

TO ALL STOCK EXCHANGES

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

January 13, 2017

Dear Sir/ Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated December 15, 2016 regarding the captioned subject. The Board of Directors of Infosys Limited ("the Company"), at today's meeting, transacted the following items of business:

Financial Results

1. Took on record the audited standalone financial results of the Company as per Indian Accounting Standards (IND-AS) for the quarter and nine months ended December 31, 2016;
2. Took on record the audited consolidated financial results of the Company and its subsidiaries, as per IND-AS for the quarter and nine months ended December 31, 2016; and
3. Took on record the audited condensed consolidated financial statements of the Company and its subsidiaries as per IFRS in INR for the quarter and nine months ended December 31, 2016.

Other matters

4. Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory for the Company to rotate the current statutory auditors on completion of a maximum term permitted under the said Section. Therefore, the Audit Committee of the Company has proposed and on January 13, 2017, the Board of Directors of the Company have recommended, the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366W/ W100018) (Deloitte) as the statutory auditors of the Company. Deloitte will hold office for a period of 5 (five) consecutive years from the conclusion of the 36th Annual General Meeting of the Company scheduled to be held in the year 2017 till the

conclusion of the 41st Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018 which will include audit of the quarterly financial statements for the year.

To align with the above, the Board of Directors of the Company also approved the appointment of Deloitte as the independent registered public accounting firm of the Company. This appointment is effective the year ending March 31, 2018. As the independent registered public accounting firm, Deloitte will audit the annual financial statements of the Company to be included in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC"). KPMG will continue as the Company's independent registered public accounting firm through the completion of the audit for the year ending March 31, 2017 and for the purpose of filing such audited financial statements in the Form 20-F for the year ending March 31, 2017.

In addition, in accordance with disclosure requirements under SEC regulations, the following may be noted:

- During the two fiscal years ended March 31, 2016 and March 31, 2015, KPMG has not issued any report on the financial statements that contained an adverse opinion or disclaimer of opinion, nor were the reports of KPMG qualified or modified in any manner.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, there is no disagreement with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, or any reportable event as described in Item 16F(a)(1)(v) of Form 20-F.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, we have not consulted with Deloitte for any matters regarding either
 - i. the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of Infosys Limited; or

- ii. any matter that was the s/ubject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to this Item or a "reportable event" as described in Item 16F (a)(1)(v) of Form 20-F.
5. Revised and adopted the following policies:
 - Corporate Policy Statement on Investor Relations.
 - Policy for Determining Materiality for Disclosures.
 - Code of Conduct and Ethics.
 - Whistleblower Policy.
 - Insider Trading Policy.
 6. Approved and adopted the Stakeholders Relationship Committee Charter.
 7. Designated the following Key Managerial Personnel ("KMPs") as Executive Officers for the purpose of reporting under the rules of the SEC -
 - i. Mohit Joshi, President
 - ii. Sandeep Dadlani, President
 - iii. Rajesh Krishnamurthy, President
 - iv. Ravi Kumar S., President
 - v. Krishnamurthy Shankar, Executive Vice President-Group Head Human Resources Development
 - vi. Gopi Krishnan Radhakrishnan, Acting General Counsel.

The financial results, revised policies and Stakeholders Relationship Committee Charter are enclosed. The same will be made available on the Company's website www.infosys.com.

Yours sincerely,
For **Infosys Limited**


A.G.S. Manikantha
Company Secretary



Extract of the Audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2016, prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore except equity share data)

Particulars	Quarter ended December 31,	Nine months ended December 31,	Quarter ended December 31,
	2016	2016	2015
Revenue from operations	17,273	51,364	15,902
Profit before tax	5,154	15,017	4,761
Net profit after tax	3,708	10,749	3,465
Total comprehensive income for the period (comprising profit for the period after tax and other comprehensive income after tax)	3,679	10,652	3,472
Paid-up equity share capital (par value ₹5/- each, fully paid)	1,144	1,144	1,144
Other equity	60,600	60,600	54,198
Earnings per share (par value ₹5/- each)			
Basic	16.22	47.03	15.16
Diluted	16.22	47.02	15.16

Notes:

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

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

3. Change of Auditors on account of mandatory rotation requirement in India

Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory for Infosys Limited ('the Company') to rotate the current statutory auditors on completion of the maximum term permitted under the said Section. Therefore, the Audit Committee of Infosys Limited has proposed and on January 13, 2017, the Board of Directors of the Company have recommended, the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018) (Deloitte) as the statutory auditors of the Company. Deloitte will hold office for a period of 5 (five) consecutive years from the conclusion of the 36th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 41st Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018 which will include audit of the quarterly financial statements for the year.

To align with the above, the Board of Directors of the Company also approved the appointment of Deloitte as the independent registered public accounting firm of the Company. This appointment is effective year ending March 31, 2018. As the independent registered public accounting firm, Deloitte will audit the annual financial statements of the Company to be included in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC"). KPMG will continue as the Company's independent registered public accounting firm through the completion of the audit for the year ending March 31, 2017 and for the purpose of filing such audited financial statements in the Form 20-F for the year ending March 31, 2017.

In addition, in accordance with disclosure requirements under SEC regulations, the following may be noted:

- During the two fiscal years ended March 31, 2016 and March 31, 2015, KPMG has not issued any report on the financial statements that contained an adverse opinion or disclaimer of opinion, nor were the reports of KPMG qualified or modified in any manner.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, there is no disagreement with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, or any reportable event as described in Item 16F(a)(1)(v) of Form 20-F.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, we have not consulted with Deloitte for any matters regarding either
 - (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of Infosys Limited; or
 - (ii) any matter that was the subject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to this Item or a "reportable event" as described in Item 16F (a)(1)(v) of Form 20-F.

4. Management change

The Company has appointed Ravikumar S as Deputy Chief Operating Officer reporting to U. B. Pravin Rao with immediate effect. In addition to his current responsibility of heading the global delivery organization, Ravikumar S will oversee certain business enabling functions.

5. Information on dividends for the quarter and nine months ended December 31, 2016

An interim dividend of ₹11/- (par value ₹5/- each) per equity share was declared on October 14, 2016 and paid on October 26, 2016. The interim dividend declared in the previous year was ₹10/- per equity share.

(in ₹)

Particulars	Quarter ended December 31,	Nine months ended December 31	Quarter ended December 31,
	2016	2016	2015
Dividend per share (par value ₹5/- each)			
Interim dividend	-	11.00	-
Final dividend	-	-	-

6. Reconciliation of the Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS

(in ₹ crore)

Particulars	Note	Quarter ended December 31, 2015		
		IGAAP	Effects of transition to Ind-AS	Ind-AS
Revenue from operations		15,902	-	15,902
Other income, net		802	-	802
Total income		16,704	-	16,704
Expenses				
Employee benefit expenses	1.1	8,764	8	8,772
Deferred consideration pertaining to acquisition	1.2	18	7	25
Cost of technical sub-contractors		998	-	998
Travel expenses		530	-	530
Cost of software packages and others		278	-	278
Communication expenses		109	-	109
Consultancy and professional charges		213	-	213
Depreciation and amortization expenses	1.3	316	53	369
Other expenses	1.2	644	5	649
Total expenses		11,870	73	11,943
Profit before non-controlling interest/ share in net profit / (loss) of associate		4,834	(73)	4,761
Share in net profit / (loss) of associate		-	-	-
Profit before tax		4,834	(73)	4,761
Tax expense				
Current tax	1.4	1,322	(3)	1,319
Deferred tax	1.5	(8)	(15)	(23)
Profit for the period		3,520	(55)	3,465
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability / asset	1.1	-	5	5
Equity instruments through other comprehensive income		-	-	-
		-	5	5
Items that will be reclassified subsequently to profit or loss				
Fair Value changes on cash flow hedges, net	1.6	1	-	1
Exchange differences on translation of foreign operations		(8)	9	1
		(7)	9	2
Total other comprehensive income, net of tax		(7)	14	7
Total comprehensive income for the period		3,513	(41)	3,472

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

Explanations for the reconciliation of the Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS

- 1.1
- a. As per Ind-AS 19 - Employee benefits, actuarial 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 the impact of discounting pertaining to deferred and contingent consideration payable for business combinations.
- 1.3 Adjustment reflects the impact of amortization of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS.
- 1.4 Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind AS.
- 1.5 The reduction in deferred tax expense is on account of the reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.
- 1.6 Under Ind-AS, exchange differences on the translation of foreign operations are recorded in other comprehensive income.

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

Particulars	Quarter ended	Nine months ended	Quarter ended
	December 31,	December 31,	December 31,
	2016	2016	2015
Revenue from operations	14,949	44,369	13,562
Profit before tax	4,883	14,155	4,353
Profit for the period	3,599	10,255	3,163

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

Certain statements in this advertisement 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 advertisement is January 13, 2017 and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

INFOSYS LIMITED AND SUBSIDIARIES
In ₹ crore

Consolidated Balance Sheets as at	Note	December 31, 2016	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.4	9,380	8,637	7,685
Capital work-in-progress		1,525	960	776
Goodwill	2.5	3,760	3,764	3,091
Other intangible assets	2.5	861	985	638
Investment in associate	2.25	100	103	93
Financial Assets:				
Investments	2.6	5,405	1,714	1,305
Loans	2.7	29	25	31
Other financial assets	2.8	312	286	173
Deferred tax assets (net)	2.17	621	536	536
Income tax assets (net)	2.17	5,333	5,230	4,089
Other non-current assets	2.11	919	1,357	698
Total non-current assets		28,245	23,597	19,115
Current assets				
Financial Assets:				
Investments	2.6	4,367	75	874
Trade receivables	2.9	12,942	11,330	9,713
Cash and cash equivalents	2.10	26,113	32,697	30,367
Loans	2.7	243	303	222
Other financial assets	2.8	6,336	5,190	4,527
Other Current Assets	2.11	2,394	2,158	1,541
Total current assets		52,395	51,753	47,244
Total assets		80,640	75,350	66,359
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.13	1,144	1,144	572
Other equity		64,372	60,600	54,198
Total equity attributable to equity holders of the Company		65,516	61,744	54,770
Non-controlling interests		-	-	-
Total equity		65,516	61,744	54,770
Liabilities				
Non-current liabilities				
Financial Liabilities				
Other financial liabilities	2.14	86	69	-
Deferred tax liabilities (net)	2.17	225	252	159
Other non-current liabilities	2.15	89	46	47
Total non-current liabilities		400	367	206
Current liabilities				
Financial Liabilities				
Trade payables		335	386	140
Other financial liabilities	2.14	6,870	6,302	5,983
Other current liabilities	2.15	3,228	2,629	1,964
Provisions	2.16	412	512	478
Income tax liabilities (net)	2.17	3,879	3,410	2,818
Total current liabilities		14,724	13,239	11,383
Total equity and liabilities		80,640	75,350	66,359

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

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

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
in ₹ crore, except equity share and per equity share data

Consolidated Statement of Profit and Loss		Three months ended December 31,		Nine months ended December 31,	
	Note	2016	2015	2016	2015
Revenue from operations	2.18	17,273	15,902	51,364	45,891
Other income, net	2.19	820	802	2,333	2,351
Total income		18,093	16,704	53,697	48,242
Expenses					
Employee benefit expenses	2.20	9,420	8,772	28,349	25,383
Deferred consideration pertaining to acquisition		-	25	-	149
Cost of technical sub-contractors		975	998	2,833	2,606
Travel expenses		502	530	1,762	1,667
Cost of software packages and others	2.20	461	278	1,119	945
Communication expenses		145	109	400	331
Consultancy and professional charges		165	213	505	566
Depreciation and amortisation expenses	2.4 and 2.5	433	369	1,257	1,040
Other expenses	2.20	838	649	2,450	1,804
Total expenses		12,939	11,943	38,675	34,491
PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE		5,154	4,761	15,022	13,751
Share in net profit/(loss) of associate		-	-	(5)	(2)
PROFIT BEFORE TAX		5,154	4,761	15,017	13,749
Tax expense:					
Current tax	2.17	1,468	1,319	4,404	3,892
Deferred tax	2.17	(22)	(23)	(136)	(35)
PROFIT FOR THE PERIOD		3,708	3,465	10,749	9,892
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset		(8)	5	(65)	(9)
Equity instruments through other comprehensive income		-	-	-	-
		(8)	5	(65)	(9)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net	2.12	26	1	28	1
Exchange differences on translation of foreign operations		(47)	1	(60)	207
		(21)	2	(32)	208
Total other comprehensive income, net of tax		(29)	7	(97)	199
Total comprehensive income for the period		3,679	3,472	10,652	10,091
Profit attributable to:					
Owners of the company		3,708	3,465	10,749	9,892
Non-controlling interests		-	-	-	-
		3,708	3,465	10,749	9,892
Total comprehensive income attributable to:					
Owners of the company		3,679	3,472	10,652	10,091
Non-controlling interests		-	-	-	-
		3,679	3,472	10,652	10,091
EARNINGS PER EQUITY SHARE					
Equity shares of par value ₹5/- each					
Basic (₹)		16.22	15.16	47.03	43.28
Diluted (₹)		16.22	15.16	47.02	43.28
Weighted average equity shares used in computing earnings per equity share	2.23				
Basic		228,56,51,730	228,56,19,380	228,56,38,678	228,56,14,573
Diluted		228,62,29,042	228,57,32,052	228,60,76,462	228,57,15,960

The accompanying notes form an integral part of the consolidated interim financial statements
As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants

Firm's Registration Number:101248W/W-100022

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

Supreet Sachdev
Partner
Membership No. 205385

R.Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

In ₹ crore

Particulars	OTHER EQUITY												Total equity attributable to equity holders of the Company
	Equity Share capital [#]	RESERVES & SURPLUS						Other comprehensive income					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽¹⁾	Other reserves ⁽²⁾	Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2015	572	2,784	41,606	54	9,336	2	-	4	-	411	-	1	54,770
Changes in equity for the nine months													
December 31, 2015													
Increase in share capital on account of bonus issue [#] (refer to note 2.13)	572	-	-	-	-	-	-	-	-	-	-	-	572
Amounts utilized for bonus issue (refer note 2.13) [#]	-	(572)	-	-	-	-	-	-	-	-	-	-	(572)
Transfer to general reserve	-	-	(1,217)	-	1,217	-	-	-	-	-	-	-	-
Transfer to other reserve	-	-	(1)	-	-	-	-	1	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(397)	-	-	-	397	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	397	-	-	-	(397)	-	-	-	-	-	-
Share based payments to employees (refer to note 2.13)	-	-	-	-	-	5	-	-	-	-	-	-	5
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17)	-	-	-	-	-	-	-	-	-	-	-	(9)	(9)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(6,814)	-	-	-	-	-	-	-	-	-	(6,814)
Fair value changes on derivatives designated as cash flow hedge (refer to note 2.12)	-	-	-	-	-	-	-	-	-	-	1	-	1
Profit for the period	-	-	9,892	-	-	-	-	-	-	-	-	-	9,892
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	207	-	-	207
Balance as of December 31, 2015	1,144	2,212	43,466	54	10,553	7	-	5	-	618	1	(8)	58,052

Consolidated Statements of Changes in Equity (contd.)

In ₹ crore

Particulars	OTHER EQUITY												Total equity attributable to equity holders of the Company
	Equity Share capital [#]	RESERVES & SURPLUS					Other comprehensive income						
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽¹⁾	Other reserves ⁽²⁾	Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2016	1,144	2,213	47,063	54	10,553	8	-	5	-	715	-	(11)	61,744
Changes in equity for the nine months													
December 31, 2016													
Share based payments to employees (refer to note 2.13)	-	-	-	-	-	71	-	-	-	-	-	-	71
Income tax benefit arising on exercise of stock options	-	-	-	-	-	1	-	-	-	-	-	-	1
Excersice of stock options (refer to note 2.13)	-	3	-	-	-	(3)	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(6,952)	-	-	-	-	-	-	-	-	-	(6,952)
Transfer to general reserve	-	-	(1,582)		1,582	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(821)	-	-	-	821	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	821	-	-	-	(821)	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17)	-	-	-	-	-	-	-	-	-	-	-	(65)	(65)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net (refer to note 2.12)	-	-	-	-	-	-	-	-	-	-	28	-	28
Profit for the period	-	-	10,749	-	-	-	-	-	-	-	-	-	10,749
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(60)	-	-	(60)
Balance as of December 31, 2016	1,144	2,216	49,278	54	12,135	77	-	5	-	655	28	(76)	65,516

net of treasury shares

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

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

⁽²⁾ Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

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

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
In ₹ crore

Consolidated Statements of Cash Flows	Nine months ended December 31,	
	2016	2015
Cash flow from operating activities		
Profit for the period	10,749	9,892
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	4,268	3,857
Depreciation and amortization	1,257	1,040
Interest and dividend income	(1,976)	(2,048)
Allowances for credit losses on financial assets	76	(25)
Exchange differences on translation of assets and liabilities	46	57
Deferred consideration pertaining to acquisition	-	149
Other adjustments	156	151
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(2,071)	(1,156)
Loans, other financial assets and other assets	(323)	(942)
Trade payables	(51)	(13)
Other financial liabilities, other liabilities and provisions	1,110	955
Cash generated from operations	13,241	11,917
Income taxes paid	(4,025)	(4,390)
Net cash generated by operating activities	9,216	7,527
Cash flows from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(2,097)	(1,943)
Loans to employees	56	(47)
Deposits placed with corporation	(147)	(46)
Interest and dividend received on investments	1,362	1,077
Payment for acquisition of business, net of cash acquired	-	(747)
Payment of contingent consideration for acquisition of business	(36)	-
Payments to acquire financial assets		
Preference securities	(54)	(55)
Tax free bonds and government bonds	(5)	(243)
Liquid mutual fund units	(37,285)	(19,493)
Non convertible debentures	(3,597)	-
Others	(23)	(18)
Proceeds on sale of financial assets		
Tax free bonds and government bonds	4	-
Liquid mutual fund units	33,047	19,891
Fixed maturity plan securities	-	33
Net cash used in investing activities	(8,775)	(1,591)
Cash flows from financing activities:		
Payment of dividends (including corporate dividend tax)	(6,939)	(6,814)
Net cash used in financing activities	(6,939)	(6,814)
Net decrease in cash and cash equivalents	(6,498)	(878)
Cash and cash equivalents at the beginning of the period	32,697	30,367
Effect of exchange rate changes on cash and cash equivalents	(86)	(13)
Cash and cash equivalents at the end of the period	26,113	29,476
Supplementary information:		
Restricted cash balance	517	438

The accompanying notes form an integral part of the consolidated interim financial statements
As per our report of even date attached
for B S R & Co. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022
for and on behalf of the Board of Directors of Infosys Limited

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Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

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

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

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

The Group's consolidated financial statements are approved for issue by the Company's Board of Directors on January 13, 2017

1.2 Basis of preparation of financial statements

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

The Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in Note 2.1 and 2.2

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

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its subsidiaries as disclosed in Note 2.25. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The Group's investment in associates includes goodwill identified on acquisition.

