Infosys Limited

CIN: L85110KA1981PLC013115

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**Audited financial results of Infosys Limited for the quarter and half-year ended September 30, 2016 prepared in compliance with the Indian Accounting Standard (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, |
|---|---|---|---|---|---|---|
| | 2016 | 2016 | 2015 | 2016 | 2015 | 2016 |
| | Audited | Audited | Audited | Audited | Audited | Audited |
| Revenue from operations | 15,000 | 14,420 | 13,525 | 29,420 | 26,263 | 53,983 |
| Other income, net | 763 | 761 | 775 | 1,525 | 1,496 | 3,006 |
| **Total income** | **15,763** | **15,181** | **14,300** | **30,945** | **27,759** | **56,989** |
| **Expenses** | | | | | | |
| Employee benefit expenses | 7,939 | 7,605 | 6,987 | 15,544 | 13,794 | 28,207 |
| Deferred consideration pertaining to acquisition | - | - | 64 | - | 124 | 149 |
| Cost of technical sub-contractors | 1,183 | 1,135 | 1,035 | 2,319 | 2,000 | 4,417 |
| Travel expenses | 364 | 576 | 425 | 940 | 857 | 1,655 |
| Cost of software packages and others | 312 | 224 | 335 | 536 | 626 | 1,049 |
| Communication expenses | 90 | 82 | 80 | 172 | 160 | 311 |
| Consultancy and professional charges | 119 | 119 | 123 | 238 | 255 | 563 |
| Depreciation and amortisation expense | 338 | 319 | 272 | 657 | 524 | 1,115 |
| Other expenses | 606 | 661 | 426 | 1,268 | 876 | 1,923 |
| **Total expenses** | **10,951** | **10,721** | **9,747** | **21,674** | **19,216** | **39,389** |
| **Profit before tax** | **4,812** | **4,460** | **4,553** | **9,271** | **8,543** | **17,600** |
| Tax expense: | | | | | | |
| Current tax | 1,327 | 1,314 | 1,333 | 2,640 | 2,385 | 4,898 |
| Deferred tax | 9 | (34) | (28) | (25) | 19 | 9 |
| **Profit for the period** | **3,476** | **3,180** | **3,248** | **6,656** | **6,139** | **12,693** |
| **Other comprehensive income** | | | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | | | |
| Remeasurement of the net defined benefit liability/asset | (35) | (17) | 1 | (52) | (7) | (2) |
| Equity instruments through other comprehensive income | - | - | - | - | - | - |
| Fair value changes on cash flow hedges | 2 | - | - | 2 | - | - |
| *Items that will be reclassified subsequently to profit or loss* | - | - | - | - | - | - |
| **Total other comprehensive income, net of tax** | **(33)** | **(17)** | **1** | **(50)** | **(7)** | **(2)** |
| **Total comprehensive income, for the period** | **3,443** | **3,163** | **3,249** | **6,606** | **6,132** | **12,691** |
| Paid-up share capital (par value ₹5/- each fully paid) | 1,148 | 1,148 | 1,148 | 1,148 | 1,148 | 1,148 |
| Other Equity | 59,934 | 59,934 | 51,617 | 59,934 | 51,617 | 59,934 |
| **Earnings per equity share ( par value ₹5 /- each)** | | | | | | |
| Basic (₹) | 15.13 | 13.85 | 14.14 | 28.98 | 26.73 | 55.26 |
| Diluted (₹) | 15.13 | 13.85 | 14.14 | 28.98 | 26.73 | 55.26 |

*Notes:*

1. The audited financial statements for the quarter and half-year ended September 30, 2016 have been taken on record by the Board of Directors at its meeting held on October 14, 2016. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited standalone financial statements. The financial statements are prepared in accordance with the Indian Accounting Standard (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

3. The Board, at the meeting held on October 14, 2016 appointed D. N. Prahlad as Independent Director effective from that date.

4. The Board of Directors in their meeting held on October 14, 2016, on recommendation of the Nomination and Remuneration Committee, have approved the revised annual compensation of U.B. Pravin Rao, Chief Operating Officer and Whole Time Director of the Company, with effect from November 1, 2016, subject to the approval of the shareholders. The compensation includes fixed compensation of ₹4.62 crore per annum and a variable compensation of up to ₹3.88 crore per annum. Additionally, based on fiscal 2016 performance, 27,250 restricted stock units (RSU) and 43,000 stock options would be granted under the 2015 Stock Incentive Compensation Plan (2015 plan), as approved by the shareholders vide postal ballot dated March 31, 2016. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the committee.The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant, as approved by shareholders. RSUs and stock options, in future periods, will be granted on achievement of performance conditions, as may be decided by the Nomination and Remuneration Committee.

