows:

(In ₹ crore)

Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.7)	18,649	-	-	-	-	18,649	18,649
Investments (Refer Note no. 2.3)							
Equity and preference securities	-	-	9	102	-	111	111
Tax-free bonds and government bonds	1,846	-	-	-	-	1,846	2,144 (1)
Liquid mutual fund units	-	-	2,104	-	-	2,104	2,104
Non convertible debentures	-	-	-	-	2,398	2,398	2,398
Government securities	-	-	-	-	664	664	664
Certificates of deposit	-	-	-	-	1,126	1,126	1,126
Other investments	-	-	54	-	-	54	54
Fixed maturity plan securities	-	-	489	-	-	489	489
Trade receivables (Refer Note no. 2.6)	18,487	-	-	-	-	18,487	18,487
Loans (Refer Note no. 2.4)	260	-	-	-	-	260	260
Other financials assets (Refer Note no. 2.5)(3)	6,132	-	53	-	9	6,194	6,112 (2)
Total	**45,374**	**-**	**2,709**	**102**	**4,197**	**52,382**	**52,598**
Liabilities:							
Trade payables	2,852	-	-	-	-	2,852	2,852
Lease liabilities (Refer Note no. 2.18)	4,633	-	-	-	-	4,633	4,633
Financial Liability under option arrangements (Refer Note no. 2.11)	-	-	621	-	-	621	621
Other financial liabilities (Refer Note no.	7,966	-	811	-	20	8,797	8,797
Total	**15,451**	**-**	**1,432**	**-**	**20**	**16,903**	**16,903**

(1) *On account of fair value changes including interest accrued*

(2) *Excludes interest accrued on tax free bonds and government bonds carried at amortized cost of ₹82 crore*

(3) *Excludes unbilled revenue on contracts where the right to consideration is dependent on completion of contractual milestones*

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 September 30, 2020:

(In ₹ crore)

Particulars	As at September 30, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.3)	2,736	2,736	-	-
Investments in tax-free bonds (Refer Note no. 2.3)	2,209	2,095	114	-
Investments in government bonds (Refer Note no. 2.3)	24	24	-	-
Investments in non convertible debentures (Refer Note no. 2.3)	2,505	1,992	513	-
Investments in certificates of deposit (Refer Note no. 2.3)	249	-	249	-
Investment in Government securities (Refer Note no. 2.3)	3,855	3,855	-	-
Investments in equity instruments (Refer Note no. 2.3)	1	-	-	1
Investments in preference securities (Refer Note no. 2.3)	108	-	-	108
Other investments (Refer Note no. 2.3)	54	-	-	54
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	257	-	257	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer Note no. 2.11)	22	-	22	-
Financial liability under option arrangements	678	-	-	678
Liability towards contingent consideration (Refer note no. 2.11)(1)	79	-	-	79

(1) *Discount rate pertaining to contingent consideration ranges from 8% to 14%* .

During the six months ended September 30, 2020, tax free bonds of ₹55 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and non-convertible debentures of ₹129 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

The fair value hierarchy of assets and liabilities as at March 31, 2020 was as follows:

(In ₹ crore)

Particulars	As at March 31, 2020	Fair value measurement at end of the reporting period using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.3)	2,104	2,104	-	-
Investments in tax free bonds (Refer Note no. 2.3)	2,122	1,960	162	-
Investments in government bonds (Refer Note no. 2.3)	22	22	-	-
Investments in non convertible debentures (Refer Note no. 2.3)	2,398	2,032	366	-
Investments in certificates of deposit (Refer Note no. 2.3)	1,126	-	1,126	-
Investment in Government securities (Refer Note no. 2.3)	664	664	-	-
Investments in fixed maturity plan securities (Refer Note no. 2.3)	489	-	489	-
Investments in equity instruments (Refer Note no. 2.3)	1	-	-	1
Investments in preference securities (Refer Note no. 2.3)	110	-	-	110
Other investments (Refer Note no. 2.3)	54	-	-	54
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts (Refer Note no. 2.5)	62	-	62	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts (Refer Note no. 2.11)	491	-	491	-
Financial liability under option arrangements	621	-	-	621
Liability towards contingent consideration (Refer note no. 2.11)[(1)]	340	-	-	340

[(1)] *Discount rate pertaining to contingent consideration ranges from 8% to 14% .*

During the year ended March 31, 2020, tax free bonds and non-convertible debentures of ₹662 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price and ₹50 crore was transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

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.

Majority of investments of the Group are fair valued based on Level 1 or Level 2 inputs. These investments primarily include investment in liquid mutual fund units, fixed maturity plan securities, certificates of deposit, commercial papers, quoted bonds issued by government and quasi-government organizations and non convertible debentures. The Group invests after considering counterparty risks based on multiple criteria including Tier I capital, Capital Adequacy Ratio, Credit Rating, Profitability, NPA levels and Deposit base of banks and financial institutions. These risks are monitored regularly as per its risk management program.

2.10 EQUITY

Accounting policy

Ordinary Shares

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

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 Securities premium.

Description of reserves

Retained earnings

Retained earnings represent the amount of accumulated earnings of the Group.

Securities premium

The amount received in excess of the par value has been classified as securities premium.

Share options outstanding account

The share options outstanding account is used to record the fair value of equity-settled share based payment transactions with employees. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.

Other reserves

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

Capital Redemption Reserve

In accordance with section 69 of the Indian Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

Other components of equity

Other components of equity consist of currency translation, remeasurement of net defined benefit liability / asset, equity instruments fair valued through other comprehensive income, changes on fair valuation of investments and changes in fair value of derivatives designated as cash flow hedges, net of taxes.

Currency translation reserve

The exchange differences arising from the translation of financial statements of foreign subsidiaries with functional currency other than Indian rupees is recognized in other comprehensive income and is presented within equity.