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

d. Property, plant and equipment

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

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

1.6 Revenue recognition

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

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

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

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

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

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

The Company presents revenues net of value-added taxes in its statement of profit and loss

1.7 Property, plant and equipment

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

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

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

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

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

1.8 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.9 Goodwill

Goodwill represents the cost of business acquisition in excess of the Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. When the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the cost of business acquisition, a gain is recognized immediately in net profit in the statement of profit and loss. Goodwill is measured at cost less accumulated impairment losses.

1.10 Intangible assets

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

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

1.11 Financial instruments

1.11.1 Initial recognition

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

1.11.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

When any entity within the Group purchases the Company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

1.11.3 Derecognition of financial instruments

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

1.12 Fair value of financial instruments

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

For all other financial instruments the carrying amounts approximate fair value due to the short maturity of those instruments.

1.13 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of profit and loss and is not reversed in the subsequent period.

(ii) Intangible assets and property, plant and equipment

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

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

1.14 Provisions

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

a. Post sales client support

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

b. Onerous contracts

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

1.15 Foreign currency

Functional currency

The functional currency of Infosys, Infosys BPO, controlled trusts, EdgeVerve and Skava is the Indian rupee. The functional currencies for Infosys Australia, Infosys China, Infosys Mexico, Infosys Sweden, Infosys Brasil, Infosys Public Services, Infosys Shanghai, Infosys Lodestone, Infosys Americas, Infosys Nova, Panaya, Kallidus and Noah are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

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

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

1.16 Earnings per equity share

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

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

1.17 Income taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

1.18 Employee benefits

1.18.1 Gratuity

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

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

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of profit and loss.

1.18.2 Superannuation

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

1.18.3 Provident fund

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

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

1.18.4 Compensated absences

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

1.19 Share-based compensation

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

1.20 Cash Flow Statement

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

1.21 Dividends

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

1.22 Other income

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

1.23 Leases

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

1.24 Government grants

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

INFOSYS LIMITED AND SUBSIDIARIES

2 Notes to the consolidated financial statements for the three months and nine months ended December 31, 2016

2.1 First-time adoption of Ind-AS

These consolidated interim financial statements of Infosys Limited and its subsidiaries for the three months and nine months ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the three months and nine months ended December 31, 2016 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Group's Consolidated Balance sheet and Consolidated Statement of profit and loss, is set out in note 2.2.1 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1.

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

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

(a) Business Combination

The Group is allowed to choose any date in the past from which it wants to account for the business combinations under Ind AS 103, without having to restate business combinations prior to such date. Accordingly, the group has applied the standard for all acquisitions completed after April 1, 2007, which coincides with the group's date of transition to IFRS.

For all such acquisitions,

- Intangible assets previously included within goodwill under IGAAP have been recognized separately in the opening Balance Sheet in accordance with Ind AS 103
- deferred taxes have been recorded on intangible assets, wherever applicable
- goodwill has been restated in accordance with Ind AS 21, with the corresponding impact in the other comprehensive income in equity
- retained earnings has been adjusted to include the amortization on identified intangibles, net of taxes, that would have been recorded from the date of acquisition till the transition date.

(b) Share-based payment transaction

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

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

(c) Designation of previously recognized financial instruments

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

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

INFOSYS LIMITED AND SUBSIDIARIES
2.2 Reconciliations

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

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

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

In ₹ crore

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at December 31, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS										
Non-current assets										
Property, plant and equipment		7,685	-	7,685	8,328	-	8,328	8,637	-	8,637
Capital work-in-progress		776	-	776	831	-	831	960	-	960
Goodwill	(a)	3,595	(504)	3,091	4,475	(770)	3,705	4,476	(712)	3,764
Other Intangible assets	(a)	66	572	638	66	974	1,040	67	918	985
Investment in associate		93	-	93	104	-	104	103	-	103
Financial Assets:										
Investments	(b)	1,305	-	1,305	1,627	-	1,627	1,714	-	1,714
Loans		31	-	31	25	-	25	25	-	25
Other financial assets		173	-	173	223	-	223	286	-	286
Deferred tax assets (net)	(c)	536	-	536	517	2	519	533	3	536
Income Tax assets (net)		4,089	-	4,089	4,750	-	4,750	5,230	-	5,230
Other non-current assets		698	-	698	1,303	-	1,303	1,357	-	1,357
Total non-current assets		19,047	68	19,115	22,249	206	22,455	23,388	209	23,597
Current assets										
Financial Assets:										
Investments	(b)	872	2	874	451	-	451	75	-	75
Trade Receivables		9,713	-	9,713	10,857	-	10,857	11,330	-	11,330
Cash and cash equivalents		30,367	-	30,367	29,476	-	29,476	32,697	-	32,697
Loans		222	-	222	275	-	275	303	-	303
Other financial assets		4,527	-	4,527	5,656	-	5,656	5,190	-	5,190
Other Current Assets		1,541	-	1,541	2,076	-	2,076	2,158	-	2,158
Total current assets		47,242	2	47,244	48,791	-	48,791	51,753	-	51,753
Total assets		66,289	70	66,359	71,040	206	71,246	75,141	209	75,350
EQUITY AND LIABILITIES										
Equity										
Equity Share capital		572	-	572	1,144	-	1,144	1,144	-	1,144
Other equity	(g)	50,164	4,034	54,198	56,937	(29)	56,908	56,682	3,918	60,600
Total equity attributable to equity holders of the Company		50,736	4,034	54,770	58,081	(29)	58,052	57,826	3,918	61,744
Non-controlling interests		-	-	-	-	-	-	-	-	-
Total equity		50,736	4,034	54,770	58,081	(29)	58,052	57,826	3,918	61,744
Non-current liabilities										
Financial Liabilities										
Other financial liabilities	(d)	-	-	-	135	(25)	110	80	(11)	69
Deferred tax liabilities (net)	(c)	-	159	159	-	266	266	-	252	252
Other non-current liabilities	(e)	50	(3)	47	48	(1)	47	46	-	46
Total non-current liabilities		50	156	206	183	240	423	126	241	367
Current liabilities										
Financial Liabilities										
Trade Payables		140	-	140	131	-	131	386	-	386
Other financial liabilities	(d)	6,021	(38)	5,983	6,402	(1)	6,401	6,309	(7)	6,302
Other current liabilities	(e)	1,968	(4)	1,964	2,794	(4)	2,790	2,633	(4)	2,629
Provisions	(f)	4,556	(4,078)	478	482	-	482	4,451	(3,939)	512
Income tax liabilities (net)		2,818	-	2,818	2,967	-	2,967	3,410	-	3,410
Total current liabilities		15,503	(4,120)	11,383	12,776	(5)	12,771	17,189	(3,950)	13,239
Total equity and liabilities		66,289	70	66,359	71,040	206	71,246	75,141	209	75,350

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to IND AS

(a) Goodwill and Intangible assets

Intangible assets and deferred tax asset/liabilities in relation to business combinations which were included within Goodwill under IGAAP, have been recognized separately under Ind-AS with corresponding adjustments to retained earnings and other comprehensive income for giving effect of amortisation expenses and exchange gains and losses.

(b) Investments

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

(c) Deferred taxes

Deferred taxes in relation to business combinations have been recognised under Ind-AS

(d) Other financial liabilities

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

(e) Other liabilities

Adjustments that reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 - Employee Benefits requires such gains and losses to be adjusted to retained earnings. Also reflects adjustments for interim dividend (including corporate dividend tax), declared and approved by the board, post reporting period.

(f) Provisions

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

(g) Other equity

1. Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned line items.
2. In addition, as per Ind-AS 19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the Statement of Profit and Loss under IGAAP.

2.2.2 Reconciliation Statement of Profit and loss as previously reported under IGAAP to IND AS

in ₹ crore

Particulars	Note	Three months ended December 31, 2015			Nine months ended December 31, 2015			Year ended March 31, 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from operations		15,902	-	15,902	45,891	-	45,891	62,441	-	62,441
Other income, net		802	-	802	2,350	1	2,351	3,128	(5)	3,123
Total Income		16,704	-	16,704	48,241	1	48,242	65,569	(5)	65,564
Expenses										
Employee benefit expenses	(h)	8,764	8	8,772	25,392	(9)	25,383	34,418	(12)	34,406
Deferred consideration pertaining to acquisition	(i)	18	7	25	110	39	149	110	39	149
Cost of technical sub-contractors		998	-	998	2,606	-	2,606	3,531	-	3,531
Travel expenses		530	-	530	1,667	-	1,667	2,263	-	2,263
Cost of software packages and others		278	-	278	945	-	945	1,274	-	1,274
Communication expenses		109	-	109	331	-	331	449	-	449
Consultancy and professional charges		213	-	213	566	-	566	779	-	779
Depreciation and amortisation expenses	(j)	316	53	369	911	129	1,040	1,266	193	1,459
Other expenses	(i)	644	5	649	1,794	10	1,804	2,497	14	2,511
Total expenses		11,870	73	11,943	34,322	169	34,491	46,587	234	46,821
PROFIT BEFORE NON-CONTROLLING INTERESTS / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE		4,834	(73)	4,761	13,919	(168)	13,751	18,982	(239)	18,743
Share in net profit/(loss) of associate		-	-	-	(2)	-	(2)	(3)	-	(3)
PROFIT BEFORE TAX		4,834	(73)	4,761	13,917	(168)	13,749	18,979	(239)	18,740
Tax expense:										
Current tax	(k)	1,322	(3)	1,319	3,890	2	3,892	5,315	3	5,318
Deferred tax	(l)	(8)	(15)	(23)	2	(37)	(35)	(14)	(53)	(67)
PROFIT FOR THE PERIOD		3,520	(55)	3,465	10,025	(133)	9,892	13,678	(189)	13,489
Other comprehensive income										
<i>Items that will not be reclassified subsequently to profit or loss</i>										
Remeasurement of the net defined benefit liability/asset	(h)	-	5	5	-	(9)	(9)	-	(12)	(12)
Equity instruments through other comprehensive income		-	-	-	-	-	-	-	-	-
		-	5	5	-	(9)	(9)	-	(12)	(12)
<i>Items that will be reclassified subsequently to profit or loss</i>										
Fair Value changes on cash flow hedges, net		1	-	1	1	-	1	-	-	-
Exchange differences on translation of foreign operations	(m)	(8)	9	1	49	158	207	81	222	303
		(7)	9	2	50	158	208	81	222	303
Total other comprehensive income, net of tax		(7)	14	7	50	149	199	81	210	291
Total comprehensive income for the period		3,513	(41)	3,472	10,075	16	10,091	13,759	21	13,780
Profit attributable to:										
Owners of the company		3,520	(55)	3,465	10,025	(133)	9,892	13,678	(189)	13,489
Non-controlling interests		-	-	-	-	-	-	-	-	-
		3,520	(55)	3,465	10,025	(133)	9,892	13,678	(189)	13,489
Total comprehensive income attributable to:										
Owners of the company		3,513	(41)	3,472	10,075	16	10,091	13,759	21	13,780
Non-controlling interests		-	-	-	-	-	-	-	-	-
		3,513	(41)	3,472	10,075	16	10,091	13,759	21	13,780

Explanations for Reconciliation of Profit and loss as previously reported under IGAAP to IND AS

- (h) 1. As per Ind-AS 19 - Employee Benefits, actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.
2. Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.
- (i) Adjustments reflect impact of discounting pertaining to deferred and contingent consideration payable for business combinations
- (j) Adjustment reflects impact of amortisation of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS
- (k) Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind AS
- (l) The reduction in deferred tax expense is on account of reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.
- (m) Under Ind-AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

2.2.3 Cash flow statement

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

2.3 Business combinations

Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million (approximately ₹216 crore), contingent consideration of upto \$5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto \$32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

Component	Acquiree's carrying	Fair value adjustments	(in ₹ crore)
			Purchase price allocated
Net assets ^(*)	39	-	39
Intangible assets – technical know-how	-	27	27
Intangible assets – trade name	-	27	27
Intangible assets - customer contracts and relationships	-	119	119
	39	173	212
Goodwill			30
Total purchase price			242

**Includes cash and cash equivalents acquired of ₹18 crore*

Goodwill of ₹4 crore is tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹29 crore and the amounts have been largely collected.

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

Component	Consideration
	(in ₹ crore)
Cash paid	216
Fair value of contingent consideration	26
Total purchase price	242

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During the year ended March 31, 2016, based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ending December 31, 2016, the entire contingent consideration was reversed in the statement of profit and loss.

The retention bonus is treated as a post-acquisition employee remuneration expense as per Ind AS 103. Post-acquisition employee remuneration expense of ₹20 crore and ₹81 crore has been recorded in the statement of profit and loss for the three months and nine months ended December 31, 2016, respectively.

The transaction costs of ₹11 crore related to the acquisition was recognised under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

Finacle and Edge Services

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company had undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the nine months ended December 31, 2016, EdgeVerve had repaid ₹370 crore by redeeming proportionate number of debentures.

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

Kallidus Inc. (d.b.a Skava)

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million (approximately ₹578 crore) and a contingent consideration of up to \$20 million (approximately ₹128 crore on acquisition date).

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

Component	(in ₹ crore)		
	Acquiree's carrying	Fair value adjustments	Purchase price allocated
Net assets ^(*)	35	—	35
Intangible assets – technology	—	130	130
Intangible assets – trade name	—	14	14
Intangible assets - customer contracts and relationships	—	175	175
Deferred tax liabilities on intangible assets	—	(128)	(128)
	35	191	226
Goodwill			452
Total purchase price			678

*Includes cash and cash equivalents acquired of ₹29 crore

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹57 crore and the amounts have been fully collected.

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

Component	(in ₹ crore)	
	Consideration	
Cash paid		578
Fair value of contingent consideration		100
Total purchase price		678

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the nine months ended December 31, 2016 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of December 31, 2016 and March 31, 2016 is ₹95 crore and ₹132 crore, respectively, on an undiscounted basis.

The transaction costs of ₹12 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2016.

Panaya

On March 5, 2015, Infosys acquired 100% of the voting interests in Panaya Inc. (Panaya), a Delaware Corporation in the United States. Panaya is a leading provider of automation technology for large scale enterprise and software management. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of ₹1,398 crore.

Panaya's CloudQuality™ suite positions Infosys to bring automation to several of its service lines via an agile SaaS model, and helps mitigate risk, reduce costs and shorten time to market for clients. The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

The purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

(In ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Property, plant and equipment	9	–	9
Net current assets *	38	–	38
Intangible assets – technology	–	243	243
Intangible assets – trade name	–	21	21
Intangible assets - customer contracts and relationships	–	82	82
Intangible assets – non compete agreements	–	26	26
Deferred tax liabilities on intangible assets	–	(99)	(99)
	47	273	320
Goodwill			1,078
Total purchase price			1,398

* Includes cash and cash equivalents acquired of ₹116 crore.

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is ₹58 crore and the amounts have been largely collected.

The fair value of total cash consideration as at the acquisition date was ₹1,398 crore.

The transaction costs of ₹22 crore related to the acquisition have been included under consultancy and professional charges and employee benefit costs in the statement of profit and loss for the year ended March 31, 2015.

Infosys Consulting Holding AG (formerly Lodestone Holding AG)

On October 22, 2012, Infosys acquired 100% of the voting interests in Lodestone Holding AG, a global management consultancy firm headquartered in Zurich. The business acquisition was conducted by entering into a share purchase agreement for a cash consideration of ₹1,187 crore and an additional consideration of upto ₹608 crore, which the company refers to as deferred purchase price, estimated on the date of acquisition, payable to the selling shareholders of Lodestone Holding AG who are continuously employed or otherwise engaged by the Group during the three year period following the date of the acquisition.

This transaction was treated as post acquisition employee remuneration expense as per Ind AS 103. For the three months and nine months ended December 31, 2015, a post-acquisition employee remuneration expense of ₹25 crore and ₹149 crore, respectively is recorded in the statement of profit and loss. The liability towards post-acquisition employee remuneration expense was settled during the year ended March 31, 2016.