5. The Board of Directors in their meeting held on October 14, 2016, on recommendation of the Nomination and Remuneration Committee, have approved the revised compensation structure of M.D Ranganath, Mohit Joshi, Sandeep Dadlani, Rajesh K Murthy, Ravikumar S, David Kennedy, Krishnamurthy Shankar and Manikantha AGS with effect from November 1, 2016. The revised aggregate compensation of the above individuals includes fixed compensation of ₹24 crore and variable compensation of upto ₹20 crore. Additionally, based on fiscal 2016 performance, restricted stock units (RSU) of 245,750 and stock options of 502,550 will be granted on November 1, 2016 under the 2015 Stock Incentive Compensation Plan (2015 plan), as approved by the shareholders vide postal ballot dated March 31, 2016. These RSUs and stock options would vest over a period of 4 years and shall be exercisable within the period as approved by the committee. The exercise price of 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. The Audit committee in their meeting held on October 13, 2016, resolved to include Mohit Joshi, Sandeep Dadlani, Rajesh K Murthy, RaviKumar S, Krishnamurthy Shankar and David Kennedy as key managerial personnel as defined under Ind-AS 24 – Related Party Disclosures effective from the date of the meeting. Dr. Vishal Sikka, U.B. Pravin Rao, M.D. Ranganath and Manikantha AGS are key managerial personnel as defined under Section 2 (51) of the Companies Act, 2013.

6. The Nomination and Remuneration Committee of the Board of Directors of Infosys Limited at its meeting held on October 13, 2016, based on fiscal 2016 performance approved the grant of upto 906,275 RSUs and upto 943,810 stock options with effect from November 1, 2016, to a total of upto 425 eligible and identified high-performing executives of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (2015 plan), as approved by the shareholders vide postal ballot dated March 31, 2016. These RSUs and stock options shall vest over a period of 4 years from the date of grant, and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

**7. Information on dividends for the quarter and half-year ended September 30, 2016**

The Board declared an interim dividend of ₹11/- per equity share . The record date for the payment of interim dividend is October 24, 2016. The interim dividend will be paid on October 26, 2016. The interim dividend declared in the previous year was ₹10/- (not adjusted for bonus issue) per equity share.

*(in ₹)*

| Particulars | Quarter ended September 30, 2016 | Quarter ended June 30, 2016 | Quarter ended September 30, 2015 | Half-year ended September 30, 2016 | Half-year ended September 30, 2015 | Year ended March 31, 2016 |
|---|---|---|---|---|---|---|
| **Dividend per share (par value ₹5/- each)** | | | | | | |
| Interim dividend | 11.00 | - | 10.00 | 11.00 | 10.00 | 10.00 |
| Final dividend | - | - | - | - | - | 14.25 |

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

*(in ₹ crore)*

| Particulars | As at September 30, 2016 | As at March 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 8,470 | 8,248 |
| Capital work-in-progress | 1,053 | 934 |
| Intangible assets | - | - |
| Financial assets | | |
| Investments | 11,253 | 11,076 |
| Loans | 5 | 5 |
| Other financial assets | 206 | 192 |
| Deferred tax assets (net) | 428 | 405 |
| Other non-current assets | 834 | 755 |
| Income tax assets (net) | 4,981 | 5,020 |
| **Total non - current assets** | **27,230** | **26,635** |
| **Current assets** | | |
| Financial assets | | |
| Investments | 1,905 | 2 |
| Trade receivables | 10,168 | 9,798 |
| Cash and cash equivalents | 27,967 | 29,176 |
| Loans | 321 | 355 |
| Other financial assets | 6,286 | 4,801 |
| Other current assets | 1,800 | 1,965 |
| **Total current assets** | **48,447** | **46,097** |
| **Total assets** | **75,677** | **72,732** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity share capital | 1,148 | 1,148 |
| Other equity | 62,632 | 59,934 |
| **Total equity** | **63,780** | **61,082** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Financial liabilities | | |
| Other financial liabilities | 39 | 62 |
| Deferred tax liabilities (net) | - | - |
| **Total non - current liabilities** | **39** | **62** |
| **Current liabilities** | | |
| Financial liabilities | | |
| Trade payables | 272 | 623 |
| Other financial liabilities | 5,128 | 5,132 |
| Other current liabilities | 2,178 | 2,093 |
| Provisions | 556 | 436 |
| Income tax liabilities (net) | 3,724 | 3,304 |
| **Total current liabilities** | **11,858** | **11,588** |
| **Total equity and liabilities** | **75,677** | **72,732** |

*The disclosure is an extract of the audited Balance Sheet as at September 30, 2016 and March 31, 2016 prepared in compliance with the Indian Accounting Standards (Ind-AS).*