Cash flow hedge reserve

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. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	September 30, 2020	March 31, 2020
Authorized		
Equity shares, ₹5 par value		
480,00,00,000 (480,00,00,000) equity shares	2,400	2,400
Issued, Subscribed and Paid-Up		
Equity shares, ₹5 par value[(1)]	2,123	2,122
424,25,06,036 (424,07,53,210) equity shares fully paid-up[(2)]		
	2,123	**2,122**

Note: Forfeited shares amounted to ₹1,500 (₹1,500)

[(1)] *Refer note no. 2.19 for details of basic and diluted shares*

[(2)] *Net of treasury shares 1,69,05,562 (1,82,39,356)*

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 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.

For details of shares reserved for issue under the employee stock option plan of the Company refer to the note below.

Capital allocation policy

Effective from fiscal 2020, the company expects to return approximately 85% of the free cash flow cumulatively over a 5-year period through a combination of semi-annual dividends and/or share buyback and/or special dividends, 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 and buyback include applicable taxes.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or buy back issued shares. As at September 30, 2020, the Company has only one class of equity shares and has no debt. Consequent to the above capital structure there are no externally imposed capital requirements.

Dividend

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. Income tax consequences of dividends on financial instruments classified as equity will be recognized according to where the entity originally recognized those past transactions or events that generated distributable profits.

The Company declares and pays dividends in Indian rupees. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

Amount of per share dividend recognized as distribution to equity shareholders:

(in ₹)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Final dividend for fiscal 2019	-	-	-	10.50
Final dividend for fiscal 2020	-	-	9.50	-

The Board of Directors in their meeting on April 20, 2020 recommended a final dividend of ₹9.50/- per equity share for the financial year ended March 31, 2020. The same was approved by the shareholders at the Annual General Meeting held on June 27, 2020 which resulted in a cash outflow of ₹4,029 crore, excluding dividend paid on treasury shares.

The Board of Directors in their meeting on October 14, 2020 declared a interim dividend of ₹12/- per equity share which would result in a net cash outflow of approximately ₹5,091 crore excluding dividend paid on treasury shares.

The reconciliation of the number of shares outstanding and the amount of share capital as at September 30, 2020 and March 31, 2020 are as follows:

(In ₹ crore, except as stated otherwise)

Particulars	As at September 30, 2020		As at March 31, 2020	
	Shares	Amount	Shares	Amount
As at the beginning of the period	424,07,53,210	2,122	433,59,54,462	2,170
Add: Shares issued on exercise of employee stock options	17,52,826	1	26,66,014	1
Less: Shares bought back	-	-	9,78,67,266	49
As at the end of the period	**424,25,06,036**	**2,123**	**424,07,53,210**	**2,122**

Employee Stock Option Plan (ESOP):

Accounting policy

The Group recognizes compensation expense relating to share-based payments in net profit based on estimated fair values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss 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.

Infosys Expanded Stock Ownership Program 2019 (the 2019 Plan) :

On June 22, 2019 pursuant to approval by the shareholders in the Annual General Meeting, the Board has been authorized to introduce, offer, issue and provide share-based incentives to eligible employees of the Company and its subsidiaries under the 2019 Plan. The maximum number of shares under the 2019 plan shall not exceed 50,000,000 equity shares. To implement the 2019 Plan, up to 45,000,000 equity shares may be issued by way of secondary acquisition of shares by Infosys Expanded Stock Ownership Trust. The Restricted Stock Units (RSUs) granted under the 2019 plan shall vest based on the achievement of defined annual performance parameters as determined by the administrator (Nomination and Remuneration Committee). The performance parameters will be based on a combination of relative Total Shareholder Return (TSR) against selected industry peers and certain broader market domestic and global indices and operating performance metrics of the company as decided by administrator. Each of the above performance parameters will be distinct for the purposes of calculation of quantity of shares to vest based on performance. These instruments will generally vest between a minimum of 1 to maximum of 3 years from the grant date.

2015 Stock Incentive Compensation Plan (the 2015 Plan) :

On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board was 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 11,223,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). The Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years. The plan numbers mentioned above would further be adjusted for the September 2018 bonus issue.

The equity settled and cash settled RSUs and stock options would vest generally over a period of 4 years and shall be exercisable within the period as approved by the Nomination and Remuneration Committee (NARC). 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.

Controlled trust holds 16,905,562 and 18,239,356 shares as at September 30, 2020 and March 31, 2020, respectively under the 2015 plan. Out of these shares 200,000 equity shares each have been earmarked for welfare activities of the employees as at September 30, 2020 and March 31, 2020.

The following is the summary of grants during the three months and six months ended September 30, 2020 and September 30, 2019, respectively:

Particulars	2019 Plan				2015 Plan			
	Three months ended September 30,		Six months ended September 30,		Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity Settled RSU								
KMPs	-	-	207,808	187,793	-	-	204,097	212,096
Employees other than KMP	-	-	-	-	-	24,650	24,600	36,850
	-	**-**	**207,808**	**187,793**	**-**	**24,650**	**228,697**	**248,946**

Notes on grants to KMP:

CEO & MD
Under the 2015 plan:

In accordance with the employee agreement which has been approved by the shareholders, the CEO is eligible to receive an annual grant of RSUs of fair value ₹3.25 crore which will vest overtime in three equal annual installments upon the completion of each year of service from the respective grant date. Though the annual time based grants for the remaining employment term ending on March 31, 2023 have not been granted as of September 30, 2020, since the service commencement date precedes the grant date, the company has recorded employment stock compensation expense in accordance with Ind AS 102, Share based payments.

The Board, on April 20, 2020, based on the recommendations of the nomination and remuneration committee, in accordance with the terms of his employment agreement, approved the grant of performance-based RSUs of fair value of ₹13 crore for fiscal 2021 under the 2015 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 192,964 performance based RSU's were granted effective May 2, 2020.

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹10 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 148,434 performance based RSU's were granted effective May 2, 2020.