2.4 PROPERTY, PLANT AND EQUIPMENT

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

In ₹ crore, except as otherwise stated

	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of October 1, 2016	985	655	6,424	1,945	923	4,489	1,578	32	17,031
Additions	28	16	483	86	29	199	150	2	993
Deletions	-	-	-	(1)	(36)	(216)	(35)	(2)	(290)
Translation difference	-	-	-	(1)	-	(6)	(6)	-	(13)
Gross carrying value as of December 31, 2016	1,013	671	6,907	2,029	916	4,466	1,687	32	17,721
Accumulated depreciation as of October 1, 2016	-	(24)	(2,316)	(1,224)	(556)	(2,922)	(1,070)	(18)	(8,130)
Depreciation	-	(2)	(59)	(66)	(31)	(168)	(55)	(1)	(382)
Accumulated depreciation on deletions	-	-	-	-	12	131	15	1	159
Translation difference	-	-	-	1	1	4	6	-	12
Accumulated depreciation as of December 31, 2016	-	(26)	(2,375)	(1,289)	(574)	(2,955)	(1,104)	(18)	(8,341)
Carrying value as of December 31, 2016	1,013	645	4,532	740	342	1,511	583	14	9,380
Carrying value as of October 1, 2016	985	631	4,108	721	367	1,567	508	14	8,901

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2015:

In ₹ crore, except as otherwise stated

	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of October 1, 2015	958	633	6,011	1,544	742	3,600	1,261	36	14,785
Acquisition through Business Combination	-	-	-	-	-	-	-	-	-
Additions	1	17	230	147	45	281	69	1	791
Deletions	-	-	-	(1)	-	(15)	(4)	(3)	(23)
Translation difference	-	-	-	-	(1)	(1)	(2)	(1)	(5)
Gross carrying value as of December 31, 2015	959	650	6,241	1,690	786	3,865	1,324	33	15,548
Accumulated depreciation as of October 1, 2015	-	(19)	(2,089)	(982)	(457)	(2,453)	(903)	(21)	(6,924)
Accumulated Depreciation on acquired assets	-	-	-	-	-	-	-	-	-
Depreciation	-	(1)	(55)	(58)	(26)	(136)	(39)	(1)	(316)
Accumulated depreciation on deletions	-	-	-	-	1	11	3	3	18
Translation difference	-	-	-	-	2	1	(1)	-	2
Accumulated depreciation as of December 31, 2015	-	(20)	(2,144)	(1,040)	(480)	(2,577)	(940)	(19)	(7,220)
Carrying value as of December 31, 2015	959	630	4,097	650	306	1,288	384	14	8,328
Carrying value as of October 1, 2015	958	614	3,922	562	285	1,147	358	15	7,861

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

In ₹ crore, except as otherwise stated

	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2016	972	650	6,325	1,759	839	4,072	1,444	29	16,090
Additions	41	21	582	274	126	656	293	7	2,000
Deletions	-	-	-	(2)	(47)	(251)	(39)	(4)	(343)
Translation difference	-	-	-	(2)	(2)	(11)	(11)	-	(26)
Gross carrying value as of December 31, 2016	1,013	671	6,907	2,029	916	4,466	1,687	32	17,721
Accumulated depreciation as of April 1, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(986)	(17)	(7,453)
Depreciation	-	(4)	(174)	(192)	(90)	(511)	(147)	(4)	(1,122)
Accumulated depreciation on deletions	-	-	-	1	23	166	19	3	212
Translation difference	-	-	-	2	2	8	10	-	22
Accumulated depreciation as of December 31, 2016	-	(26)	(2,375)	(1,289)	(574)	(2,955)	(1,104)	(18)	(8,341)
Carrying value as of December 31, 2016	1,013	645	4,532	740	342	1,511	583	14	9,380
Carrying value as of April 1, 2016	972	628	4,124	659	330	1,454	458	12	8,637

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2015:

	In ₹ crore, except as otherwise stated								
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2015	931	633	5,881	1,427	676	3,347	1,179	34	14,108
Acquisitions through business combinations (Refer note 2.3)	-	-	-	-	1	2	1	-	4
Additions	28	17	360	264	114	775	148	4	1,710
Deletions	-	-	-	(1)	(5)	(269)	(7)	(5)	(287)
Translation difference	-	-	-	-	-	10	3	-	13
Gross carrying value as of December 31, 2015	959	650	6,241	1,690	786	3,865	1,324	33	15,548
Accumulated depreciation as of April 1, 2015	-	(16)	(1,982)	(881)	(412)	(2,287)	(826)	(19)	(6,423)
Acquisitions through business combinations	-	-	-	-	(1)	(1)	-	-	(2)
Depreciation	-	(4)	(162)	(159)	(73)	(392)	(116)	(4)	(910)
Accumulated depreciation on deletions	-	-	-	-	5	111	4	4	124
Translation difference	-	-	-	-	1	(8)	(2)	-	(9)
Accumulated depreciation as of December 31, 2015	-	(20)	(2,144)	(1,040)	(480)	(2,577)	(940)	(19)	(7,220)
Carrying value as of December 31, 2015	959	630	4,097	650	306	1,288	384	14	8,328
Carrying value as of April 1, 2015	931	617	3,899	546	264	1,060	353	15	7,685

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

	In ₹ crore, except as otherwise stated								
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2015	931	633	5,881	1,427	676	3,347	1,179	34	14,108
Acquisitions through business combinations (Refer note 2.3)	-	-	-	-	1	2	1	-	4
Additions	41	17	444	333	166	1,103	265	6	2,375
Deletions	-	-	-	(1)	(6)	(396)	(8)	(12)	(423)
Translation difference	-	-	-	-	2	16	7	1	26
Gross carrying value as of March 31, 2016	972	650	6,325	1,759	839	4,072	1,444	29	16,090
Accumulated depreciation as of April 1, 2015	-	(16)	(1,982)	(881)	(412)	(2,287)	(826)	(19)	(6,423)
Acquisitions through business combinations	-	-	-	-	(1)	(1)	-	-	(2)
Depreciation	-	(6)	(219)	(220)	(100)	(553)	(161)	(5)	(1,264)
Accumulated depreciation on deletions	-	-	-	1	5	237	4	7	254
Translation difference	-	-	-	-	(1)	(14)	(3)	-	(18)
Accumulated depreciation as of March 31, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(986)	(17)	(7,453)
Carrying value as of March 31, 2016	972	628	4,124	659	330	1,454	458	12	8,637
Carrying value as of April 1, 2015	931	617	3,899	546	264	1,060	353	15	7,685

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

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

The aggregate depreciation has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

2.5 GOODWILL AND OTHER INTANGIBLE ASSETS

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

	In ₹ crore	
	As of	
	December 31, 2016	March 31, 2016
Carrying value at the beginning	3,764	3,091
Goodwill on Kallidus d.b.a Skava acquisition (Refer note 2.3)	-	452
Goodwill on Noah acquisition (Refer note 2.3)	-	30
Translation differences	(4)	191
Carrying value at the end	3,760	3,764

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generate units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

The following table gives the break up of allocation of goodwill to operating segments as at April 1, 2015

Segment	In ₹ crore	
	As at	
	April 1, 2015	
Financial services	663	
Insurance	367	
Manufacturing	656	
Energy, Communication and Services	318	
Resources and utilities	141	
Retail, Consumer packaged goods and Logistics	473	
Life Sciences and Healthcare	193	
Growth Markets	280	
Total	3,091	

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in Ind AS 108, Operating Segments. Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2016.

Segment	(In ₹ crore)	
	As of	
	March 31, 2016	
Financial services	851	
Manufacturing	423	
Retail, Consumer packaged goods and Logistics	573	
Life Sciences, Healthcare and Insurance	656	
Energy & Utilities, Communication and Services	789	
	3,292	
Operating segments without significant goodwill	472	
Total	3,764	

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the groups of CGU's which are represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava has been allocated to the groups of CGU's which are represented by the entity's operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & Utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2016 and April 1, 2015 the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	(in %)	
	As of	
	March 31, 2016	April 1, 2015
Long term growth rate	8-10	8-10
Operating margins	17-20	17-20
Discount rate	14.2	13.9

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

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

In ₹ crore

	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of October 1, 2016	775	416	21	1	71	93	63	1,440
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	2	8	-	-	(2)	1	1	10
Gross carrying value as of December 31, 2016	777	424	21	1	69	94	64	1,450
Accumulated amortization as of October 1, 2016	(348)	(83)	(21)	(1)	(7)	(45)	(31)	(536)
Amortization expense	(23)	(21)	-	-	-	(3)	(4)	(51)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	-	(2)	-	-	-	-	-	(2)
Accumulated amortization as of December 31, 2016	(371)	(106)	(21)	(1)	(7)	(48)	(35)	(589)
Carrying value as of October 1, 2016	427	333	-	-	64	48	32	904
Carrying value as of December 31, 2016	406	318	-	-	62	46	29	861

Following are the changes in the carrying value of acquired intangible assets for the three months ended December 31, 2015:

In ₹ crore

	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of October 1, 2015	644	408	21	1	73	65	36	1,248
Addition through business combination (Refer note 2.3)	119	-	-	-	-	27	27	173
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	1	3	-	-	(1)	-	-	3
Gross carrying value as of December 31, 2015	764	411	21	1	72	92	63	1,424
Accumulated amortization as of October 1, 2015	(217)	(40)	(21)	(1)	(6)	(31)	(15)	(331)
Amortization expense	(35)	(11)	-	-	-	(4)	(3)	(53)
Deletions during the period	-	-	-	-	-	-	-	-
Translation differences	(1)	1	-	-	-	1	(1)	-
Accumulated amortization as of December 31, 2015	(253)	(50)	(21)	(1)	(6)	(34)	(19)	(384)
Carrying value as of October 1, 2015	427	368	-	-	67	34	21	917
Carrying value as of December 31, 2015	511	361	-	-	66	58	44	1,040

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

In ₹ crore

	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of April 1, 2016	775	414	21	1	72	93	63	1,439
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	2	10	-	-	(3)	1	1	11
Gross carrying value as of December 31, 2016	777	424	21	1	69	94	64	1,450
Accumulated amortization as of April 1, 2016	(303)	(62)	(21)	(1)	(6)	(38)	(23)	(454)
Amortization expense	(69)	(43)	-	-	(1)	(10)	(12)	(135)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	1	(1)	-	-	-	-	-	-
Accumulated amortization as of December 31, 2016	(371)	(106)	(21)	(1)	(7)	(48)	(35)	(589)
Carrying value as of April 1, 2016	472	352	-	-	66	55	40	985
Carrying value as of December 31, 2016	406	318	-	-	62	46	29	861
Estimated Useful Life (in years)	3-10	5-8	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (in years)	1-6	3-6	-	-	44	1-8	1-4	

During the quarter ended December 31, 2016, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the three months ended December 31, 2016 is higher by ₹10 crore and for the year ended March 31, 2017 will be higher by ₹19 crore due to the revision.

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 31, 2015:

								<i>In ₹ crore</i>
	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of April 1, 2015	448	261	21	11	71	49	34	895
Additions through business combinations (<i>Refer Note 2.3</i>)	294	130	-	-	-	41	27	492
Deletions during the period	-	-	-	(10)	-	-	-	(10)
Translation difference	22	20	-	-	1	2	2	47
Gross carrying value as of December 31, 2015	764	411	21	1	72	92	63	1,424
Accumulated amortization as of April 1, 2015	(162)	(21)	(21)	(11)	(5)	(28)	(9)	(257)
Amortization expense	(85)	(29)	-	-	(1)	(6)	(9)	(130)
Deletions during the period	-	-	-	10	-	-	-	10
Translation differences	(6)	-	-	-	-	-	(1)	(7)
Accumulated amortization as of December 31, 2015	(253)	(50)	(21)	(1)	(6)	(34)	(19)	(384)
Carrying value as of April 1, 2015	286	240	-	-	66	21	25	638
Carrying value as of December 31, 2015	511	361	-	-	66	58	44	1,040

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

								<i>In ₹ crore</i>
	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of April 1, 2015	448	261	21	11	71	49	34	895
Additions through business combinations (<i>Refer Note 2.3</i>)	294	130	-	-	-	41	27	492
Additions	-	2	-	-	-	-	-	2
Deletions	-	-	-	(10)	-	-	-	(10)
Translation difference	33	21	-	-	1	3	2	60
Gross carrying value as of March 31, 2016	775	414	21	1	72	93	63	1,439
Accumulated amortization as of April 1, 2015	(162)	(21)	(21)	(11)	(5)	(28)	(9)	(257)
Amortization expense	(132)	(40)	-	-	(1)	(9)	(13)	(195)
Deletions during the period	-	-	-	10	-	-	-	10
Translation differences	(9)	(1)	-	-	-	(1)	(1)	(12)
Accumulated amortization as of March 31, 2016	(303)	(62)	(21)	(1)	(6)	(38)	(23)	(454)
Carrying value as of April 1, 2015	286	240	-	-	66	21	25	638
Carrying value as of March 31, 2016	472	352	-	-	66	55	40	985
Estimated Useful Life (<i>in years</i>)	3-10	8-10	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (<i>in years</i>)	1-7	7-9	-	-	45	2-9	2-5	

The amortization expense has been included under depreciation and amortisation expense in the consolidated statement of profit and loss.

Research and development expense recognized in net profit in the consolidated statement of profit and loss for the three months and nine months ended December 31, 2016 and December 31, 2015 is ₹215 crore and ₹177 crore and ₹597 crore and ₹510 crore, respectively .

2.6 INVESTMENTS

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Unquoted			
Investments carried at fair value through other comprehensive income (refer note 2.6.1)			
Preference securities	146	92	-
Equity instruments	1	1	1
Others	31	22	-
	178	115	1
Investments carried at fair value through profit and loss (refer note 2.6.1)			
Convertible promissory note	10	-	-
	10	-	-
Quoted			
Investment carried at amortized cost (refer note 2.6.2)			
Tax free bonds	1,599	1,599	1,300
Government Bonds	-	-	4
	1,599	1,599	1,304
Investments carried at fair value through other comprehensive income (refer note 2.6.4)			
Non convertible debentures	3,618	-	-
	3,618	-	-
Total non-current investments	5,405	1,714	1,305
Current			
Unquoted			
Investments carried at fair value through profit or loss (refer note 2.6.3)			
Liquid mutual fund units	4,360	68	842
	4,360	68	842
Quoted			
Investment carried at amortized cost (refer note 2.6.2)			
Government Bonds	7	7	-
	7	7	-
Investments carried at fair value through profit or loss \			
Fixed maturity plans	-	-	32
	-	-	32
Total current investments	4,367	75	874
Total investments	9,772	1,789	2,179
Aggregate amount of quoted investments	5,224	1,606	1,336
Market value of quoted investments (including interest accrued)	5,464	1,703	1,376
Aggregate amount of unquoted investments (including investment in associates)	4,648	286	936
Aggregate amount of impairment made for non-current unquoted investments	6	6	6
Investment carried at amortized cost	1,606	1,606	1,304
Investments carried at fair value through other comprehensive income	3,796	115	1
Investments carried at fair value through profit or loss	4,370	68	874

2.6.1 Details of Investments

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

Particulars	in ₹ crore, unless otherwise stated	
	As at	
	December 31, 2016	March 31, 2016
<i>Preference securities</i>		
Airviz Inc.	13	13
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
ANSR Consulting	9	9
52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
Whoop Inc	20	20
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each		
CloudEndure Ltd.	27	13
12,79,645 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each		
Nivetti Systems Private Limited	10	10
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each		
Waterline Data Science, Inc	27	27
39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each		
Trifacta Inc.	26	-
11,80,358 (Nil) Preferred Stock		
Cloudyn Software Ltd	14	-
27,022 (Nil) Preferred Series B-3 shares, fully paid up, par value ILS 0.01 each		
<i>Equity Instrument</i>		
OnMobile Systems Inc., USA	-	-
21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each		
Merasport Technologies Private Limited	-	-
2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each		
Global Innovation and Technology Alliance	1	1
15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each		
<i>Others</i>		
Vertex Ventures US Fund L.L.P	31	22
<i>Convertible promissory note</i>		
Tidalscale	10	-
	188	115

2.6.2 Details of Investments in tax free bonds and government bonds

The balances held in tax free bonds as at December 31, 2016 and March 31, 2016 is as follows:

Particulars	As at December 31, 2016		As at March 31, 2016	
	Face Value ₹	Units	Units	Amount
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	20,00,000	201	2,000,000
7.28% Indian Railway Finance Corporation Limited 21DEC30	1,000/-	4,22,800	42	422,800
7.28% National Highways Authority of India Bonds 18SEP30	10,00,000/-	2,000	200	2,000
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	21,00,000	211	2,100,000
7.35% National Highways Authority of India Bonds 11JAN31	1,000/-	5,71,396	57	571,396
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	2,00,000	21	200,000
8.00% Indian Railway Finance Corporation Limited Bonds 2022	1,000/-	1,50,000	15	150,000
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	5,00,000	53	5,00,000
8.20% Power Finance Corporation Limited Bonds 2022	1,000/-	5,00,000	51	500,000
8.26% India Infrastructure Finance Company Limited Bonds 23AUG28	10,00,000/-	1,000	100	1,000
8.30% National Highways Authority of India Bonds 25JAN2027	1,000/-	5,00,000	53	500,000
8.35% National Highways Authority of India Bonds 22NOV2023	10,00,000/-	1,500	150	1,500
8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028	10,00,000/-	2,000	200	2,000
8.46% Power Finance Corporation Limited Bonds 30AUG2028	10,00,000/-	1,500	150	1,500
8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028	10,00,000/-	450	45	450
8.54% Power Finance Corporation Limited Bonds 16NOV2028	1,000/-	5,00,000	50	5,00,000
	74,52,646	1,599	74,52,646	1,599

The balances held in government bonds as at December 31, 2016 and March 31, 2016 is as follows:

Particulars	Face Value PHP	As at December 31, 2016		As at March 31, 2016	
		Units	Amount	Units	Amount
Fixed Rate Treasury Notes 1.62 PCT MAT DATE 7 SEPT 2016	100	-	-	50,000	1
Fixed Rate Treasury Notes 2.20 PCT MAT DATE 25 APR 2016	100	-	-	60,000	1
Fixed Rate Treasury Notes 1.00 PCT MAT DATE 25 APR 2016	100	-	-	200,000	3
Treasury Notes PHY6972FWG18 MAT Date 22 Feb 2017	100	160,000	2	160,000	2
Treasury Notes PHY6972FWQ99 MAT Date 07 June 2017	100	340,000	5	-	-
		500,000	7	470,000	7