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

*(in ₹ crore)*

| Particulars | Note | Three months ended September 30, 2015 | | |
|---|---|---|---|---|
| | | IGAAP | Effects of transition to Ind-AS | Ind-AS |
| Revenue from operations | | 13,525 | - | 13,525 |
| Other income, net | 1.2 | 774 | 1 | 775 |
| **Total income** | | **14,299** | **1** | **14,300** |
| **Expenses** | | | | |
| Employee benefit expenses | 1.1 | 6,985 | 2 | 6,987 |
| Deferred consideration pertaining to acquisition | 1.2 | 46 | 18 | 64 |
| Cost of technical sub-contractors | | 1,035 | - | 1,035 |
| Travel expenses | | 425 | - | 425 |
| Cost of software packages and others | | 335 | - | 335 |
| Communication expenses | | 80 | - | 80 |
| Consultancy and professional charges | | 123 | - | 123 |
| Depreciation and amortization expenses | | 272 | - | 272 |
| Other expenses | 1.2 | 423 | 3 | 426 |
| **Total expenses** | | **9,724** | **23** | **9,747** |
| **Profit before exceptional items and tax** | | **4,575** | **(22)** | **4,553** |
| Profit on transfer of business | 1.3 | 3,036 | (3,036) | - |
| **Profit before tax** | | **7,611** | **(3,058)** | **4,553** |
| Tax expense: | | | | |
| Current tax | | 1,333 | - | 1,333 |
| Deferred tax | | (28) | - | (28) |
| **Profit for the period** | | **6,306** | **(3,058)** | **3,248** |
| **Other comprehensive income** | | | | |
| *Items that will not be reclassified subsequently to profit or loss* | | | | |
| Remeasurement of the net defined benefit liability/asset | 1.1 | - | 1 | 1 |
| Equity instruments through other comprehensive income | | - | - | - |
| | | - | **1** | **1** |
| *Items that will be reclassified subsequently to profit or loss* | | - | - | - |
| **Total other comprehensive income, net of tax** | | - | **1** | **1** |
| **Total comprehensive income for the period** | | **6,306** | **(3,057)** | **3,249** |

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

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

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

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

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

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

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

*(in ₹ crore)*

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

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

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

**1.1. Investment**

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

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

**1.2. Other financial liabilities**

Other financial liabilities - adjustments includes impact of discounting the deferred and contingent consideration payable for acquisitions under Ind-AS.

**1.3. Other current liabilities**

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

**1.4. Provisions**

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

**1.5. Other equity**

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

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

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

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

*(in ₹ crore)*

| Particulars | Quarter ended September 30, | Quarter ended June 30, | Quarter ended September 30, | Half-year ended September 30, | | Year ended March 31, |
|---|---|---|---|---|---|---|
| | 2016 | 2016 | 2015 | 2016 | 2015 | 2016 |
| **Revenue by business segment** | | | | | | |
| Financial services (FS) | 3,998 | 3,873 | 3,692 | 7,871 | 7,343 | 14,846 |
| Manufacturing (MFG) | 1,506 | 1,472 | 1,445 | 2,978 | 2,693 | 5,434 |
| Energy & utilities, communication and services (ECS) | 3,510 | 3,341 | 2,981 | 6,851 | 5,824 | 12,124 |
| Retail, consumer packaged goods and logistics (RCL) | 2,598 | 2,583 | 2,377 | 5,181 | 4,556 | 9,411 |
| Life sciences, healthcare and insurance (HILIFE) | 1,736 | 1,627 | 1,611 | 3,364 | 3,119 | 6,392 |
| Hi-Tech | 1,275 | 1,270 | 1,184 | 2,545 | 2,302 | 4,736 |
| All Other Segments | 377 | 254 | 235 | 630 | 426 | 1,040 |
| **Total** | **15,000** | **14,420** | **13,525** | **29,420** | **26,263** | **53,983** |
| **Less:** Inter-segment revenue | - | - | - | - | - | - |
| **Net revenue from operations** | **15,000** | **14,420** | **13,525** | **29,420** | **26,263** | **53,983** |
| **Segment profit before tax** | | | | | | |
| Financial services (FS) | 1,064 | 1,026 | 1,093 | 2,090 | 2,145 | 4,185 |
| Manufacturing (MFG) | 449 | 410 | 349 | 859 | 673 | 1,436 |
| Energy & utilities, communication and services (ECS) | 1,114 | 1,022 | 959 | 2,136 | 1,815 | 3,829 |
| Retail, consumer packaged goods and logistics (RCL) | 816 | 771 | 727 | 1,586 | 1,367 | 2,817 |
| Life sciences, healthcare and insurance (HILIFE) | 500 | 451 | 480 | 951 | 876 | 1,844 |
| Hi-Tech | 365 | 341 | 377 | 706 | 655 | 1,373 |
| All other segments | 81 | - | 68 | 80 | 44 | 239 |
| **Total** | **4,389** | **4,021** | **4,053** | **8,408** | **7,575** | **15,723** |
| **Less:** Other unallocable expenditure | 340 | 322 | 275 | 662 | 528 | 1,129 |
| **Add:** Unallocable other income | 763 | 761 | 775 | 1,525 | 1,496 | 3,006 |
| **Profit before tax** | **4,812** | **4,460** | **4,553** | **9,271** | **8,543** | **17,600** |

***Notes on segment information:***

***Business segments***

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

***Segment Assets / Liabilities***

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

By order of the Board
for Infosys Limited

Bangalore, India
October 14, 2016

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

*Certain statements in these results concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, an inability to accurately predict economic or industry trends, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2016. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of this release is October 14, 2016, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.*