COO and Whole time director

Under the 2019 plan:

The Board, on April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, approved performance-based grant of RSUs amounting to ₹4 crore for fiscal 2021 under the 2019 Plan. These RSUs will vest in line with the employment agreement based on achievement of certain performance targets. Accordingly, 59,374 performance based RSU's were granted effective May 2, 2020.

Other KMPs

Under the 2015 plan:

On April 20, 2020, based on the recommendations of the Nomination and Remuneration Committee, in accordance with employment agreement, the Board, approved performance-based grant of 11,133 RSUs to other KMP under the 2015 Plan. The grants were made effective May 2, 2020. The performance based RSUs will vest over three years based on certain performance targets.

Break-up of employee stock compensation expense:

(in ₹ crore)

Particulars	**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Granted to:				
KMP	19	13	36	31
Employees other than KMP	79	41	138	88
Total [(1)]	**98**	**54**	**174**	**119**
[(1)] *Cash-settled stock compensation expense included above*	27	1	40	2

The fair value of the awards are estimated using the Black-Scholes Model for time and non-market performance based options and Monte Carlo simulation model is used for TSR based options.

The inputs to the model include the share price at date of grant, exercise price, expected volatility, expected dividends, expected term and the risk free rate of interest. Expected volatility during the expected term of the options 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 options. Expected volatility of the comparative company have been modelled based on historical movements in the market prices of their publicly traded equity shares during a period equivalent to the expected term of the options. Correlation coefficient is calculated between each peer entity and the indices as a whole or between each entity in the peer group.

The fair value of each equity settled award is estimated on the date of grant using the following assumptions:

Particulars	**For options granted in**			
	Fiscal 2021-Equity Shares-RSU	**Fiscal 2021-ADS-RSU**	**Fiscal 2020-Equity Shares-RSU**	**Fiscal 2020-ADS-RSU**
Weighted average share price (₹) / ($ ADS)	674	8.93	728	10.52
Exercise price (₹)/ ($ ADS)	5.00	0.07	5.00	0.07
Expected volatility (%)	29-42	29-42	22-30	22-26
Expected life of the option (years)	1-4	1-4	1-4	1-4
Expected dividends (%)	2-3	2-3	2-3	2-3
Risk-free interest rate (%)	4-5	0.2-0.3	6-7	1-3
Weighted average fair value as on grant date (₹) / ($ ADS)	563	8.23	607	7.84

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.

2.11 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non-current		
Others		
Accrued compensation to employees [1]	34	22
Compensated absences	58	38
Financial liability under option arrangements [2]	678	621
Payable for acquisition of business - Contingent consideration[2]	30	121
Other Payables [1]	5	5
Total non-current other financial liabilities	**805**	**807**
Current		
Unpaid dividends [1]	28	30
Others		
Accrued compensation to employees [1]	3,451	2,958
Accrued expenses [1]	4,050	3,921
Retention monies [1]	19	72
Payable for acquisition of business - Contingent consideration [2]	49	219
Payable by controlled trusts [1]	179	188
Compensated absences	1,941	1,832
Foreign currency forward and options contracts [2][3]	22	491
Capital creditors [1]	230	280
Other payables [1]	91	490
Total current other financial liabilities	**10,060**	**10,481**
Total other financial liabilities	**10,865**	**11,288**
[1] Financial liability carried at amortized cost	8,087	7,966
[2] Financial liability carried at fair value through profit or loss	777	1,432
[3] Financial liability carried at fair value through other comprehensive income	2	20
Contingent consideration on undiscounted basis	88	367

2.12 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Non-current		
Others		
Withholding taxes and others	506	-
Deferred income - government grants	43	43
Accrued gratuity	34	28
Accrued provident fund liability	120	185
Deferred income	18	21
Others	1	2
Total non-current other liabilities	**722**	**279**
Current		
Unearned revenue	3,356	2,990
Client deposit	-	18
Others		
Withholding taxes and others	1,943	1,759
Accrued gratuity	-	3
Accrued provident fund liability	-	64
Deferred income - government grants	22	2
Others	4	6
Total current other liabilities	**5,325**	**4,842**
Total other liabilities	**6,047**	**5,121**

2.13 PROVISIONS

Accounting policy

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 on its fixed-price, fixed-timeframe contracts. Costs associated with such support services are accrued at the time related revenues are recorded and included in Consolidated Statement of Profit and Loss. 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.

Provision for post-sales client support and other provisions *(In ₹ crore)*

Particulars	As at	
	September 30, 2020	March 31, 2020
Current		
Others		
Post-sales client support and other provisions	686	572
Total provisions	**686**	**572**

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 1 year.

2.14 INCOME TAXES

Accounting policy

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Consolidated 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 securities premium.

Income tax expense in the consolidated Statement of Profit and Loss comprises:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Current taxes	1,763	1,488	3,084	2,947
Deferred taxes	129	(29)	328	(123)
Income tax expense	**1,892**	**1,459**	**3,412**	**2,824**

Income tax expense for the three months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹99 crore and ₹76 crore, respectively. Income tax expense for the six months ended September 30, 2020 and September 30, 2019 includes reversal (net of provisions) of ₹230 crore and ₹119 crore, respectively. These reversals pertains to prior periods on account of adjudication of certain disputed matters in favor of the Company and upon filing of return across various jurisdictions.

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Profit before income taxes	6,750	5,496	12,543	10,663
Enacted tax rates in India	34.94%	34.94%	34.94%	34.94%
Computed expected tax expense	2,359	1,920	4,383	3,726
Tax effect due to non-taxable income for Indian tax purposes	(622)	(604)	(1,169)	(1,176)
Overseas taxes	192	219	364	409
Tax provision (reversals)	(99)	(76)	(230)	(119)
Effect of exempt non-operating income	(9)	(10)	(18)	(21)
Effect of unrecognized deferred tax assets	9	29	26	46
Effect of differential tax rates	(46)	(10)	(74)	(19)
Effect of non-deductible expenses	27	24	65	45
Branch profit tax (net of credits)	(9)	(28)	(17)	(57)
Others	90	(5)	82	(10)
Income tax expense	**1,892**	**1,459**	**3,412**	**2,824**

The applicable Indian corporate statutory tax rate for the three months and six months ended September 30, 2020 and September 30, 2019 is 34.94% each.