2.6.3 Details of Investments in liquid mutual fund units

The balances held in liquid mutual fund units as at December 31, 2016 and March 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	As at December 31, 2016		As at March 31, 2016	
	Units	Amount	Units	Amount
Baroda Pioneer Liquid Fund-Plan B Growth	1,632,110	300	-	-
Birla Sun Life Cash Plus Growth Direct Plan	15,193,020	390	-	-
Birla Sun Life Cash Manager - Growth	373,070	15	-	-
Birla Sun Life Cash Manager- Regular Plan	-	-	389,089	14
HDFC Liquid Fund - Direct Plan - Growth Option	2,219,674	701	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend	-	-	1,607,064	16
ICICI Prudential Liquid Plan - Direct - Growth	31,729,663	751	-	-
IDFC Cash Fund - Growth - (Direct Plan)	1,619,155	315	-	-
Invesco India Liquid Fund Direct Plan Growth	454,698	100	-	-
Reliance Liquid Fund - Cash Plan	-	-	2	-
Reliance Liquid Fund - Cash Plan - Direct Growth Plan	28,305	7	-	-
Reliance Liquid Fund - Treasury Plan - Direct Growth Plan	2,019,185	788	207,283	31
Reliance Money Manage Fund	-	-	32,925	7
SBI Premier Liquid Fund Direct Plan Growth	1,269,250	319	-	-
SBI Ultra Short Term Debt Fund Direct Prowth Plan	48,384	10	-	-
Tata Liquid Fund Direct Plan Growth	847,895	250	-	-
UTI Liquid Cash Plan Institutional Direct Plan Growth	1,579,208	414	-	-
	59,013,617	4,360	2,236,363	68

2.6.4 Details of Investments in Non convertible debentures

The balances held in non convertible debenture units as at December 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	As at December 31, 2016		
	Face Value ₹	Units	Amount
7.48 Housing Development Finance Corporation Ltd 18NOV2019	10,000,000/-	50	51
7.59 LIC Housing Finance Ltd 14OCT2021	1,000,000/-	3,000	304
7.75 LIC Housing Finance Ltd 27AUG2021	1,000,000/-	1,250	128
7.79 LIC Housing Finance Ltd 19JUN2020	1,000,000/-	500	51
7.80 Housing Development Finance Corporation Ltd 11NOV2019	10,000,000/-	150	152
7.81 LIC Housing Finance Ltd 27APR2020	1,000,000/-	2,000	205
7.95 Housing Development Finance Corporation Ltd 23SEP2019	10,000,000/-	50	52
8.26 Housing Development Finance Corporation Ltd 12AUG2019	10,000,000/-	100	105
8.34 Housing Development Finance Corporation Ltd 06MAR2019	10,000,000/-	200	214
8.37 LIC Housing Finance Ltd 10MAY2021	1,000,000/-	500	54
8.37 LIC Housing Finance Ltd 03OCT2019	1,000,000/-	2,000	215
8.46 Housing Development Finance Corporation Ltd 11MAR2019	10,000,000/-	50	53
8.47 LIC Housing Finance Ltd 21JAN2020	1,000,000/-	500	55
8.49 Housing Development Finance Corporation Ltd 27APR2020	5,000/-	900	49
8.50 Housing Development Finance Corporation Ltd LTD 31AUG2020	10,000,000/-	100	104
8.54 IDFC Bank Limited 30MAY2018	1,000,000/-	1,500	177
8.59 Housing Development Finance Corporation Ltd 14JUN2019	10,000,000/-	50	55
8.60 LIC Housing Finance Ltd 22JUL2020	1,000,000/-	1,000	106
8.60 LIC Housing Finance Ltd 29JUL2020	1,000,000/-	1,750	186
8.61 LIC Housing Finance Ltd 11DEC2019	1,000,000/-	1,000	103
8.66 IDFC Bank Limited 25JUN2018	1,000,000/-	1,520	179
8.72 Housing Development Finance Corporation Ltd 15APR2019	10,000,000/-	75	82
8.75 Housing Development Finance Corporation Ltd 13JAN2020	500,000/-	5,000	278
8.75 LIC Housing Finance Ltd 14JAN2020	1,000,000/-	1,070	119
8.75 LIC Housing Finance Ltd 21DEC2020	1,000,000/-	1,000	111
8.97 LIC Housing Finance Ltd 29OCT2019	1,000,000/-	500	52
9.45 Housing Development Finance Corporation Ltd 21AUG2019	1,000,000/-	3,000	322
9.65 Housing Development Finance Corporation Ltd 19JAN2019	1,000,000/-	500	56
		29,315	3,618

2.7 LOANS

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non Current			
Unsecured, considered good			
Other loans			
Loans to employees	29	25	31
	29	25	31
Unsecured, considered doubtful			
Loans to employees	23	19	12
	52	44	43
Less: Allowance for doubtful loans to employees	23	19	12
	29	25	31
Current			
Unsecured, considered good			
Other loans			
Loans to employees	243	303	222
	243	303	222
Total Loans	272	328	253

2.8 OTHER FINANCIAL ASSETS

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non Current			
Security deposits ⁽¹⁾	82	78	68
Rental deposits ⁽¹⁾	175	146	47
Restricted deposits ⁽¹⁾	55	62	58
Others ⁽¹⁾	-	-	-
	312	286	173
Current			
Security deposits ⁽¹⁾	10	7	4
Rental deposits ⁽¹⁾	17	13	24
Restricted deposits ⁽¹⁾	1,392	1,238	1,100
Unbilled revenues ⁽¹⁾	3,413	3,029	2,845
Interest accrued but not due ⁽¹⁾	1,355	762	444
Foreign currency forward and options contracts ^{(2) (3)}	103	116	101
Others ⁽¹⁾	46	25	9
	6,336	5,190	4,527
Total Financial Assets	6,648	5,476	4,700
⁽¹⁾ Financial assets carried at amortized cost	6,545	5,360	4,599
⁽²⁾ Financial assets carried at fair value through other comprehensive income	38	-	-
⁽³⁾ Financial assets carried at fair value through profit or loss	65	116	101

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

Other assets primarily represent travel advances and other recoverables.

2.9 TRADE RECEIVABLES

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Current			
Unsecured			
Considered good	12,942	11,330	9,713
Considered doubtful	265	289	366
	13,207	11,619	10,079
Less: Allowances for credit loss	265	289	366
	12,942	11,330	9,713

2.10 CASH AND CASH EQUIVALENTS

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Balances with banks			
In current and deposit accounts	20,904	27,420	26,195
Cash on hand	-	-	-
Others			
Deposits with financial institutions	5,209	5,277	4,172
	26,113	32,697	30,367
Balances with banks in unpaid dividend accounts	17	5	3
Deposit with more than 12 months maturity	1,474	404	311
Balances with banks held as margin money deposits against guarantees	355	342	185

Cash and cash equivalents as of December 31, 2016, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹517 crore, ₹492 crore and ₹364 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend accounts.

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

The details of balances as on Balance Sheet dates with banks are as follows:

in ₹ crore

Particulars	As at	
	December 31, 2016	March 31, 2016
Current accounts		
ANZ Bank, Taiwan	19	13
Axis Bank, India	1	1
Banamex Bank, Mexico	4	5
Banamex Bank, Mexico (U.S. Dollar account)	8	3
Bank of America, Mexico	38	21
Bank of America, USA	904	681
Bank Zachodni WBK S.A. Poland	19	3
Bank of Tokyo-Mitsubishi UFJ, Ltd., Japan	-	1
Barclays Bank, UK	5	19
Bank Leumi, Israel (US Dollar account)	1	17
Bank Leumi, Israel	11	10
BNP Paribas Bank, Norway	2	-
China Merchants Bank, China	1	8
China Merchants Bank, China (U.S. Dollar account)	11	-
Citibank N.A., China	42	65
Citibank N.A., China (U.S. Dollar account)	39	72
Citibank N.A., Costa Rica	3	2
Citibank N.A., Australia	63	72
Citibank N.A., Austria	1	-
Citibank N.A., Brazil	18	5
Citibank N.A., Dubai	3	1
Citibank N.A., India	3	1
Citibank N.A., Japan	31	15
Citibank N.A., New Zealand	7	6
Citibank N.A., Portugal	1	2
Citibank N.A., Singapore	2	3
Citibank N.A., South Africa	10	5
Citibank N.A., South Africa (Euro account)	1	1
Citibank N.A., Philippines, (U.S. Dollar account)	1	1
Citibank N.A., USA	99	60
Citibank N.A., EEFC (U.S. Dollar account)	3	-
Commerzbank, Germany	57	19
Crédit Industriel et Commercial Bank, France	-	4
Danske Bank, Sweden	1	-
Deutsche Bank, India	3	8
Deutsche Bank, Philippines	8	13
Deutsche Bank, Philippines (U.S. Dollar account)	-	1
Deutsche Bank, Poland	11	5
Deutsche Bank, Poland (Euro account)	2	-
Deutsche Bank, EEFC (Australian Dollar account)	1	2
Deutsche Bank, EEFC (Euro account)	32	32
Deutsche Bank, EEFC (Swiss Franc account)	2	5
Deutsche Bank, EEFC (U.S. Dollar account)	85	96
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	7	9
Deutsche Bank, Belgium	12	59
Deutsche Bank, Malaysia	11	9

Deutsche Bank, Czech Republic	19	14
Deutsche Bank, Czech Republic (Euro account)	7	1
Deutsche Bank, Czech Republic (U.S. Dollar account)	33	28
Deutsche Bank, France	5	10
Deutsche Bank, Germany	12	17
Deutsche Bank, Netherlands	10	6
Deutsche Bank, Russia	4	2
Deutsche Bank, Russia (U.S. Dollar account)	3	1
Deutsche Bank, Singapore	8	4
Deutsche Bank, Spain	-	1
Deutsche Bank, Switzerland	10	1
Deutsche Bank, United Kingdom	44	170
Deutsche Bank, USA	5	-
HSBC Bank, Brazil	-	5
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	81	72
ICICI Bank, EEFC (Euro account)	6	-
ICICI Bank, EEFC (U.S. Dollar account)	27	10
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	3	-
ING Bank, Belgium	2	3
Nordbanken, Sweden	35	15
Punjab National Bank, India	4	4
Raiffeisen Bank, Czech Republic	4	5
Raiffeisen Bank, Romania	5	4
Royal Bank of Canada, Canada	47	78
Santander Bank, Argentina	4	-
State Bank of India, India	10	8
Silicon Valley Bank, USA	4	5
Silicon Valley Bank, (Euro account)	21	65
Silicon Valley Bank, (United Kingdom Pound Sterling account)	-	19
Union Bank of Switzerland AG	2	15
Union Bank of Switzerland AG, (Euro account)	2	12
Union Bank of Switzerland AG, (Australian Dollar account)	-	2
Union Bank of Switzerland AG, (U.S. Dollar account)	-	28
Union Bank of Switzerland AG, (United Kingdom Pound Sterling account)	-	4
Wells Fargo Bank N.A., USA	35	23
Westpac, Australia	2	6
	2,038	1,994

Particulars	in ₹ crore	
	As at	
	December 31, 2016	March 31, 2016
Deposit accounts		
Andhra Bank	60	948
Axis Bank	1,624	1,340
Bank BGZ BNP Paribas S.A	180	-
Bank of India	-	77
Canara Bank	2,114	2,115
Central Bank of India	1,518	1,538
Citibank	147	125
Corporation Bank	100	1,285
Deutsche Bank, Poland	55	237
HDFC Bank	492	2,650
ICICI Bank	2,594	4,049
IDBI Bank	1,900	1,900
Indian Overseas Bank	1,250	1,250
Indusind Bank	191	250
Jammu & Kashmir Bank	25	25
Kotak Mahindra Bank Limited	373	537
National Australia Bank Limited	-	1
Oriental Bank of Commerce	1,867	1,967
Punjab National Bank	-	18
South Indian Bank	100	23
State Bank of India	2,311	2,310
Syndicate Bank	799	1,266
Union Bank of India	-	140
Vijaya Bank	304	304
Yes Bank	490	724
	18,494	25,079
Unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	2	1
ICICI Bank - Unpaid dividend account	13	2
	17	5
Margin money deposits against guarantees		
Canara Bank	181	132
Citibank	2	3
ICICI Bank	133	150
State Bank of India	39	57
	355	342
Deposits with financial institutions		
HDFC Limited	5,184	5,277
Bajaj Finance Limited	25	-
	5,209	5,277
Total cash and cash equivalents	26,113	32,697

2.11 OTHER ASSETS

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non Current			
Capital advances	505	933	664
Advances other than capital advances			
Prepaid gratuity (<i>refer note 2.22.1</i>)	19	4	27
Deferred Contract Cost	299	333	-
Prepaid expenses	96	87	7
	919	1,357	698
Current			
Advances other than capital advances			
Payment to vendors for supply of goods	97	110	79
Others			
Withholding taxes and others	1,799	1,799	1,364
Prepaid expenses	427	201	98
Deferred Contract Cost	71	48	-
	2,394	2,158	1,541
Total Other Assets	3,313	3,515	2,239

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

2.12 FINANCIAL INSTRUMENTS

Financial instruments by category

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

		(In ₹ crore)					
	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 2.10)	26,113	-	-	-	-	26,113	26,113
Investments (Refer Note 2.6)							
Equity, preference and other securities	-	-	-	178	-	178	178
Tax free bonds and government bonds	1,606	-	-	-	-	1,606	1,846 *
Liquid mutual fund units	-	-	4,360	-	-	4,360	4,360
Non convertible debentures	-	-	-	-	3,618	3,618	3,618
Convertible promissory note	-	-	10	-	-	10	10
Trade receivables (Refer Note 2.9)	12,942	-	-	-	-	12,942	12,942
Loans (Refer Note 2.7)	272	-	-	-	-	272	272
Other financial assets (Refer Note 2.8)	6,545	-	65	-	38	6,648	6,648
Total	47,478	-	4,435	178	3,656	55,747	
Liabilities:							
Trade payables	335	-	-	-	-	335	335
Other financial liabilities (Refer Note 2.14)	5,436	-	92	-	-	5,528	5,528
Total	5,771	-	92	-	-	5,863	

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

		(In ₹ crore)					
	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 2.10)	32,697	-	-	-	-	32,697	32,697
Investments (Refer Note 2.6)							
Equity, preference and other securities	-	-	-	115	-	115	115
Tax free bonds and government bonds	1,606	-	-	-	-	1,606	1,703 *
Liquid mutual fund units	-	-	68	-	-	68	68
Trade receivables (Refer Note 2.9)	11,330	-	-	-	-	11,330	11,330
Loans (Refer Note 2.7)	328	-	-	-	-	328	328
Other financial assets (Refer Note 2.8)	5,360	-	116	-	-	5,476	5,476
Total	51,321	-	184	115	-	51,620	
Liabilities:							
Trade payables	386	-	-	-	-	386	386
Other financial liabilities (Refer Note 2.14)	4,908	-	122	-	-	5,030	5,030
Total	5,294	-	122	-	-	5,416	

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

		(In ₹ crore)					
	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 2.10)	30,367	-	-	-	-	30,367	30,367
Investments (Refer Note 2.6)							
Equity, preference and other securities	-	-	-	1	-	1	1
Tax free bonds and government bonds	1,304	-	-	-	-	1,304	1,344 *
Liquid mutual fund units	-	-	842	-	-	842	842
Fixed maturity plans	-	-	32	-	-	32	32
Trade receivables (Refer Note 2.9)	9,713	-	-	-	-	9,713	9,713
Loans (Refer Note 2.7)	253	-	-	-	-	253	253
Other financial assets (Refer Note 2.8)	4,599	-	101	-	-	4,700	4,700
Total	46,236	-	975	1	-	47,212	
Liabilities:							
Trade payables	140	-	-	-	-	140	140
Other financial liabilities (Refer Note 2.14)	4,911	-	3	-	-	4,914	4,914
Total	5,051	-	3	-	-	5,054	

* Changes in fair values including interest accrued

Fair value hierarchy**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

	As of December 31, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.6)	4,360	4,360	-	-
Investments in tax free bonds (Refer Note 2.6)	1,839	280	1,559	-
Investments in government bonds (Refer Note 2.6)	7	7	-	-
Investments in equity instruments (Refer Note 2.6)	1	-	-	1
Investments in preference securities (Refer Note 2.6)	146	-	-	146
Investments in non convertible debentures (Refer Note 2.6)	3,618	3,263	355	-
Investments in convertible promissory note (Refer Note 2.6)	10	-	-	10
Others (Refer Note 2.6)	31	-	-	31
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8)	103	-	103	-
Liabilities				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14)	6	-	6	-
Liability towards contingent consideration (Refer note 2.14)*	86	-	-	86

*Discounted \$14 million (approximately ₹95 crore) at 14.2%

During the nine months ended December 31, 2016, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

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

	As of March 31, 2016	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.6)	68	68	-	-
Investments in bonds (Refer Note 2.6)	1,696	369	1,327	-
Investments in government bonds (Refer Note 2.6)	7	7	-	-
Investments in equity instruments (Refer Note 2.6)	1	-	-	1
Investments in preference securities (Refer Note 2.6)	92	-	-	92
Others (Refer Note 2.6)	22	-	-	22
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8)	116	-	116	-
Liabilities				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14)	5	-	5	-
Liability towards contingent consideration (Refer note 2.14)*	117	-	-	117

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

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

	(In ₹ crore)			
	As of April 1, 2015	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.6)	842	842	-	-
Investments in fixed maturity plan securities (Refer Note 2.6)	32	-	32	-
Investments in bonds (Refer Note 2.6)	1,340	604	736	-
Investments in government bonds (Refer Note 2.6)	4	4	-	-
Investments in equity instruments (Refer Note 2.6)	1	-	-	1
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.8)	101	-	101	-
Liabilities				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.14)	3	-	3	-

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

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

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

Financial risk management

Financial risk factors

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

Market risk

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

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

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore) Total
Cash and cash equivalents	1,299	149	59	167	646	2,320
Trade receivables	8,890	1,497	639	626	753	12,405
Other financial assets (including loans)	2,540	454	361	153	360	3,868
Trade payables	(52)	(33)	(36)	(7)	(158)	(286)
Other financial liabilities	(2448)	(398)	(215)	(222)	(617)	(3,900)
Net assets / (liabilities)	10,229	1,669	808	717	984	14,407

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

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore) Total
Cash and cash equivalents	1,124	167	202	171	601	2,265
Trade receivables	7,558	1,280	721	598	696	10,853
Other financial assets (including loans)	1,967	405	216	124	337	3,049
Trade payables	(126)	(75)	(73)	(4)	(76)	(354)
Other financial liabilities	(2430)	(369)	(197)	(243)	(558)	(3,797)
Net assets / (liabilities)	8,093	1,408	869	646	1,000	12,016

For each of the three months ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%. and 0.49%, respectively.

For each of the nine months ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50%.

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

Derivative financial instruments

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

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

	As of		As of	
	December 31, 2016		March 31, 2016	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	65	465	-	-
In Australian dollars	35	172	-	-
Option Contracts				
In Euro	40	287	-	-
In United Kingdom Pound Sterling	25	209	-	-
In Australian dollars	95	466	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	496	3,369	510	3,379
In Euro	119	849	100	750
In United Kingdom Pound Sterling	75	628	65	623
In Australian dollars	45	221	55	281
In Swiss Franc	15	102	25	173
In Singapore dollars	10	47	-	-
Option Contracts				
In U.S. dollars	165	1,121	125	828
In Euro	45	322	-	-
Total forwards and options		8,258		6,034

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

	(In ₹ crore)	
	As of	
	December 31, 2016	March 31, 2016
Not later than one month	2,291	1,577
Later than one month and not later than three months	3,789	3,420
Later than three months and not later than one year	2,178	1,037
	8,258	6,034

During the nine months ended December 31, 2016, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of profit or loss within 3 months.

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

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

The following table provides the reconciliation of cash flow hedge reserve for the three months and nine months ended December 31, 2016:

	(In ₹ crore)	
	Three months ended December 31, 2016	Nine months ended December 31, 2016
Balance at the beginning of the period	2	-
Gain / (Loss) recognised in other comprehensive income during the period	46	48
Amount reclassified to profit or loss for the period	(10)	(10)
Tax impact on above	(10)	(10)
Balance at the end of the period	28	28

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

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

	As of		As of	
	December 31, 2016		March 31, 2016	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	106	(9)	124	(13)
Amount set off	(3)	3	(8)	8
Net amount presented in balance sheet	103	(6)	116	(5)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,942 crore and ₹11,330 crore as of December 31, 2016 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,413 crore and ₹3,029 crore as of December 31, 2016 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

	(In %)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Revenue from top customer	3.1	3.5	3.4	3.6
Revenue from top five customers	12.3	13.9	12.8	14.0

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months and nine months ended December 31, 2016 was ₹36 crore and ₹76 crore, respectively. The reversal of provision of allowance for lifetime expected credit loss on customer balances for the three months and nine months ended December 31, 2015 was ₹32 crore and ₹25 crore, respectively.

	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Balance at the beginning	326	380	289	366
Impairment loss recognized / (reversed)	36	(32)	76	(25)
Amounts written off	-	(19)	(1)	(20)
Translation differences	-	(3)	(2)	5
Balance at the end	362	326	362	326

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

	(In ₹ crore except otherwise stated)			
	As of			
	December 31, 2016		March 31, 2016	
Trade receivables	12,942		11,330	
Unbilled revenues	3,413		3,029	
Days Sales Outstanding- DSO (days)	69		66	

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations and non convertible debentures.

Liquidity risk

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

As of December 31, 2016, the Group had a working capital of ₹37,671 crore including cash and cash equivalents of ₹26,113 crore and current investments of ₹4,367 crore. As of March 31, 2016, the Group had a working capital of ₹38,514 crore including cash and cash equivalents of ₹32,697 crore and current investments of ₹75 crore.

As of December 31, 2016 and March 31, 2016, the outstanding employee compensated absences were ₹1,428 crore and ₹1,341 crore, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

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

	(In ₹ crore)				
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	335	-	-	-	335
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14)	5,391	47	-	-	5,438
Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14	48	47	-	-	95

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

	(In ₹ crore)				
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	386	-	-	-	386
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14)	4,875	25	9	-	4,909
Liability towards acquisitions on an undiscounted basis (including contingent consideration) -Refer Note 2.14	86	46	-	-	132

2.13 EQUITY

SHARE CAPITAL

in ₹ crore, except as otherwise stated

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Authorized			
Equity shares, ₹5/- par value			
240,00,00,000 (240,00,00,000 ⁽³⁾) equity shares	1,200	1,200	600
Issued, Subscribed and Paid-Up			
Equity shares, ₹5/- par value ⁽¹⁾	1,144	1,144	572
228,56,51,730 (228,56,21,088 ⁽³⁾) equity shares fully paid-up ⁽²⁾			
	1,144	1,144	572

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

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

⁽²⁾ Net of treasury shares 112,92,934 (113,23,576)

⁽³⁾ Represents number of shares as of March 31, 2016

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

In the period of five years immediately preceding December 31, 2016:

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

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

The Board of Directors, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the nine months ended December 31, 2016 and the total appropriation was ₹3,923 crore (excluding dividend on treasury shares), including corporate dividend tax. (Refer note 2.2.1 for impact on transition to Ind AS)

The amount of per share dividend recognized as distributions to equity shareholders during the nine months ended December 31, 2015 was ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue).

The board of directors in their meeting on October 14, 2016 declared an interim dividend of ₹11/- per equity share, which resulted in cash outflow of ₹3,029 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts. However, no such preferential amounts exist currently, other than the amounts held by irrevocable controlled trusts. For irrevocable controlled trusts, the corpus would be settled in favour of the beneficiaries.

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

Name of the shareholder	As at December 31, 2016		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	38,53,17,937	16.78	38,53,17,937	16.78
Life Insurance Corporation of India	15,17,27,009	6.61	13,22,74,300	5.76

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

Particulars	As at December 31, 2016		As at March 31, 2016	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the period	2,285,621,088	1,144	1,142,805,132	572
Add: Bonus shares issued (including bonus on treasury shares)	-	-	1,148,472,332	574
Add: Shares issued on exercise of employee stock options	30,642	-	10,824	-
Less: Increase in treasury shares consequent to bonus issue	-	-	5,667,200	2
Number of shares at the end of the period	2,285,651,730	1,144	2,285,621,088	1,144

Employee Stock Option Plan (ESOP):

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

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

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

As of December 31, 2016, 1,12,92,934 shares are held by the trust towards 2015 Plan. As of December 31, 2016, 91,980 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹1 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value \$2,000,000 which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5,000,000, subject to achievement of performance targets set by the Board or its committee, which vest over time. \$2,000,000 of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS. The performance based RSU and Options pertaining to financial year 2017 has not yet been granted as of December 31, 2016. Though the performance based RSU and Options for fiscal 2017 and time based RSU's for the remaining employment term have not been granted as of December 31, 2016, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense. The company has recorded employee stock based compensation expense of ₹7 crore and ₹2 crore and ₹21 crore and ₹5 crore during the three months and nine months ended December 31, 2016 and December 31, 2015 respectively, towards CEO compensation.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 has recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer, under the 2015 Plan. These RSUs and ESOPs will vest over time, subject to continued service. The grant is subject to the approval of shareholders. Though these RSUs and ESOPs have not been granted as of December 31, 2016, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

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

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

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

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

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)				
Outstanding at the beginning*	1,691,108	5	221,505	5
Granted	365,130	5	1,878,025	5
Forfeited and expired	25,480	5	38,130	5
Exercised	-	-	30,642	5
Outstanding at the end	2,030,758	5	2,030,758	5
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	-	-	-	-
Granted	309,650	998	309,650	998
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	309,650	998	309,650	998
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer above note 2.13)

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)				
Outstanding at the beginning	381,300	0.07	-	-
Granted	605,245	0.07	996,665	0.07
Forfeited and expired	11,415	0.07	21,535	0.07
Exercised	-	-	-	-
Outstanding at the end	975,130	0.07	975,130	0.07
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)				
Outstanding at the beginning	-	-	-	-
Granted	896,200	15.26	896,200	15.26
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	896,200	15.26	896,200	15.26
Exercisable at the end	-	-	-	-

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

Particulars	Three months ended December 31, 2015		Nine months ended December 31, 2015	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)				
Outstanding at the beginning*	223,213	5	108,268	5
Granted	-	-	124,061	5
Forfeited and expired	-	-	-	-
Exercised*	-	-	9,116	5
Outstanding at the end	223,213	5	223,213	5
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer above note 2.13)

During the nine months ended December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,096/-. During the three months and nine months ended December 31, 2015, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,092/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of December 31, 2016:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan: ADS and IES			
0 - 5 (RSU)	3,005,888	2.12	5.00
900 - 1100 (ESOP)	1,205,850	7.34	1,026.57
	4,211,738	3.61	297.48

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

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

Particulars	For options granted in			
	Fiscal 2017- Equity Shares	Fiscal 2017- ADS	Fiscal 2016- Equity Shares	Fiscal 2015- Equity Shares
Grant date	1-Aug-16	1-Aug-16	22-Jun-15	21-Aug-14
Weighted average share price (₹) / (\$- ADS)*	1,085	16.57	1,024	3,549
Exercise price (₹) / (\$- ADS)*	5.00	0.07	5.00	5.00
Expected volatility (%)	25-29	26-30	28-36	30-37
Expected life of the option (years)	1 - 4	1 - 4	1 - 4	1 - 4
Expected dividends (%)	2.37	2.29	2.43	1.84
Risk-free interest rate (%)	6- 7	0.5 - 1	7- 8	8- 9
Weighted average fair value as on grant date (₹) / (\$- ADS)*	1,019	15.59	948	3,355
<i>* Data for Fiscal 2015 is not adjusted for bonus issues</i>				
Particulars	For options granted in			
	Fiscal 2017- Equity Shares-RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Grant date	1-Nov-16	1-Nov-16	1-Nov-16	1-Nov-16
Weighted average share price (₹) / (\$- ADS)	989	989	15.26	15.26
Exercise price (₹) / (\$- ADS)	5.00	998	0.07	15.26
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6- 7	6- 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	929	285	14.35	3.46

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

During the three months and nine months ended December 31, 2016 and December 31, 2015, the company recorded an employee stock compensation expense of ₹42 crore and ₹2 crore and ₹72 crore and ₹5 crore, respectively in the statement of profit and loss. The cash settled stock compensation expense for each of the three months and nine months ended December 31, 2016 was ₹1 crore.

2.14 OTHER FINANCIAL LIABILITIES

Particulars	in ₹ crore		
	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Others			
Accrued compensation to employees ⁽¹⁾	46	33	-
Payable for acquisition of business (refer note 2.3) ⁽²⁾			
Contingent consideration	40	36	-
	86	69	-
Current			
Unpaid dividends ⁽¹⁾	17	5	3
Others			
Accrued compensation to employees ⁽¹⁾	2,235	2,265	2,106
Accrued expenses ⁽¹⁾	2,725	2,189	1,984
Retention monies ⁽¹⁾	157	80	53
Payable for acquisition of business			
Deferred consideration (refer note 2.3) ⁽¹⁾	-	-	487
Contingent consideration (refer note 2.3) ⁽²⁾	46	81	-
Client deposits ⁽¹⁾	27	28	27
Payable by controlled trusts ⁽¹⁾	144	167	177
Compensated absences	1,428	1,341	1,069
Foreign currency forward and options contracts ⁽²⁾	6	5	3
Capital creditors ⁽¹⁾	61	81	43
Other payables ⁽¹⁾	24	60	31
	6,870	6,302	5,983
Total Financial Liabilities	6,956	6,371	5,983
⁽¹⁾ Financial liability carried at amortized cost	5,436	4,908	4,911
⁽²⁾ Financial liability carried at fair value through profit and loss	92	122	3
Contingent consideration on undiscounted basis	95	132	-

2.15 OTHER LIABILITIES

Particulars	in ₹ crore		
	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Others			
Deferred income - government grant on land use rights	43	46	47
Deferred income	46	-	-
	89	46	47
Current			
Unearned revenue	1,819	1,332	1,052
Other			
Withholding taxes and others	1,406	1,296	904
Accrued gratuity (refer note 2.22.1)	1	-	7
Tax on dividend	-	-	-
Deferred rent	1	-	-
Deferred income - government grant on land use rights	1	1	1
	3,228	2,629	1,964

2.16 PROVISIONS

Particulars	in ₹ crore		
	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Current			
Others			
Post-sales client support and warranties and others	412	512	478
Total	412	512	478

Provision for post-sales client support and warranties and others

The movement in the provision for post-sales client support and warranties and others is as follows :

Particulars	in ₹ crore	
	Three months ended December 31, 2016	Nine months ended December 31, 2016
Balance at the beginning	621	512
Provision recognized/(reversed)	(75)	71
Provision utilized	(144)	(183)
Exchange difference	10	12
Balance at the end	412	412

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

2.17 INCOME TAXES

Income tax expense in the consolidated statement of Profit and loss comprises:

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Current taxes	1,468	1,319	4,404	3,892
Deferred taxes	(22)	(23)	(136)	(35)
Income tax expense	1,446	1,296	4,268	3,857

Income tax expense for the three months ended December 31, 2016 and December 31, 2015 includes reversals (net of provisions) of ₹52 crore and ₹127 crore, respectively, pertaining to prior periods.

Income tax expense for the nine months ended December 31, 2016 and December 31, 2015 includes reversals (net of provisions) of ₹61 crore ₹240 crore, respectively, pertaining to prior periods.

Entire deferred income tax for the three months and nine months ended December 31, 2016 and December 31, 2015 relates to origination and reversal of temporary differences.

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

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Profit before income taxes	5,154	4,761	15,017	13,749
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,783	1,648	5,197	4,759
Tax effect due to non-taxable income for Indian tax purposes	(542)	(385)	(1,549)	(1,262)
Overseas taxes	198	178	613	510
Tax provision (reversals), overseas and domestic	(52)	(127)	(61)	(240)
Effect of exempt non-operating income	(12)	(17)	(57)	(51)
Effect of unrecognized deferred tax assets	8	7	61	20
Effect of differential overseas tax rates	13	(6)	29	2
Effect of non-deductible expenses	49	36	73	176
Additional deduction on research and development expense	(12)	(27)	(42)	(53)
Others	13	(11)	4	(4)
Income tax expense	1,446	1,296	4,268	3,857

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

During the nine months ended December 31, 2016, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto 31st March 2017. The weighted tax deduction is equal to 200% of such expenditure incurred.

During nine months ended December 31, 2015 Infosys had claimed weighted tax deduction on eligible research and development till July 31, 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from August 1, 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

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

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2016, Infosys' U.S. branch net assets amounted to approximately ₹5,109 crore. As of December 31, 2016, the Company has provided for branch profit tax of ₹343 crore for its U.S branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹9 crore movement on account of exchange rate during the nine months ended December 31, 2016.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,226 crore and ₹4,195 crore as of December 31, 2016 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of December 31, 2016, March 31, 2016 and April 1, 2015:

	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Income tax assets	5,333	5,230	4,089
Current income tax liabilities	3,879	3,410	2,818
Net current income tax asset/ (liability) at the end	1,454	1,820	1,271

The gross movement in the current income tax asset/ (liability) for the three months and nine months ended December 31, 2016 and December 31, 2015 is as follows:

	In ₹ crore			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Net current income tax asset/ (liability) at the beginning	1,397	1,575	1,820	1,271
Translation differences	-	2	-	12
Income tax paid	1,526	1,528	4,025	4,390
Current income tax expense (Refer Note 2.17)	(1,468)	(1,319)	(4,404)	(3,892)
Income tax benefit arising on exercise of stock options	-	-	1	-
Income tax on other comprehensive income	(1)	(3)	12	2
Net current income tax asset/ (liability) at the end	1,454	1,783	1,454	1,783

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

	In ₹ crore		
	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Deferred income tax assets			
Property, plant and equipment	136	178	241
Computer software	54	50	51
Accrued compensation to employees	70	68	48
Trade receivables	119	89	111
Compensated absences	409	389	299
Post sales client support	98	77	74
Intangibles	9	4	-
Others	132	55	31
Total deferred income tax assets	1,027	910	855
Deferred income tax liabilities			
Intangible asset	(226)	(252)	(159)
Temporary difference related to branch profits	(343)	(334)	(316)
Others	(62)	(40)	(3)
Total deferred income tax liabilities	(631)	(626)	(478)
Deferred income tax assets after set off	621	536	536
Deferred income tax liabilities after set off	(225)	(252)	(159)

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

The deferred income tax assets and deferred income tax liabilities recoverable within and after 12 months are as follows:

	In ₹ crore	
	As of	
	December 31, 2016	March 31, 2016
Deferred income tax assets to be recovered after 12 months	542	409
Deferred income tax assets to be recovered within 12 months	485	501
Total deferred income tax assets	1,027	910
Deferred income tax liabilities to be settled after 12 months	(363)	(446)
Deferred income tax liabilities to be settled within 12 months	(268)	(180)
Total deferred income tax liabilities	(631)	(626)

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

The gross movement in the deferred income tax account for the three months and nine months ended December 31, 2016 and December 31, 2015, is as follows:

	In ₹ crore			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Net deferred income tax asset at the beginning	393	234	284	377
Addition through business combination (Refer note 2.3)	-	-	-	(128)
Translation differences	(9)	(5)	(14)	(30)
Credits / (charge) relating to temporary differences (Refer Note 2.17 above)	22	23	136	35
Temporary differences on other comprehensive income	(10)	(1)	(10)	(3)
Net deferred income tax asset at the end	396	251	396	251

The credits relating to temporary differences during the nine months ended December 31, 2016 are primarily on account of trade receivables, compensated absences and post sales client support partially offset by property, plant and equipments. The credits relating to temporary differences during the nine months ended December 31, 2015 are primarily on account of trade receivables, compensated absences, accrued compensation to employees, partially offset by property, plant and equipment, computer software amortization and post sales customer support.