Deferred income tax for the three months and six months ended September 30, 2020 and September 30, 2019 substantially relates to origination and reversal of temporary differences.

2.15 REVENUE FROM OPERATIONS

Accounting policy

The Group derives revenues primarily from IT services comprising software development and related services, maintenance, consulting and package implementation, licensing of software products and platforms across the Group's core and digital offerings (together called as "software related services") and business process management services. Contracts with customers are either on a time-and-material, unit of work, fixed-price or on a fixed-timeframe basis.

Revenues from customer contracts are considered for recognition and measurement when the contract has been approved by the parties, in writing, to the contract, the parties to contract are committed to perform their respective obligations under the contract, and the contract is legally enforceable. Revenue is recognized upon transfer of control of promised products or services ("performance obligations") to customers in an amount that reflects the consideration the Group has received or expects to receive in exchange for these products or services ("transaction price"). When there is uncertainty as to collectability, revenue recognition is postponed until such uncertainty is resolved.

The Group assesses the services promised in a contract and identifies distinct performance obligations in the contract. The Group allocates the transaction price to each distinct performance obligation based on the relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In the absence of such evidence, the primary method used to estimate standalone selling price is the expected cost plus a margin, under which the Group estimates the cost of satisfying the performance obligation and then adds an appropriate margin based on similar services.

The Group's contracts may include variable consideration including rebates, volume discounts and penalties. The Group includes variable consideration as part of transaction price when there is a basis to reasonably estimate the amount of the variable consideration and when it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue on time-and-material and unit of work based contracts, are recognized as the related services are performed. Fixed price maintenance revenue is recognized ratably either on a straight-line basis when services are performed through an indefinite number of repetitive acts over a specified period or ratably using a percentage of completion method when the pattern of benefits from the services rendered to the customer and Group's costs to fulfil the contract is not even through the period of contract because the services are generally discrete in nature and not repetitive. Revenue from other fixed-price, fixed-timeframe contracts, where the performance obligations are satisfied over time is recognized using the percentage-of-completion method. Efforts or costs expended have been used to determine progress towards completion as there is a direct relationship between input and productivity. Progress towards completion is measured as the ratio of costs or efforts incurred to date (representing work performed) to the estimated total costs or efforts. Estimates of transaction price and total costs or efforts are continuously monitored over the term of the contracts and are recognized in net profit in the period when these estimates change or when the estimates are revised. Revenues and the estimated total costs or efforts are subject to revision as the contract progresses. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.

The billing schedules agreed with customers include periodic performance based billing and / or milestone based progress billings. Revenues in excess of billing are classified as unbilled revenue while billing in excess of revenues are classified as contract liabilities (which we refer to as unearned revenues).

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

Revenue from licenses where the customer obtains a "right to use" the licenses is recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Arrangements to deliver software products generally have three elements: license, implementation and Annual Technical Services (ATS).When implementation services are provided in conjunction with the licensing arrangement and the license and implementation have been identified as two distinct separate performance obligations, the transaction price for such contracts are allocated to each performance obligation of the contract based on their relative standalone selling prices. In the absence of standalone selling price for implementation, the Group uses the expected cost plus margin approach in estimating the standalone selling price. Where the license is required to be substantially customized as part of the implementation service the entire arrangement fee for license and implementation is considered to be a single performance obligation and the revenue is recognized using the percentage-of-completion method as the implementation is performed. Revenue from client training, support and other services arising due to the sale of software products is recognized as the performance obligations are satisfied. ATS revenue is recognized ratably on a straight line basis over the period in which the services are rendered.

Contracts with customers includes subcontractor services or third-party vendor equipment or software in certain integrated services arrangements. In these types of arrangements, revenue from sales of third-party vendor products or services is recorded net of costs when the Group is acting as an agent between the customer and the vendor, and gross when the Group is the principal for the transaction. In doing so, the group first evaluates whether it controls the good or service before it is transferred to the customer. The Group considers whether it has the primary obligation to fulfil the contract, inventory risk, pricing discretion and other factors to determine whether it controls the goods or service and therefore is acting as a principal or an agent.

The incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) are recognized as an asset if the Group expects to recover them. Any capitalized contract costs are amortized, with the expense recognized as the Group transfers the related goods or services to the customer.

The Group presents revenues net of indirect taxes in its consolidated statement of profit and loss.

Revenues for the three months and six months ended September 30, 2020 and September 30, 2019 are as follows:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenue from software services	22,728	21,177	44,747	41,747
Revenue from products and platforms	1,842	1,452	3,487	2,685
Total revenue from operations	**24,570**	**22,629**	**48,234**	**44,432**

The Group has evaluated the impact of COVID – 19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts;(ii) onerous obligations;(iii) penalties relating to breaches of service level agreements, and (iv) termination or deferment of contracts by customers. The Group has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Group continues to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated revenue information

The table below presents disaggregated revenues from contracts with customers by geography and offerings for each of our business segments. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