2.18 REVENUE FROM OPERATIONS

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Income from software services	16,727	15,430	49,790	44,469
Income from software products	546	472	1,574	1,422
	17,273	15,902	51,364	45,891

2.19 OTHER INCOME

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Interest received on financial assets carried at amortized cost:				
Bonds and government bonds	31	30	94	82
Deposit with Bank and others	590	634	1,823	1,914
Interest received on financial assets carried at Fair Value through other comprehensive income:				
Non convertible debentures	30	-	30	-
Income received on investment carried at Fair Value through Profit or Loss				
Dividend received on liquid mutual fund units	2	10	29	54
Gains/(losses) on liquid mutual fund units	32	-	53	-
Exchange gains/ (losses) on foreign currency forward and options contracts	77	62	301	(30)
Exchange gains/ (losses) on translation of other assets and liabilities	3	4	(97)	124
Others	55	62	100	207
	820	802	2,333	2,351

2.20 EXPENSES

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
<i>Employee benefit expenses</i>				
Salaries including bonus	9,129	8,552	27,543	24,754
Contribution to provident and other funds	197	165	576	483
Share based payments to employees (Refer note 2.13)	42	2	72	6
Staff welfare	52	53	158	140
	9,420	8,772	28,349	25,383
<i>Cost of software packages and others</i>				
For own use	206	165	576	545
Third party items bought for service delivery to clients	255	113	543	400
	461	278	1,119	945
<i>Other expenses</i>				
Repairs and maintenance	297	263	911	712
Power and fuel	57	53	182	165
Brand and marketing	69	76	266	213
Operating lease payments	127	93	358	262
Rates and taxes	38	18	118	80
Consumables	9	11	31	31
Insurance	15	15	40	43
Provision for post-sales client support and warranties	13	30	64	(14)
Commission to non-whole time directors	3	2	8	7
Impairment loss recognized / (reversed) on financial assets	38	(31)	82	(21)
Auditor's remuneration				
Statutory audit fees	2	2	6	5
Taxation matters	-	-	-	-
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social responsibility	85	67	187	171
Others	85	50	197	150
	838	649	2,450	1,804

2.21 LEASES

The lease rentals charged during the period is as under:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Lease rentals recognized during the period	127	93	358	262

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

Future minimum lease payable	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Not later than 1 year	427	372	168
Later than 1 year and not later than 5 years	1,158	873	395
Later than 5 years	885	442	168

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

2.22 EMPLOYEE BENEFITS

2.22.1 Gratuity

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

Particulars	(In ₹ crore)	
	As of	
	December 31, 2016	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	944	816
Service cost	97	118
Interest expense	53	61
Addition through business combination	-	1
Remeasurements - Actuarial (gains)/ losses	81	23
Curtailment gain	(3)	-
Benefits paid	(68)	(75)
Benefit obligations at the end	1,104	944
Change in plan assets		
Fair value of plan assets at the beginning	947	836
Interest income	57	66
Remeasurements- Return on plan assets excluding amounts included in interest income	4	9
Contributions	182	111
Benefits paid	(68)	(75)
Fair value of plan assets at the end	1,122	947
Funded status	18	3
Prepaid gratuity benefit	19	4
Accrued gratuity	(1)	(1)

Amount for the three months and nine months ended December 31, 2016 and December 31, 2015 recognized in the statement of profit and loss under employee benefit expense:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended September 30,	
	2016	2015	2016	2015
Service cost	33	30	97	89
Net interest on the net defined benefit liability/asset	(3)	(2)	(4)	(4)
Curtailment gain	-	-	(3)	-
Net gratuity cost	30	28	90	85

Amount for the three months and nine months ended December 31, 2016 and December 31, 2015 recognized in the statement of other comprehensive income:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	7 -	6	81	17
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	-	(2)	(4)	(6)
	7	(8)	77	11

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	20	5	74	(5)
	20	5	74	(5)

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

Particulars	As of		
	December 31, 2016	March 31, 2016	April 1, 2015
Discount rate	6.6%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and nine months ended December 31, 2016 and December 31, 2015 are set out below:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Discount rate	7.8%	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%	8.0%
Weighted average duration of defined benefit obligation	6.4 years	6.5 years	6.4 years	6.5 years

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

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

As of December 31, 2016, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹58 crore.

As of December 31, 2016, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

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

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

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

Actual return on assets for the three months and nine months ended December 31, 2016 and December 31, 2015 were ₹20 crore and ₹19 crore and ₹61 crore and ₹56 crore, respectively.

The Group expects to contribute ₹21 crore to the gratuity trusts during the remainder of fiscal 2017.

Maturity profile of defined benefit obligation:

	(in ₹ crore)
Within 1 year	154
1-2 year	160
2-3 year	166
3-4 year	180
4-5 year	193
5-10 years	947

2.22.2 Superannuation

The group contributed ₹42 crore and ₹59 crore and ₹125 crore and ₹174 crore to the superannuation plan during the three months and nine months ended December 31, 2016 and December 31, 2015, respectively and the same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

2.22.3 Provident fund

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

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

	(in ₹ crore)		
Particulars	As of		
	December 31, 2016	March 31, 2016	April 1, 2015
Plan assets at period end, at fair value	4,042	3,808	2,912
Present value of benefit obligation at period end	4,042	3,808	2,912
Asset recognized in balance sheet	-	-	-

The plan assets have been primarily invested in government securities.

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

Particulars	As of		
	December 31, 2016	March 31, 2016	April 1, 2015
Government of India (GOI) bond yield	6.60%	7.80%	7.80%
Remaining term to maturity of portfolio	6 years	7 years	7 years
Expected guaranteed interest rate - First year:	8.75%	8.75%	8.75%
- Thereafter:	8.60%	8.60%	8.60%

The Group contributed ₹115 crore and ₹105 crore and ₹345 crore and ₹309 crore to the provident fund during the three months and nine months ended December 31, 2016 and December 31, 2015, respectively and the same has been recognized in the statement of profit and loss under the head employee benefit expense.

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

2.22.4 Employee benefit costs include:

Particulars	(in ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and bonus*	9,233	8,579	27,789	24,814
Defined contribution plans	63	77	187	225
Defined benefit plans	124	116	373	344
	9,420	8,772	28,349	25,383

* Includes stock compensation expense of ₹42 crore and ₹2 crore and ₹72 crore and ₹5 crore for the three months and nine months ended December 31, 2016 and December 31, 2015, respectively. Refer note 2.13

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾⁽²⁾	228,56,51,730	228,56,19,380	228,56,38,678	228,56,14,573
Effect of dilutive common equivalent shares - share options outstanding	577,312	112,672	437,784	101,387
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	228,62,29,042	228,57,32,052	228,60,76,462	228,57,15,960

⁽¹⁾ Excludes treasury shares

⁽²⁾ adjusted for bonus issues. Refer note 2.13

For the three months and nine months ended December 31, 2016, 216,477 and 72,422 number of options to purchase equity shares had an anti-dilutive effect. For the three months and nine months ended December 31, 2015, no outstanding option to purchase equity shares had an anti-dilutive effect.

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

in ₹ crore

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Contingent liabilities :			
Claims against the Company, not acknowledged as debts ⁽¹⁾	718	284	264
[Net of amount paid to statutory authorities ₹4,413 crore (₹4,409 crore)]			
Commitments :			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for	1,398	1,486	1,574
(net of advances and deposits)			
Other Commitment*	138	79	-

*Uncalled capital pertaining to investments

Claims against the company not acknowledged as debts as on December 31, 2016 include demand from the Indian Income tax authorities for payment of tax of ₹ 4,557 crore (₹ 4,135 crore), including interest of ₹ 1,355 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008 and fiscal 2009 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010 and fiscal 2011 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

2.25 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	Country	Holdings as at	
		December 31, 2016	March 31, 2016
Infosys BPO Limited (Infosys BPO)	India	99.98%	99.98%
Infosys Technologies (China) Co. Limited (Infosys China)	China	100%	100%
Infosys Technologies S. de R. L. de C. V. (Infosys Mexico)	Mexico	100%	100%
Infosys Technologies (Sweden) AB. (Infosys Sweden)	Sweden	100%	100%
Infosys Technologies (Shanghai) Company Limited (Infosys Shanghai)	China	100%	100%
Infosys Tecnologia DO Brasil LTDA. (Infosys Brasil)	Brazil	100%	100%
Infosys Public Services, Inc. USA (Infosys Public Services)	U.S.	100%	100%
Infosys Americas Inc., (Infosys Americas)	U.S.	100%	100%
Infosys (Czech Republic) Limited s.r.o. (formerly Infosys BPO s. r. o.) ⁽¹⁾	Czech Republic	99.98%	99.98%
Infosys Poland, Sp z o.o (formerly Infosys BPO Poland, Sp z o.o.) ⁽¹⁾	Poland	99.98%	99.98%
Infosys BPO S.DE.R.L.DE.C.V ⁽¹⁾⁽¹³⁾	Mexico	-	-
Infosys McCamish Systems LLC ⁽¹⁾	U.S.	99.98%	99.98%
Portland Group Pty Ltd ⁽²⁾	Australia	99.98%	99.98%
Infosys BPO Americas LLC. ⁽¹⁾⁽¹²⁾	U.S.	99.98%	-
Infosys Technologies (Australia) Pty. Limited (Infosys Australia) ⁽²⁾	Australia	100%	100%
EdgeVerve Systems Limited (EdgeVerve)	India	100%	100%
Infosys Consulting Holding AG (Infosys Lodestone) (formerly Lodestone Holding AG)	Switzerland	100%	100%
Lodestone Management Consultants Inc. ⁽³⁾	U.S.	100%	100%
Infosys Management Consulting Pty Limited (formerly Lodestone Management Consultants Pty Limited) ⁽³⁾	Australia	100%	100%
Infosys Consulting AG (formerly Lodestone Management Consultants AG) ⁽³⁾	Switzerland	100%	100%
Lodestone Augmentis AG ⁽⁵⁾⁽¹⁴⁾	Switzerland	-	100%
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽³⁾⁽¹⁶⁾	Switzerland	-	100%
Lodestone Management Consultants (Belgium) S.A. ⁽⁴⁾	Belgium	99.90%	99.90%
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽³⁾	Germany	100%	100%
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) ⁽³⁾	Singapore	100%	100%
Infosys Consulting SAS (formerly Lodestone Management Consultants SAS) ⁽³⁾	France	100%	100%
Infosys Consulting s.r.o.(formerly Lodestone Management Consultants s.r.o.) ⁽³⁾	Czech Republic	100%	100%
Lodestone Management Consultants GmbH ⁽³⁾	Austria	100%	100%
Lodestone Management Consultants Co., Ltd. ⁽³⁾	China	100%	100%
Infy Consulting Company Ltd. (formerly Lodestone Management Consultants Ltd.) ⁽³⁾	U.K.	100%	100%
Infy Consulting B.V. (Lodestone Management Consultants B.V.) ⁽³⁾	Netherlands	100%	100%
Infosys Consulting Ltda. (formerly Lodestone Management Consultants Ltda.) ⁽⁴⁾	Brazil	99.99%	99.99%
Infosys Consulting Sp. z o.o (formerly Lodestone Management Consultants Sp. z o.o.) ⁽³⁾	Poland	100%	100%
Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽³⁾	Portugal	100%	100%
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) ⁽³⁾	Romania	100%	100%
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽³⁾	Argentina	100%	100%
Infosys Canada Public Services Ltd. ⁽⁶⁾	Canada	-	-
Infosys Nova Holdings LLC. (Infosys Nova)	U.S.	100%	100%
Panaya Inc. (Panaya)	U.S.	100%	100%
Panaya Ltd. ⁽⁷⁾	Israel	100%	100%
Panaya GmbH ⁽⁷⁾	Germany	100%	100%
Panaya Pty Ltd. ⁽²⁾⁽⁷⁾⁽¹⁵⁾	Australia	-	-
Panaya Japan Co. Ltd. ⁽⁷⁾	Japan	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems) ⁽⁸⁾	India	100%	100%
Kallidus Inc. (Kallidus) ⁽⁹⁾	U.S.	100%	100%
Noah Consulting LLC (Noah) ⁽¹⁰⁾	U.S.	100%	100%
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹¹⁾	Canada	100%	100%

⁽¹⁾ Wholly owned subsidiary of Infosys BPO.

⁽²⁾ Under liquidation

⁽³⁾ Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁴⁾ Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁵⁾ Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

⁽⁶⁾ Wholly owned subsidiary of Infosys Public Services, Inc.

⁽⁷⁾ Wholly owned subsidiary of Panaya Inc.

⁽⁸⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems

⁽⁹⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc.

⁽¹⁰⁾ On November 16, 2015, Infosys acquired 100% of the membership interests in Noah

⁽¹¹⁾ Wholly owned subsidiary of Noah

⁽¹²⁾ Incorporated effective November 20, 2015

⁽¹³⁾ Liquidated effective March 15, 2016

⁽¹⁴⁾ Liquidated effective October 5, 2016

⁽¹⁵⁾ Liquidated effective November 16, 2016

⁽¹⁶⁾ Liquidated effective December 27, 2016

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

Name of Associates	Country	Holdings as at	
		December 31, 2016	March 31, 2016
DWA Nova LLC ⁽¹⁾	U.S.	16%	16%

⁽¹⁾ Associate of Infosys Nova Holding LLC

List of other related party

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

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

List of key management personnel

Whole time directors

U B Pravin Rao
Dr. Vishal Sikka

Non-whole-time directors

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

Executive Officers

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

Company Secretary

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

Related party transactions:

Transaction with key management personnel:

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾⁽³⁾	31	32	66	60
Commission and other benefits to non-executive/independent directors	3	2	9	7
Total	34	34	75	67

⁽¹⁾ Includes stock compensation expense of ₹10 crore and ₹2 crore and ₹24 crore and ₹5 crore for the three months and nine months ended December 31, 2016 and December 31, 2015, towards key managerial personnel. Refer note 2.13

⁽²⁾ Includes ₹6 crore payable under severance agreement to General counsel and Chief compliance officer during the three months ended December 31, 2016

⁽³⁾ Three months and nine months ended December 31, 2015 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015

2.26 SEGMENT REPORTING

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

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

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

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

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

Business Segments

Three months ended December 31, 2016 and December 31, 2015 :

								in ₹ crore
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	4,663	1,893	3,885	2,821	2,196	1,250	565	17,273
	4,377	1,756	3,410	2,576	2,102	1,198	483	15,902
Identifiable operating expenses	2,341	1,007	1,878	1,342	1,064	642	358	8,632
	2,106	902	1,608	1,248	1,007	591	270	7,732
Allocated expenses	1,002	431	884	642	500	284	129	3,872
	1,021	429	833	629	514	293	118	3,837
Segmental profit	1,320	455	1,123	837	632	324	78	4,769
	1,250	425	969	699	581	314	95	4,333
Unallocable expenses								435
								374
Other income, net								820
								802
Share in net profit/(loss) of associate								-
								-
Profit before tax								5,154
								4,761
Tax expense								1,446
								1,296
Profit for the period								3,708
								3,465
Depreciation and amortization								433
								369
Non-cash expenses other than depreciation and amortization								2
								5

Nine months ended December 31, 2016 and December 31, 2015 :

								in ₹ crore
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	13,900	5,589	11,468	8,515	6,289	3,911	1,692	51,364
	12,502	5,200	9,912	7,499	6,007	3,564	1,207	45,891
Identifiable operating expenses	6,952	2,916	5,496	4,072	3,119	2,017	1,079	25,651
	5,984	2,792	4,566	3,590	2,899	1,755	756	22,342
Allocated expenses	3,067	1,297	2,661	1,977	1,458	908	392	11,760
	2,928	1,273	2,426	1,836	1,470	872	295	11,100
Segmental profit	3,881	1,376	3,311	2,466	1,712	986	221	13,953
	3,590	1,135	2,920	2,073	1,638	937	156	12,449
Unallocable expenses								1,264
								1,049
Other income, net								2,333
								2,351
Share in net profit/(loss) of associate								(5)
								(2)
Profit before tax								15,017
								13,749
Tax expense								4,268
								3,857
Profit for the period								10,749
								9,892
Depreciation and amortization								1,257
								1,040
Non-cash expenses other than depreciation and amortization								7
								9

Geographic Segments

Three months ended December 31, 2016 and December 31, 2015 :

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	10,701	3,844	589	2,139	17,273
Identifiable operating expenses	9,939	3,696	446	1,821	15,902
Allocated expenses	5,374	1,976	270	1,012	8,632
	4,937	1,770	180	845	7,732
	2,432	871	117	452	3,872
Segmental operating income	2,427	899	93	418	3,837
	2,895	997	202	675	4,769
Unallocable expenses	2,575	1,027	173	558	4,333
					435
Other income, net					374
					820
Share in net profit/(loss) of associate					802
					-
Profit before tax					-
					5,154
Tax expense					4,761
					1,446
					1,296
Profit for the period					3,708
					3,465
Depreciation and amortization					433
					369
Non-cash expenses other than depreciation and amortization					2
					5

Nine months ended December 31, 2016 and December 31, 2015 :

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	31,742	11,608	1,633	6,381	51,364
Identifiable operating expenses	28,904	10,495	1,125	5,367	45,891
Allocated expenses	16,155	5,777	767	2,952	25,651
	14,329	5,121	504	2,388	22,342
	7,357	2,684	335	1,384	11,760
Segmental operating income	7,070	2,558	235	1,237	11,100
	8,230	3,147	531	2,045	13,953
Unallocable expenses	7,505	2,816	386	1,742	12,449
					1,264
Other income, net					1,049
					2,333
Share in net profit/(loss) of associate					2,351
					(5)
Profit before tax					(2)
					15,017
Tax expense					13,749
					4,268
					3,857
Profit for the period					10,749
					9,892
Depreciation and amortization					1,257
					1,040
Non-cash expenses other than depreciation and amortization					7
					9

Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2016 and December 31, 2015.

2.27 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Revenue from operations	17,273	15,902	51,364	45,891
Cost of Sales	10,840	9,990	32,483	28,837
GROSS PROFIT	6,433	5,912	18,881	17,054
Operating expenses				
Selling and marketing expenses	885	859	2,702	2,522
General and administration expenses	1,214	1,094	3,490	3,132
Total operating expenses	2,099	1,953	6,192	5,654
OPERATING PROFIT	4,334	3,959	12,689	11,400
Other income	820	802	2,333	2,351
PROFIT BEFORE MINORITY INTEREST / SHARE IN NET PROFIT / (LOSS) OF ASSOCIATE	5,154	4,761	15,022	13,751
Share in net profit/(loss) of associate	-	-	(5)	(2)
PROFIT BEFORE TAX	5,154	4,761	15,017	13,749
Tax expense:				
Current tax	1,468	1,319	4,404	3,892
Deferred tax	(22)	(23)	(136)	(35)
PROFIT FOR THE PERIOD	3,708	3,465	10,749	9,892
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of the net defined benefit liability/asset	(8)	5	(65)	(9)
Equity instruments through other comprehensive income	-	-	-	-
	(8)	5	(65)	(9)
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on cash flow hedges, net	26	1	28	1
Exchange differences on translation of foreign operations	(47)	1	(60)	207
	(21)	2	(32)	208
Total other comprehensive income, net of tax	(29)	7	(97)	199
Total comprehensive income for the period	3,679	3,472	10,652	10,091
Profit attributable to:				
Owners of the company	3,708	3,465	10,749	9,892
Non-controlling interests	-	-	-	-
	3,708	3,465	10,749	9,892
Total comprehensive income attributable to:				
Owners of the company	3,679	3,472	10,652	10,091
Non-controlling interests	-	-	-	-
	3,679	3,472	10,652	10,091

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number:101248W/W-100022

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

Supreet Sachdev
Partner
Membership No. 205385

R.Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Infosys Limited CIN : L85110KA1981PLC013115 Regd. Office: Electronics City, Hosur Road, Bangalore 560 100, India. Website: www.infosys.com ; Email: investors@infosys.com ; Telephone: 91 80 2852 0261 ; Fax: 91 80 2852 0362						
Audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2016, prepared in compliance with the Indian Accounting Standards (Ind-AS)						
Particulars	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2015	Nine months ended December 31, 2016	2015 Audited	Year ended March 31, 2016
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	17,273	17,310	15,902	51,364	45,891	62,441
Other income, net	820	760	802	2,333	2,351	3,123
Total Income	18,093	18,070	16,704	53,697	48,242	65,564
Expenses						
Employee benefit expenses	9,420	9,648	8,772	28,349	25,383	34,406
Deferred consideration pertaining to acquisition	-	-	25	-	149	149
Cost of technical sub-contractors	975	940	998	2,833	2,606	3,531
Travel expenses	502	520	530	1,762	1,667	2,263
Cost of software packages and others	461	381	278	1,119	945	1,274
Communication expenses	145	136	109	400	331	449
Consultancy and professional charges	165	165	213	505	566	779
Depreciation and amortisation expenses	433	424	369	1,257	1,040	1,459
Other expenses	838	787	649	2,450	1,804	2,511
Total expenses	12,939	13,001	11,943	38,675	34,491	46,821
Profit before non-controlling interests / share in net profit / (loss) of associate	5,154	5,069	4,761	15,022	13,751	18,743
Share in net profit/(loss) of associate	-	(3)	-	(5)	(2)	(3)
Profit before tax	5,154	5,066	4,761	15,017	13,749	18,740
Tax expense:						
Current tax	1,468	1,469	1,319	4,404	3,892	5,318
Deferred tax	(22)	(9)	(23)	(136)	(35)	(67)
Profit for the period	3,708	3,606	3,465	10,749	9,892	13,489
Other comprehensive income						
<i>Items that will not be reclassified subsequently to profit or loss</i>	(8)	(40)	5	(65)	(9)	(12)
Remeasurement of the net defined benefit liability/asset	-	-	-	-	-	-
Equity instruments through other comprehensive income	(8)	(40)	5	(65)	(9)	(12)
<i>Items that will be reclassified subsequently to profit or loss</i>						
Fair value changes on cash flow hedges, net	26	2	1	28	1	-
Exchange differences on translation of foreign operations	(47)	(51)	1	(60)	207	303
	(21)	(49)	2	(32)	208	303
	(29)	(89)	7	(97)	199	291
Total other comprehensive income, net of tax	3,679	3,517	3,472	10,652	10,091	13,780
Total comprehensive income for the period	1,144	1,144	1,144	1,144	1,144	1,144
Paid up share capital (par value ₹5/- each, fully paid)	60,600	60,600	54,198	60,600	54,198	60,600
Earnings per equity share (par value ₹5/- each)						
Basic (₹)	16.22	15.77	15.16	47.03	43.28	59.02
Diluted (₹)	16.22	15.77	15.16	47.02	43.28	59.02

Notes:

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

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

3. Change of Auditors on account of mandatory rotation requirement in India

Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory for Infosys Limited ('the Company') to rotate the current statutory auditors on completion of the maximum term permitted under the said Section. Therefore, the Audit Committee of Infosys Limited has proposed and on January 13, 2017, the Board of Directors of the Company have recommended, the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018) (Deloitte) as the statutory auditors of the Company. Deloitte will hold office for a period of 5 (five) consecutive years from the conclusion of the 36th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 41st Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018 which will include audit of the quarterly financial statements for the year.

To align with the above, the Board of Directors of the Company also approved the appointment of Deloitte as the independent registered public accounting firm of the Company. This appointment is effective year ending March 31, 2018. As the independent registered public accounting firm, Deloitte will audit the annual financial statements of the Company to be included in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC"). KPMG will continue as the Company's independent registered public accounting firm through the completion of the audit for the year ending March 31, 2017 and for the purpose of filing such audited financial statements in the Form 20-F for the year ending March 31, 2017.

In addition, in accordance with disclosure requirements under SEC regulations, the following may be noted:

- During the two fiscal years ended March 31, 2016 and March 31, 2015, KPMG has not issued any report on the financial statements that contained an adverse opinion or disclaimer of opinion, nor were the reports of KPMG qualified or modified in any manner.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, there is no disagreement with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, or any reportable event as described in Item 16F(a)(1)(v) of Form 20-F.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, we have not consulted with Deloitte for any matters regarding either
 - (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of Infosys Limited; or
 - (ii) any matter that was the subject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to this Item or a "reportable event" as described in Item 16F (a)(1)(v) of Form 20-F.

4. Management change

The Company has appointed Ravikumar S as Deputy Chief Operating Officer reporting to U. B. Pravin Rao with immediate effect. In addition to his current responsibility of heading the global delivery organization, Ravikumar S will oversee certain business enabling functions.

5. Information on dividends for the quarter and nine months ended December 31, 2016

An interim dividend of ₹11/- (par value ₹5/- each) per equity share was declared on October 14, 2016 and paid on October 26, 2016. The interim dividend declared in the previous year was ₹10/- per equity share.

Particulars	(in ₹)			
	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2015	Nine months ended December 31, 2015
Dividend per share (par value ₹5/- each)				
Interim dividend	-	11.00	-	11.00
Final dividend	-	-	-	-
				10.00
				14.25

6. Reconciliation of the Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS

Particulars	Note	Quarter ended December 31, 2015		
		IGAAP	Effects of transition to Ind- AS	Ind-AS
Revenue from operations		15,902	-	15,902
Other income, net		802	-	802
Total income		16,704	-	16,704
Expenses				
Employee benefit expenses	1.1	8,764	8	8,772
Deferred consideration pertaining to acquisition	1.2	18	7	25
Cost of technical sub-contractors		998	-	998
Travel expenses		530	-	530
Cost of software packages and others		278	-	278
Communication expenses		109	-	109
Consultancy and professional charges		213	-	213
Depreciation and amortisation expenses	1.3	316	53	369
Other expenses	1.2	644	5	649
Total expenses		11,870	73	11,943
Profit before non-controlling interest/ share in profit/(loss) of associate		4,834	(73)	4,761
Share in net profit/(loss) of associate		-	-	-
Profit before tax		4,834	(73)	4,761
Tax expense				
Current tax	1.4	1,322	(3)	1,319
Deferred tax	1.5	(8)	(15)	(23)
Profit for the period		3,520	(55)	3,465
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of the net defined benefit liability/asset	1.1	-	5	5
Equity instruments through other comprehensive income		-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair Value changes on cash flow hedges, net		1	-	1
Exchange differences on translation of foreign operations	1.6	(8)	9	1
		(7)	9	2
		(7)	14	7
Total other comprehensive income, net of tax				
Total comprehensive income for the period		3,513	(41)	3,472

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

Explanations for reconciliation of Consolidated Statement of Profit and Loss as previously reported under IGAAP to Ind-AS

- 1.1 a. As per Ind-AS 19 Employee benefits, actuarial 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 the impact of discounting pertaining to deferred and contingent consideration payable for business combinations.
- 1.3 Adjustment reflects the impact of amortization of intangible assets included within goodwill under the IGAAP, separately recognized under Ind-AS.
- 1.4 Tax component on actuarial gains and losses which was transferred to other comprehensive income under Ind-AS.
- 1.5 The reduction in deferred tax expense is on account of the reversal of deferred tax liabilities recorded on intangible assets acquired in business combination.
- 1.6 Under Ind-AS, exchange differences on translation of foreign operations are recorded in other comprehensive income.

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

Particulars	(in ₹ crore)			
	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2015	Year ended March 31, 2016
Revenue from operations	14,949	15,000	13,562	44,369
Profit before tax	4,883	4,812	4,353	14,155
Profit for the period	3,599	3,476	3,163	10,255

Note: The audited results of Infosys Limited for the above mentioned periods are available on our website, www.infosys.com and on the Stock exchange websites www.nseindia.com and www.bseindia.com. The information above has been extracted from the audited standalone financial statements as stated.

8. Segment reporting (Consolidated - Audited)

Particulars	(in ₹ crore)			
	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2015	Year ended March 31, 2016
Revenue by business segment				
Financial Services (FS)	4,663	4,686	4,377	13,900
Manufacturing (MFG)	1,893	1,853	1,756	5,589
Energy & utilities, Communication and Services (ECS)	3,885	3,864	3,410	11,468
Retail, Consumer packaged goods and Logistics (RCL)	2,821	2,833	2,576	8,515
Life Sciences, Healthcare and Insurance (HILIFE)	2,196	2,089	2,102	6,289
Hi-Tech	1,250	1,339	1,198	3,911
All other segments	565	646	483	1,692
Total	17,273	17,310	15,902	51,364
Less: Inter-segment revenue	-	-	-	-
Net revenue from operations	17,273	17,310	15,902	51,364
Segment profit before tax, depreciation and non-controlling interests:				
Financial Services (FS)	1,320	1,295	1,250	3,881
Manufacturing (MFG)	455	469	425	1,376
Energy & utilities, Communication and Services (ECS)	1,123	1,122	969	3,311
Retail, Consumer packaged goods and Logistics (RCL)	837	826	699	2,466
Life Sciences, Healthcare and Insurance (HILIFE)	632	558	581	1,712
Hi-Tech	324	342	314	986
All other segments	78	123	95	221
Total	4,769	4,735	4,333	13,953
Less: Other unallocable expenditure	435	426	374	1,264
Add: Unallocable other income	820	760	802	2,333
Add: Share in net profit/(loss) of associate	-	(3)	-	(5)
Profit before tax and non-controlling interests	5,154	5,066	4,761	15,017
				13,749
				18,740

Notes on segment information

Business segments

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

Segmental capital employed

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

By order of the Board
for Infosys Limited



Dr. Vishal Sikka
Chief Executive Officer and Managing Director

Bangalore, India
January 13, 2017

The Board has also taken on record the unaudited condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and nine months ended December 31, 2016, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:

Particulars	(in US\$ million, except per equity share data)				
	Quarter ended December 31,		Quarter ended September 30,		Year ended March 31,
	2016	2016	2016	2015	
Revenues	2,551	2,587	2,407	7,055	9,501
Cost of sales	1,601	1,638	1,512	4,435	5,950
Gross profit	950	949	895	2,620	3,551
Net profit	547	539	524	1,519	2,052
Earnings per equity share					
Basic	0.24	0.24	0.23	0.66	0.90
Diluted	0.24	0.24	0.23	0.66	0.90
Total assets	11,870	11,875	10,771	10,771	11,378
Cash and cash equivalents including current investments	4,487	5,086	4,523	4,523	4,946

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 result is January 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In ₹ crore, except share data

Particulars	Dec 31,		Growth % Q3 17 over Q3 16	Sep 30, 2016	Growth % Q3 17 over Q2 17
	2016	2015			
Revenues	17,273	15,902	8.6	17,310	(0.2)
Cost of sales	10,840	9,990	8.5	10,962	(1.1)
Gross Profit	6,433	5,912	8.8	6,348	1.3
Operating Expenses:					
<i>Selling and marketing expenses</i>	885	859	3.0	897	(1.3)
<i>Administrative expenses</i>	1,214	1,094	11.0	1,142	6.3
Total Operating Expenses	2,099	1,953	7.5	2,039	2.9
Operating Profit	4,334	3,959	9.5	4,309	0.6
Other Income, net	820	802	2.2	760	7.9
Share in associate's profit/(loss)	-	-	-	(3)	-
Profit before income taxes	5,154	4,761	8.3	5,066	1.7
Income tax expense	1,446	1,296	11.6	1,460	(1.0)
Net Profit	3,708	3,465	7.0	3,606	2.8
Earnings per equity share					
Basic (₹)	16.22	15.16	7.0	15.77	2.8
Diluted (₹)	16.22	15.16	7.0	15.77	2.8

Statement of Comprehensive Income for nine months ended,

(As per IFRS)

In ₹ crore, except share data

Particulars	Dec 31,		Growth %
	2016	2015	
Revenues	51,364	45,891	11.9
Cost of sales	32,483	28,837	12.6
Gross Profit	18,881	17,054	10.7
Operating Expenses:			
<i>Selling and marketing expenses</i>	2,702	2,522	7.1
<i>Administrative expenses</i>	3,490	3,132	11.4
Total Operating Expenses	6,192	5,654	9.5
Operating Profit	12,689	11,400	11.3
Other Income, net	2,333	2,353	(0.8)
Share in associate's profit/(loss)	(5)	(2)	-
Profit before income taxes	15,017	13,751	9.2
Income tax expense	4,268	3,857	10.7
Net Profit	10,749	9,894	8.6
Earnings per equity share			
Basic (₹)	47.03	43.29	8.6
Diluted (₹)	47.02	43.29	8.6

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In US \$ million, except share data

Particulars	Dec 31,		Growth % Q3 17 over Q3 16	Sep 30, 2016	Growth % Q3 17 over Q2 17
	2016	2015			
Revenues	2,551	2,407	6.0	2,587	(1.4)
Cost of sales	1,601	1,512	5.9	1,638	(2.3)
Gross Profit	950	895	6.1	949	0.1
Operating Expenses:					
<i>Selling and marketing expenses</i>	131	130	0.8	134	(2.2)
<i>Administrative expenses</i>	179	166	7.8	171	4.7
Total Operating Expenses	310	296	4.7	305	1.6
Operating Profit	640	599	6.8	644	(0.7)
Other Income, net	121	121	-	114	6.1
Share in associate's profit/(loss)	-	-	-	(1)	-
Profit before income taxes	761	720	5.7	757	0.5
Income tax expense	214	196	9.2	218	(1.8)
Net Profit	547	524	4.4	539	1.5
Earnings per equity share					
Basic (\$)	0.24	0.23	4.4	0.24	1.5
Diluted (\$)	0.24	0.23	4.4	0.24	1.5

Statement of Comprehensive Income for nine months ended,

(As per IFRS)

In US \$ million, except share data

Particulars	Dec 31,		Growth %
	2016	2015	
Revenues	7,639	7,055	8.3
Cost of sales	4,832	4,435	9.0
Gross Profit	2,807	2,620	7.1
Operating Expenses:			
<i>Selling and marketing expenses</i>	402	388	3.6
<i>Administrative expenses</i>	519	482	7.7
Total Operating Expenses	921	870	5.9
Operating Profit	1,886	1,750	7.7
Other Income, net	347	362	(4.1)
Share in associate's profit/(loss)	(1)	-	-
Profit before income taxes	2,232	2,112	5.7
Income tax expense	635	593	7.1
Net Profit	1,597	1,519	5.1
Earnings per equity share			
Basic (\$)	0.70	0.66	5.1
Diluted (\$)	0.70	0.66	5.1

Revenues by Client Geography

(In %)

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
North America	62.0	61.5	62.5	61.8	63.0
Europe	22.2	22.5	23.2	22.8	22.9
India	3.4	3.4	2.8	3.1	2.4
Rest of the world	12.4	12.6	11.5	12.3	11.7
Total	100.0	100.0	100.0	100.0	100.0

Revenues by Service Offering

(in %)

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Business IT Services	62.0	62.8	61.2	62.2	62.0
Application Development	15.5	15.6	14.1	14.8	14.1
Application Maintenance	17.0	18.1	19.1	18.6	19.6
Infrastructure Management Services	8.6	8.4	7.5	8.3	8.2
Testing Services	9.1	9.2	9.2	9.1	9.0
Product Engineering Services	3.9	3.7	3.4	3.6	3.4
Business Process Management	4.9	4.9	4.9	4.9	5.0
Others	3.0	2.9	3.0	2.9	2.7
Consulting, Package Implementation & Others	32.4	32.1	33.8	32.5	33.0
Products, Platforms and Others	5.6	5.1	5.0	5.3	5.0
Products	3.2	3.0	3.0	3.1	3.1
Platforms	1.9	1.7	1.6	1.8	1.4
Others	0.5	0.4	0.4	0.4	0.5
Total	100.0	100.0	100.0	100.0	100.0

Revenues by Project Type *

(in %)

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Fixed Price	49.5	47.1	44.6	46.9	43.7
Time & Materials	50.5	52.9	55.4	53.1	56.3
Total	100.0	100.0	100.0	100.0	100.0

* Excluding products

Revenues by Client Industry

(in %)