For the three months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography*									
North America	4,547	2,403	1,618	1,710	1,178	2,126	1,141	193	14,916
	4,151	*2,245*	*1,858*	*1,644*	*1,305*	*1,617*	*943*	*126*	*13,889*
Europe	1,622	1,033	699	1,043	998	39	493	52	5,979
	1,569	*992*	*439*	*1,036*	*875*	*44*	*473*	*36*	*5,464*
India	394	12	74	4	12	65	5	174	740
	340	*13*	*51*	*1*	*23*	*46*	*13*	*120*	*607*
Rest of the world	1,308	203	702	270	53	14	33	352	2,935
	1,153	*198*	*613*	*281*	*88*	*6*	*25*	*305*	*2,669*
Total	**7,871**	**3,651**	**3,093**	**3,027**	**2,241**	**2,244**	**1,672**	**771**	**24,570**
	7,213	*3,448*	*2,961*	*2,962*	*2,291*	*1,713*	*1,454*	*587*	*22,629*
Revenue by offerings									
Digital	3,717	1,885	1,512	1,437	997	1,111	692	273	11,624
	2,828	*1,475*	*1,173*	*1,113*	*853*	*623*	*449*	*164*	*8,678*
Core	4,154	1,766	1,581	1,590	1,244	1,133	980	498	12,946
	4,385	*1,973*	*1,788*	*1,849*	*1,438*	*1,090*	*1,005*	*423*	*13,951*
Total	**7,871**	**3,651**	**3,093**	**3,027**	**2,241**	**2,244**	**1,672**	**771**	**24,570**
	7,213	*3,448*	*2,961*	*2,962*	*2,291*	*1,713*	*1,454*	*587*	*22,629*

For the six months ended September 30, 2020 and September 30, 2019

(In ₹ crore)

Particulars	Financial Services (1)	Retail(2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences(4)	Others (5)	Total
Revenues by Geography*									
North America	8,921	4,579	3,433	3,422	2,476	4,071	2,189	365	29,456
	8,184	*4,468*	*3,739*	*3,207*	*2,481*	*3,212*	*1,783*	*239*	*27,313*
Europe	3,158	2,051	1,328	2,079	1,883	70	988	107	11,664
	2,907	*1,981*	*888*	*2,030*	*1,697*	*85*	*947*	*73*	*10,608*
India	762	22	130	8	27	137	12	325	1,423
	638	*25*	*81*	*2*	*42*	*83*	*18*	*223*	*1,112*
Rest of the world	2,487	391	1,366	545	111	29	57	705	5,691
	2,340	*409*	*1,256*	*557*	*170*	*12*	*47*	*608*	*5,399*
Total	**15,328**	**7,043**	**6,257**	**6,054**	**4,497**	**4,307**	**3,246**	**1,502**	**48,234**
	14,069	*6,883*	*5,964*	*5,796*	*4,390*	*3,392*	*2,795*	*1,143*	*44,432*
Revenue by offerings									
Digital	7,143	3,499	3,007	2,757	2,026	1,978	1,257	489	22,156
	5,333	*2,897*	*2,244*	*2,085*	*1,617*	*1,206*	*813*	*272*	*16,467*
Core	8,185	3,544	3,250	3,297	2,471	2,329	1,989	1,013	26,078
	8,736	*3,986*	*3,720*	*3,711*	*2,773*	*2,186*	*1,982*	*871*	*27,965*
Total	**15,328**	**7,043**	**6,257**	**6,054**	**4,497**	**4,307**	**3,246**	**1,502**	**48,234**
	14,069	*6,883*	*5,964*	*5,796*	*4,390*	*3,392*	*2,795*	*1,143*	*44,432*

(1) Financial Services include enterprises in Financial Services and Insurance
(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics
(3) Communication includes enterprises in Communication, Telecom OEM and Media
(4) Life Sciences includes enterprises in Life sciences and Health care
(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services
* *Geographical revenues is based on the domicile of customer.*

Digital Services

Digital Services comprise of service and solution offerings of the Group that enable our clients to transform their businesses. These include offerings that enhance customer experience, leverage AI-based analytics and big data, engineer digital products and IoT, modernize legacy technology systems, migrate to cloud applications and implement advanced cyber security systems.

Core Services

Core Services comprise traditional offerings of the Group that have scaled and industrialized over a number of years. These primarily include application management services, proprietary application development services, independent validation solutions, product engineering and management, infrastructure management services, traditional enterprise application implementation, support and integration services.

Products & platforms

The Group also derives revenues from the sale of products and platforms including Finacle – core banking solution, Edge Suite of products, Infosys Nia - Artificial Intelligence (AI) platform which applies next-generation AI and machine learning, Panaya platform, Skava platform, Stater digital platform and Infosys McCamish- insurance platform.

Trade Receivables and Contract Balances

The timing of revenue recognition, billings and cash collections results in receivables, unbilled revenue, and unearned revenue on the Group's Consolidated Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones.

The Group's receivables are rights to consideration that are unconditional. Unbilled revenues comprising revenues in excess of billings from time and material contracts and fixed price maintenance contracts are classified as financial asset when the right to consideration is unconditional and is due only after a passage of time.

Invoicing to the clients for other fixed price contracts is based on milestones as defined in the contract and therefore the timing of revenue recognition is different from the timing of invoicing to the customers. Therefore unbilled revenues for other fixed price contracts (contract asset) are classified as non-financial asset because the right to consideration is dependent on completion of contractual milestones.

Invoicing in excess of earnings are classified as unearned revenue.

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

2.16 OTHER INCOME, NET

Accounting policy

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.

Foreign currency

Accounting policy

Functional currency

The functional currency of Infosys, Infosys BPM, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for other subsidiaries are their 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 recognized in the Consolidated Statement of Profit and Loss and reported within exchange gains/ (losses) on translation of assets and liabilities, net, except when deferred in Other Comprehensive Income as qualifying cash flow hedges. 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. The related revenue and expense are recognized using the same exchange rate.

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 Consolidated 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.

Other Comprehensive Income, net of taxes includes translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as financial instruments and measured at fair value through other comprehensive income (FVOCI).

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.

Government grant

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 Consolidated 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 interim condensed consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

Other income for the three months and six months ended September 30, 2020 and September 30, 2019 is as follows:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Interest income on financial assets carried at amortized cost:				
Tax free bonds and Government bonds	35	36	69	72
Deposit with Bank and others	280	268	538	581
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures and certificates of deposit, commercial paper and government securities	97	81	186	196
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	10	1	11	1
Gain / (loss) on liquid mutual funds and other investments	9	37	33	102
Income on investments carried at fair value through other comprehensive income	27	11	54	27
Interest income on income tax refund	-	-	-	9
Exchange gains/ (losses) on foreign currency forward and options contracts	307	(43)	354	96
Exchange gains/ (losses) on translation of assets and liabilities	(262)	205	(294)	159
Miscellaneous income, net	67	30	95	119
Total other income	**570**	**626**	**1,046**	**1,362**

2.17 EXPENSES

Accounting policy

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 and EdgeVerve, contributions are made to the Infosys BPM 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 the Consolidated Statement of Profit and Loss.

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 of India. 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.

Superannuation

Certain employees of Infosys, Infosys BPM 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.

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.

The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

(In ₹ crore)

Particulars	**Three months ended September 30,**		**Six months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Employee benefit expenses				
Salaries including bonus	12,978	12,296	26,166	24,192
Contribution to provident and other funds	270	269	559	543
Share based payments to employees *(Refer note no. 2.10)*	98	54	174	119
Staff welfare	54	56	105	123
	13,400	**12,675**	**27,004**	**24,977**
Cost of software packages and others				
For own use	309	266	600	498
Third party items bought for service delivery to clients	799	414	1,401	798
	1,108	**680**	**2,001**	**1,296**
Other expenses				
Repairs and maintenance	324	385	669	745
Power and fuel	37	61	71	121
Brand and marketing	93	123	152	261
Short-term leases (Refer to Note 2.18)	14	22	39	42
Rates and taxes	59	47	114	84
Consumables	26	22	50	38
Insurance	36	22	66	41
Provision for post-sales client support and others	(7)	19	(1)	10
Commission to non-whole time directors	2	2	3	4
Impairment loss recognized / (reversed) under expected credit loss model	63	36	162	88
Contributions towards Corporate Social responsibility	140	100	260	168
Others	(41)	76	41	161
	746	**915**	**1,626**	**1,763**

2.18 Leases

Accounting Policy

The Group as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of July 1, 2020	**625**	**3,285**	**20**	**67**	**3,997**
Additions*	7	377	1	2	387
Deletions	-	(32)	-	-	(32)
Depreciation	(2)	(147)	(2)	(4)	(155)
Translation difference	1	(4)	-	1	(2)
Balance as of September 30, 2020	**631**	**3,479**	**19**	**66**	**4,195**

*Net of lease incentives of ₹34 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the three months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of July 1, 2019	**630**	**3,079**	**20**	**-**	**3,729**
Additions	-	320	2	26	348
Deletion	(3)	(5)	-	-	(8)
Depreciation	(2)	(131)	(3)	(1)	(137)
Translation difference	-	(14)	(1)	-	(15)
Balance as of September 30, 2019	**625**	**3,249**	**18**	**25**	**3,917**

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2020:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2020	**626**	**3,485**	**15**	**42**	**4,168**
Additions*	7	360	9	32	408
Deletions	-	(90)	-	-	(90)
Depreciation	(3)	(292)	(5)	(8)	(308)
Translation difference	1	16	-	-	17
Balance as of September 30, 2020	**631**	**3,479**	**19**	**66**	**4,195**

*Net of lease incentives of ₹84 crore related to lease of buildings

Following are the changes in the carrying value of right of use assets for the six months ended September 30, 2019:

(In ₹ crore)

Particulars	Category of ROU asset				Total
	Land	Buildings	Vehicles	Computers	
Balance as of April 1, 2019	**-**	**2,898**	**9**	**-**	**2,907**
Reclassified on account of adoption of Ind AS 116	634	-	-	-	634
Additions	-	437	4	26	467
Additions through business combination	-	177	10	-	187
Deletions	(3)	(5)	-	-	(8)
Depreciation	(4)	(252)	(5)	(1)	(262)
Translation difference	(2)	(6)	-	-	(8)
Balance as of September 30, 2019	**625**	**3,249**	**18**	**25**	**3,917**

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

The following is the break-up of current and non-current lease liabilities:

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Current lease liabilities	647	619
Non-current lease liabilities	4,068	4,014
Total	**4,715**	**4,633**

2.19 RECONCILIATION OF BASIC AND DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE

Accounting policy

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.

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting policy

Contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(In ₹ crore)

Particulars	As at	
	September 30, 2020	March 31, 2020
Contingent liabilities :		
Claims against the Group, not acknowledged as debts(1)	3,645	3,583
[Amount paid to statutory authorities ₹6,019 crore *(₹5,353 crore)*]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)(2)	1,044	1,365
Other commitments*	59	61

**Uncalled capital pertaining to investments*

(1) As at September 30, 2020, claims against the Group not acknowledged as debts in respect of income tax matters amounted to ₹3,360 crore. The claims against the group majorly represent demands arising on completion of assessment proceedings under the Income Tax Act, 1961. These claims are on account of multiple issues of disallowances such as disallowance of profits earned from STP Units and SEZ Units, disallowance of deductions in respect of employment of new employees under section 80JJAA, disallowance of expenditure towards software being held as capital in nature, payments made to Associated Enterprises held as liable for withholding of taxes. 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.

Amount paid to statutory authorities against the above tax claims amounted to ₹6,018 crore.

(2) Capital contracts primarily comprises of commitments for infrastructure facilities and computer equipment's.

Legal Proceedings

On the matters pertaining to the whistle blower allegations, previously disclosed by the Company on October 22, 2019, the Company has responded to all the inquires received from the Indian regulatory authorities. The Company submitted its last response on May 15, 2020

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

2.21 RELATED PARTY TRANSACTIONS

Refer to the Company's Annual Report for the year ended March 31, 2020 for the full names and other details of the Company's subsidiaries and controlled trusts.

Changes in Subsidiaries

During the six months ended September 30, 2020, the following are the changes in the subsidiaries:

- On June 1, 2020, Fluido Oy, acquired 100% of the voting interests in Simplus U.K,Ltd and Simplus Ireland,Ltd. from Simplus Europe,Ltd.
- Brilliant Basics (MENA) DMCC, a wholly-owned subsidiary of Brilliant Basics Holdings Limited, has been liquidated effective July 17, 2020.
- Infosys Limited Bulgaria EOOD, a wholly-owned subsidiary of Infosys Ltd, incorporated on September 11, 2020.

Change in key management personnel

The following are the changes in the key management personnel:

- D.N. Prahlad (resigned as a member of the Board effective April 20, 2020)
- Uri Levine (appointed as an independent director effective April 20, 2020)
- Bobby Parikh (appointed as an independent director effective July 15, 2020)

Transaction with key management personnel:

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2020	2019	2020	2019
Salaries and other employee benefits to whole-time directors and executive officers (1)(2)	38	28	71	60
Commission and other benefits to non-executive/independent directors	2	2	3	4
Total	**40**	**30**	**74**	**64**

(1)Total employee stock compensation expense for the three months ended September 30, 2020 and September 30, 2019 includes a charge of ₹19 crore and ₹13 crore, respectively, towards key managerial personnel. For the six months ended September 30, 2020 and September 30, 2019 includes a charge of ₹36 crore and ₹31 crore respectively, towards key managerial personnel. (Refer to note 2.10)

(2)Does not include post-employment benefit based on actuarial valuation as this is done for the Company as a whole.

2.22 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. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along business 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 accounting policies.

Business segments of the Group are primarily enterprises in Financial Services and Insurance, enterprises in Manufacturing, enterprises in Retail, Consumer Packaged Goods and Logistics, enterprises in the Energy, Utilities, Resources and Services, enterprises in Communication, Telecom OEM and Media, enterprises in Hi-Tech, enterprises in Life Sciences and Healthcare and all other segments. The Financial services reportable segments has been aggregated to include the Financial Services operating segment and Finacle operating segment because of the similarity of the economic characteristics. All other segments represent the operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services .

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 Infosys Public services and revenue generated from customers located in India, Japan and China and other enterprises in Public services. Allocated expenses of segments include expenses incurred for rendering services from the Group's offshore software development centers and on-site expenses, which are categorized in relation to the associated efforts of the segment. Certain expenses such as depreciation and amortization, 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.

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

Disclosure of revenue by geographic locations is given in note 2.15 Revenue from operations.

Business Segments

Three months ended September 30, 2020 and September 30, 2019:

(In ₹ crore)

Particulars	Financial Services (1)	Retail (2)	Communication (3)	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences (4)	All other segments (5)	Total
Revenue from operations	7,871	3,651	3,093	3,027	2,241	2,244	1,672	771	**24,570**
	7,213	*3,448*	*2,961*	*2,962*	*2,291*	*1,713*	*1,454*	*587*	*22,629*
Identifiable operating expenses	4,055	1,733	1,828	1,553	1,153	1,260	827	512	**12,921**
	3,718	*1,722*	*1,756*	*1,564*	*1,264*	*1,015*	*770*	*355*	*12,164*
Allocated expenses	1,456	618	602	649	433	315	280	213	**4,566**
	1,629	*688*	*582*	*580*	*518*	*306*	*292*	*225*	*4,820*
Segmental operating income	**2,360**	**1,300**	**663**	**825**	**655**	**669**	**565**	**46**	**7,083**
	1,866	*1,038*	*623*	*818*	*509*	*392*	*392*	*7*	*5,645*
Unallocable expenses									855
									733
Other income, net (Refer to note 2.16)									570
									626
Finance cost									48
									42
Profit before tax									**6,750**
									5,496
Income tax expense									1,892
									1,459
Net Profit									**4,858**
									4,037
Depreciation and amortization expense									855
									727
Non-cash expenses other than depreciation and amortization									-
									6

Six months ended September 30, 2020 and September 30, 2019:

(In ₹ crore)

Particulars	Financial Services [1]	Retail [2]	Communication [3]	Energy, Utilities, Resources and Services	Manufacturing	Hi-Tech	Life Sciences [4]	All other segments [5]	Total
Revenue from operations	15,328	7,043	6,257	6,054	4,497	4,307	3,246	1,502	**48,234**
	14,069	*6,883*	*5,964*	*5,796*	*4,390*	*3,392*	*2,795*	*1,143*	*44,432*
Identifiable operating expenses	7,959	3,326	3,730	3,106	2,436	2,388	1,626	979	**25,550**
	7,400	*3,463*	*3,544*	*3,068*	*2,456*	*2,038*	*1,551*	*685*	*24,205*
Allocated expenses	3,008	1,368	1,243	1,272	901	651	581	456	**9,480**
	3,090	*1,350*	*1,175*	*1,186*	*1,012*	*592*	*574*	*446*	*9,425*
Segmental operating income	**4,361**	**2,349**	**1,284**	**1,676**	**1,160**	**1,268**	**1,039**	**67**	**13,204**
	3,579	*2,070*	*1,245*	*1,542*	*922*	*762*	*670*	*12*	*10,802*
Unallocable expenses									1,611
									1,419
Other income, net (Refer to note 2.16)									1,046
									1,362
Finance cost									96
									82
Profit before tax									**12,543**
									10,663
Income tax expense									3,412
									2,824
Net Profit									**9,131**
									7,839
Depreciation and amortization expense									1,611
									1,408
Non-cash expenses other than depreciation and amortization									-
									11

(1) Financial Services include enterprises in Financial Services and Insurance

(2) Retail includes enterprises in Retail, Consumer Packaged Goods and Logistics

(3) Communication includes enterprises in Communication, Telecom OEM and Media

(4) Life Sciences includes enterprises in Life sciences and Health care

(5) Others include operating segments of businesses in India, Japan, China, Infosys Public Services & other enterprises in Public Services

Significant clients

No client individually accounted for more than 10% of the revenues in the three and six months ended September 30, 2020 and September 30, 2019, respectively.

2.23 BUSINESS COMBINATIONS

Accounting policy

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. Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the Statement of Profit and Loss.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity of subsidiaries.

The payments related to options issued by the Group over the non-controlling interests in its subsidiaries are accounted as financial liabilities and initially recognized at the estimated present value of gross obligations. Such options are subsequently measured at fair value in order to reflect the amount payable under the option at the date at which it becomes exercisable. In the event that the option expires unexercised, the liability is derecognised.

Business combinations between entities under common control is accounted for at carrying value of the assets and liabilities in the Group's consolidated financial statements.

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.

Kaleidoscope Animations, Inc.

On October 9, 2020, Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) acquired 100% of voting interests in Kaleidoscope Animations, Inc. a US based Product Design and Development firm, for a total consideration of up to $ 42 million (approximately ₹310 crore), comprising of cash consideration of $ 29 million (approximately ₹214 crore), contingent consideration of upto $ 12 million (approximately ₹91 crore) and retention payouts of upto $ 1 million (approximately ₹5 crore), payable to the employees of Kaleidoscope Animations, Inc over the next three years, subject to their continuous employment with the group along with achievement of set targets for respective years. The payment of contingent consideration to sellers of Kaleidoscope Animations, Inc is dependent upon the achievement of certain financial targets by Kaleidoscope Animations, Inc.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of Kaleidoscope Animations, Inc, including allocation of purchase consideration to identifiable assets and liabilities.

GuideVision, s.r.o

On October 1, 2020, Infy Consulting Company Limited (Wholly-owned subsidiary of Infosys Consulting Holding AG) acquired 100% of voting interests in GuideVision s.r.o , a ServiceNow Elite Partners in Europe for a total consideration of upto Euro 30 million (approximately ₹259 crore), comprising of cash consideration of Euro 20 million (approximately ₹173 crore), contingent consideration of upto Euro 4 million (approximately ₹36 crore) and retention payouts of upto Euro 6 million (approximately ₹50 crore), payable to the employees of GuideVision s.r.o over the next three years, subject to their continuous employment with the group. The payment of contingent consideration to sellers of GuideVision s.r.o is dependent upon the achievement of certain financial targets by GuideVision s.r.o.

As of October 14, 2020 (i.e., the date of adoption of financial statements by the Board of Directors), the Company is in the process of finalizing the accounting for acquisition of GuideVision s.r.o, including allocation of purchase consideration to identifiable assets and liabilities.

Business transfer- Kallidus Inc. and Skava Systems Private Limited

On October 11, 2019, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with its wholly-owned subsidiaries, Kallidus Inc. and Skava Systems Private Limited (together referred to as "Skava"), to transfer the business of Skava to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on August 15, 2020 , the company entered into a business transfer agreement to transfer the business of Kallidus Inc. and Skava Systems Private Limited for a consideration of ₹171 crore and ₹66 crore respectively.

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.

Proposed Acquisition

Blue Acorn iCi

On October 8, 2020 Infosys Nova Holdings LLC (a wholly owned subsidiary of Infosys Limited) entered into a definitive agreement to acquire Blue Acorn iCi, a US based Adobe platinum partner and a digital customer experience company, for a total consideration of upto $125 million (approximately ₹922 crore) including bonuses, subject to fulfillment of customary closing conditions.

2.24 FUNCTION WISE CLASSIFICATION OF CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(In ₹ crore)

Particulars	Note no	Three months ended September 30,		Six months ended September 30,	
		2020	2019	2020	2019
Revenue from operations	2.15	24,570	22,629	48,234	44,432
Cost of Sales		15,771	15,079	31,473	29,858
Gross profit		**8,799**	**7,550**	**16,761**	**14,574**
Operating expenses					
Selling and marketing expenses		1,136	1,162	2,283	2,336
General and administration expenses		1,435	1,476	2,885	2,855
Total operating expenses		2,571	2,638	5,168	5,191
Operating profit		**6,228**	**4,912**	**11,593**	**9,383**
Other income, net	2.16	570	626	1,046	1,362
Finance cost		48	42	96	82
Profit before tax		**6,750**	**5,496**	**12,543**	**10,663**
Tax expense:					
Current tax	2.14	1,763	1,488	3,084	2,947
Deferred tax	2.14	129	(29)	328	(123)
Profit for the period		**4,858**	**4,037**	**9,131**	**7,839**
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of the net defined benefit liability/asset		7	(22)	154	(39)
Equity instruments through other comprehensive income, net		(5)	2	(6)	5
		2	**(20)**	**148**	**(34)**
Items that will be reclassified subsequently to profit or loss					
Fair value changes on derivatives designated as cash flow hedge, net		27	17	21	(7)
Exchange differences on translation of foreign operations, net		21	(35)	185	(10)
Fair value changes on investments, net		(45)	2	9	18
		3	**(16)**	**215**	**1**
Total other comprehensive income / (loss), net of tax		**5**	**(36)**	**363**	**(33)**
Total comprehensive income for the period		**4,863**	**4,001**	**9,494**	**7,806**
Profit attributable to:					
Owners of the Company		4,845	4,019	9,078	7,817
Non-controlling interests		13	18	53	22
		4,858	**4,037**	**9,131**	**7,839**
Total comprehensive income attributable to:					
Owners of the Company		4,847	3,984	9,434	7,782
Non-controlling interests		16	17	60	24
		4,863	**4,001**	**9,494**	**7,806**

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

Nilanjan Roy
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Bengaluru
October 14, 2020