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Banking & Financial Services, Insurance	33.3	33.1	33.5	33.0	33.2
<i>Banking & financial services</i>	27.2	27.4	27.6	27.3	27.3
<i>Insurance</i>	6.1	5.7	5.9	5.7	5.9
Manufacturing & Hi-Tech	22.5	22.5	22.8	22.6	23.6
Retail & Life Sciences	23.5	23.5	24.3	23.9	24.2
<i>Retail & CPG</i>	14.6	14.9	14.7	15.0	15.0
<i>Transport & Logistics</i>	2.0	1.9	1.9	1.9	1.7
<i>Life Sciences</i>	4.6	4.5	5.8	4.8	5.6
<i>Healthcare</i>	2.3	2.2	1.9	2.2	1.9
Energy, Utilities, Communications & Services	20.7	20.9	19.4	20.5	19.0
<i>Energy & Utilities</i>	5.0	4.8	5.1	4.9	4.7
<i>Telecom</i>	9.1	9.4	8.0	9.2	8.1
<i>Others</i>	6.6	6.7	6.3	6.4	6.2
Total	100.0	100.0	100.0	100.0	100.0

Client Data

	Quarter ended			Year ended	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015
Number of Clients					
Active	1,152	1,136	1,045	1,092	950
Added during the period (gross)	77	78	75	325	221
Number of million dollar clients*					
1 Million dollar +	591	577	555	558	529
5 Million dollar +	275	277	261	268	244
10 Million dollar +	195	186	171	177	159
25 Million dollar +	90	89	89	88	83
50 Million dollar +	54	54	51	52	47
75 Million dollar +	32	30	28	31	29
100 Million dollar +	18	18	13	14	15
200 Million dollar +	6	6	6	6	4
300 Million dollar +	1	1	1	1	-
Client contribution to revenues					
Top client	3.1%	3.5%	3.5%	3.6%	3.3%
Top 5 clients	12.3%	13.1%	13.9%	13.8%	13.5%
Top 10 clients	20.1%	21.8%	22.6%	22.5%	22.7%
Repeat business	96.7%	97.5%	96.8%	97.1%	97.8%
Days Sales Outstanding	69	64	65	66	65

*LTM (Last twelve months) Revenues

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Effort					
Onsite	29.8	29.7	29.5	29.7	29.2
Offshore	70.2	70.3	70.5	70.3	70.8
Revenues					
Onsite	56.5	57.0	56.5	56.8	56.0
Offshore	43.5	43.0	43.5	43.2	44.0
Utilization					
Including trainees	77.8	77.7	74.2	76.7	74.6
Excluding trainees	81.9	82.5	80.6	81.3	80.2

Person Months Data - Consolidated IT Services

	Quarter ended			LTM	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Billed – Onsite	108,562	107,967	98,799	422,669	370,562
– Offshore	256,197	256,041	235,562	998,609	897,793
TOTAL	364,759	364,008	334,361	1,421,278	1,268,355
Non Billable	80,813	77,162	80,249	327,754	313,217
Trainee	22,976	27,408	35,797	104,595	119,529
Sales & Support	28,530	29,475	26,778	114,735	101,311
TOTAL	497,078	498,053	477,185	1,968,362	1,802,412

Effort and Revenues - Consolidated IT Services

	Quarter ended						LTM			
	Dec 31, 2016	Sequential growth %	Sep 30, 2016	Sequential growth %	Dec 31, 2015	Sequential growth %	Dec 31, 2016	Year on Year growth %	Dec 31, 2015	Year on Year growth %
Effort - (Person months)										
Onsite	108,562	0.6	107,967	3.1	98,799	4.4	422,669	14.1	370,562	14.6
Offshore	256,197	0.1	256,041	4.4	235,562	2.5	998,609	11.2	897,793	13.1
Total	364,759	0.2	364,008	4.0	334,361	3.1	1,421,278	12.1	1,268,355	13.6
Revenues – (\$ million)										
Onsite	1,299.39	(2.9)	1,338.48	4.3	1,233.00	1.3	5,169.82	10.7	4,670.07	9.4
Offshore	1,000.69	(0.7)	1,007.99	4.1	948.13	(0.4)	3,937.42	7.3	3,669.35	3.6
Total	2,300.08	(2.0)	2,346.46	4.2	2,181.13	0.5	9,107.24	9.2	8,339.42	6.8

Revenue per FTE

(In US \$ K)

	Quarter ended			Year Ended	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015
Revenue per FTE - Consolidated	51.2	51.0	50.5	50.7	52.3

Employee Metrics

(Nos.)

	Quarter ended			Year ended	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015
Total employees	1,99,763	1,99,829	1,93,383	1,94,044	1,76,187
S/W professionals	1,87,919	1,87,595	1,82,045	1,82,329	1,66,046
Billable	1,78,548	1,76,334	167,013	1,71,109	1,54,504
Banking product group	4,941	4,958	5,199	5,122	5,357
Trainees	4,430	6,303	9,833	6,098	6,185
Sales & Support	11,844	12,234	11,338	11,715	10,141
Gross addition	9,120	12,717	14,027	52,545	53,386
Of which lateral addition	4,000	5,752	6,115	24,719	23,156
Attrition	9,186	9,938	8,620	34,688	37,604
Net addition	(66)	2,779	5,407	17,857	15,782
Attrition % (Annualized Standalone)	14.9%	15.7%	13.4%	13.6%	18.9%
Attrition % (Annualized Consolidated)	18.4%	20.0%	18.1%	18.7%	22.3%

Infrastructure (as on Dec 31, 2016)

	Completed		Work in progress		Land acquired during the Quarter (acres)
	Built-up area (Sq. Ft.)	No. of seats	Built-up area (Sq. Ft.)	No. of seats	
Bengaluru	5,713,546	39,654	2,314,412	12,165	3.0
Pune	7,338,366	42,403	360,000	-	-
Chennai	4,276,536	25,255	58,756	752	4.0
Hyderabad	5,082,180	26,145	1,378,956	11,120	-
Bhubaneswar	1,266,732	6,252	663,474	2,472	-
Mangaluru	1,945,636	6,891	604,000	4,800	-
Mysuru (including ILI)*	11,585,593	15,751	834,203	4,439	-
Chandigarh	1,193,052	6,615	-	-	-
Trivandrum	1,989,655	7,068	750,000	6,995	-
Delhi/ NCR	151,104	1,330	169,604	1,200	-
Jaipur	778,245	6,948	-	-	-
Nagpur	-	-	404,430	3,200	-
Indore	-	-	369,430	3,200	-
Mohali	-	-	19,430	200	-
Huballi	-	-	394,852	3,161	-
Global centers	2,289,385	24,157	656,846	265	-
Total	43,610,030	208,469	8,978,393	53,969	7.0

*Infosys Leadership Institute

Rupee Dollar Rate (₹)

	Quarter ended			Year ended	
	Dec 31, 2016	Sep 30, 2016	Dec 31, 2015	Mar 31, 2016	Mar 31, 2015
Period closing rate	67.93	66.62	66.16	66.26	62.50
Period average rate	67.70	66.91	66.05	65.69	61.18

Constant Currency Reporting

Reported revenues	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Revenues (\$ mn)	2,551	2,587	2,501	2,446	2,407
Sequential growth (%)	(1.4)	3.5	2.2	1.6	0.6
YoY growth (%)	6.0	8.2	10.9	13.3	8.5

Constant currency – Q o Q	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Revenues (\$ mn)	2,579	2,599	2,489	2,452	2,418
Sequential growth (%)	(0.3)	3.9	1.7	1.9	1.1

Constant currency – Y o Y	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Revenues (\$ mn)	2,582	2,605	2,529	2,484	2,495
YoY growth (%)	7.3	8.9	12.1	15.0	12.5

Notes:

Basis of computation

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

Average rate of USD	Q3 17	Q2 17	Q1 17	FY 16	Q4 16	Q3 16
AUD	0.74	0.76	0.74	0.73	0.73	0.72
EURO	1.07	1.12	1.12	1.10	1.10	1.09
GBP	1.23	1.31	1.43	1.51	1.42	1.51

3. Proportion of revenues from major global currencies:

Revenue by currency (%)	Q3 17	Q2 17	Q1 17	FY 16	Q4 16	Q3 16
AUD	7.1	7.5	7.3	6.9	6.9	6.6
EURO	10.0	9.6	9.4	9.3	9.6	9.4
GBP	5.1	6.0	6.6	6.6	6.7	6.7

Q3 2017

Geographical segment – growth

North America declined by 0.6%; both sequentially and in constant currency

Europe declined by 2.5% sequentially; and grew by 1.0% in constant currency

India declined by 1.0% sequentially; and 0.1% in constant currency

Rest of the world declined by 3.2% sequentially; and 1.5% in constant currency

Industry segment – growth

FSI declined by 0.8% sequentially; and grew by 0.2% in constant currency

MFG & Hi-Tech declined by 1.5% sequentially; and 0.5% in constant currency

RCL declined by 1.5% sequentially; and 0.4% in constant currency

ECS declined by 2.1% sequentially; and 0.8% in constant currency

Infosys Limited and Subsidiaries
Unaudited Condensed Consolidated Balance Sheets as of
(Dollars in millions except equity share)

	Note	December 31, 2016	March 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,844	4,935
Current investments	2.2	643	11
Trade receivables		1,905	1,710
Unbilled revenue		502	457
Prepayments and other current assets	2.4	803	672
Derivative financial instruments	2.3	15	17
Total current assets		7,712	7,802
Non-current assets			
Property, plant and equipment	2.7	1,680	1,589
Goodwill	2.8	554	568
Intangible assets		127	149
Investment in associate		15	16
Non-current investments	2.2	796	273
Deferred income tax assets		90	81
Income tax assets		785	789
Other non-current assets	2.4	111	111
Total Non-current assets		4,158	3,576
Total assets		11,870	11,378
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		49	58
Derivative financial instruments	2.3	1	1
Current income tax liabilities		571	515
Client deposits		4	4
Unearned revenue		268	201
Employee benefit obligations		210	202
Provisions	2.6	61	77
Other current liabilities	2.5	1,004	940
Total current liabilities		2,168	1,998
Non-current liabilities			
Deferred income tax liabilities		32	39
Other non-current liabilities	2.5	26	17
Total liabilities		2,226	2,054
Equity			
Share capital - ₹5/- (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,651,730 (2,285,621,088) net of 11,292,934 (11,323,576) treasury shares, as of December 31, 2016 (March 31, 2016), respectively		199	199
Share premium		580	570
Retained earnings		11,647	11,083
Cash flow hedge reserve		4	-
Other reserves		-	-
Other components of equity		(2,786)	(2,528)
Total equity attributable to equity holders of the company		9,644	9,324
Non-controlling interests		-	-
Total equity		9,644	9,324
Total liabilities and equity		11,870	11,378

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

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

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Infosys Limited and Subsidiaries
Unaudited Condensed Consolidated Statements of Comprehensive Income
(Dollars in millions except equity share and per equity share data)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2016	2015	2016	2015
Revenues		2,551	2,407	7,639	7,055
Cost of sales	2.15	1,601	1,512	4,832	4,435
Gross profit		950	895	2,807	2,620
Operating expenses:					
Selling and marketing expenses	2.15	131	130	402	388
Administrative expenses	2.15	179	166	519	482
Total operating expenses		310	296	921	870
Operating profit		640	599	1,886	1,750
Other income, net		121	121	347	362
Share in associate's profit / (loss)		-	-	(1)	-
Profit before income taxes		761	720	2,232	2,112
Income tax expense	2.11	214	196	635	593
Net profit		547	524	1,597	1,519
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Re-measurements of the net defined benefit liability/asset		(1)	1	(10)	(1)
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9	2.2	-	-	(5)	-
Equity instruments through other comprehensive income		-	-	-	-
		(1)	1	(15)	(1)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Fair valuation of investments	2.2	-	1	-	3
Fair value changes on derivatives designated as cash flow hedge, net		4	-	4	-
Exchange differences on translation of foreign operations		(189)	(69)	(243)	(448)
		(185)	(68)	(239)	(445)
Total other comprehensive income, net of tax		(186)	(67)	(254)	(446)
Total comprehensive income		361	457	1,343	1,073
Profit attributable to:					
Owners of the company		547	524	1,597	1,519
Non-controlling interests		-	-	-	-
		547	524	1,597	1,519
Total comprehensive income attributable to:					
Owners of the company		361	457	1,343	1,073
Non-controlling interests		-	-	-	-
		361	457	1,343	1,073
Earnings per equity share					
Basic (\$)		0.24	0.23	0.70	0.66
Diluted (\$)		0.24	0.23	0.70	0.66
Weighted average equity shares used in computing earnings per equity share	2.12				
Basic		2,285,651,730	2,285,619,380	2,285,638,678	2,285,614,573
Diluted		2,286,229,042	2,285,732,052	2,286,076,462	2,285,715,960

The accompanying notes form an integral part of the unaudited condensed consolidated interim financial statements.
for and on behalf of the Board of Directors of Infosys Limited

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and Whole-time Director

Bangalore
January 13, 2017

Roopa Kudva
Director

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Chief Financial Officer

A.G.S Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statements of Changes in Equity

(Dollars in millions except equity share data)

	Shares ⁽²⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽³⁾	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the company
Balance as of April 1, 2015	1,142,805,132	109	659	10,090	-	-	(2,096)	8,762
Changes in equity for the nine months ended December 31, 2015								
Shares issued on exercise of employee stock options	9,116	-	-	-	-	-	-	-
Increase in share capital on account of bonus issue ⁽¹⁾ (Refer Note 2.17)	1,142,805,132	90	-	-	-	-	-	90
Amount utilized for bonus issue ⁽¹⁾ (Refer Note 2.17)	-	-	(90)	-	-	-	-	(90)
Transfer to other reserves	-	-	-	(60)	60	-	-	-
Transfer from other reserves on utilization	-	-	-	60	(60)	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	1	-	-	-	-	1
Fair value of investments (Refer note 2.2)	-	-	-	-	-	-	3	3
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(1)	(1)
Dividends (including corporate dividend tax)	-	-	-	(1,059)	-	-	-	(1,059)
Net profit	-	-	-	1,519	-	-	-	1,519
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(448)	(448)
Balance as of December 31, 2015	2,285,619,380	199	570	10,550	-	-	(2,542)	8,777
Balance as of April 1, 2016	2,285,621,088	199	570	11,083	-	-	(2,528)	9,324
Changes in equity for the nine months ended December 31, 2016								
Cumulative impact of Reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 (Refer note 2.2)	-	-	-	-	-	-	(5)	(5)
Shares issued on exercise of employee stock options (refer to note 2.10)	30,642	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(122)	122	-	-	-
Transfer from other reserves on utilization	-	-	-	122	(122)	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	10	-	-	-	-	10
Fair value changes on derivatives designated as cash flow hedge, net (Refer note 2.3)	-	-	-	-	-	4	-	4
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(10)	(10)
Dividends (including corporate dividend tax)	-	-	-	(1,033)	-	-	-	(1,033)
Net profit	-	-	-	1,597	-	-	-	1,597
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(243)	(243)
Balance as of December 31, 2016	2,285,651,730	199	580	11,647	-	4	(2,786)	9,644

⁽¹⁾ net of treasury shares

⁽²⁾ excludes treasury shares of 11,292,934 as of December 31, 2016, 11,323,576 as of April 1, 2016, 11,325,284 as of December 31, 2015 and 5,667,200 as of April 1, 2015, held by consolidated trust.

⁽³⁾ Represents the Special Economic Zone Re-investment reserve created out of the profit of the eligible SEZ unit in terms of the provisions of Sec 10AA(1)(ii) of Income Tax Act, 1961. The reserve should be utilized by the Company for acquiring new plant and machinery for the purpose of its business in terms of the provisions of the Sec 10AA(2) of the Income Tax Act, 1961.

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

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

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A.G.S Manikantha
Company Secretary

Bangalore
January 13, 2017

Unaudited Condensed Consolidated Statements of Cash Flows

(Dollars in millions)

	Note	Nine months ended December 31,	
		2016	2015
Operating activities:			
Net Profit		1,597	1,519
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortisation	2.15	187	160
Income on investments		(23)	(21)
Income tax expense	2.11	635	593
Effect of exchange rate changes on assets and liabilities		6	9
Deferred consideration pertaining to acquisition		-	23
Impairment loss on financial assets		11	(3)
Other adjustments		24	23
Changes in Working Capital			
Trade receivables and unbilled revenue		(308)	(178)
Prepayments and other assets		(137)	(295)
Trade payables		(8)	(2)
Client deposits		-	1
Unearned revenue		73	52
Other liabilities and provisions		93	93
Cash generated from operations		2,150	1,974
Income taxes paid		(598)	(674)
Net cash provided by operating activities		1,552	1,300
Investing activities:			
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors		(311)	(298)
Loans to employees		8	(7)
Deposits placed with corporation		(22)	(7)
Income on investments		20	23
Payment for acquisition of business, net of cash acquired	2.9	-	(117)
Payment of contingent consideration pertaining to acquisition of business		(5)	-
Investment in preference securities		(8)	(8)
Investment in others		(3)	(3)
Investment in quoted debt securities		(536)	(37)
Redemption of quoted debt securities		1	-
Investment in mutual fund units		(5,541)	(2,993)
Redemption of mutual fund units		4,911	3,055
Redemption of fixed maturity plan securities		-	5
Net cash used in investing activities		(1,486)	(387)
Financing activities:			
Payment of dividend (includes corporate dividend tax)		(1,032)	(1,059)
Net cash used in financing activities		(1,032)	(1,059)
Effect of exchange rate changes on cash and cash equivalents		(125)	(258)
Net (decrease) in cash and cash equivalents		(966)	(146)
Cash and cash equivalents at the beginning of the period	2.1	4,935	4,859
Cash and cash equivalents at the end of the period	2.1	3,844	4,455
Supplementary information:			
Restricted cash balance	2.1	76	66

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

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

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

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

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

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

The Group's unaudited condensed consolidated interim financial statements are authorized for issue by the company's Board of Directors on January 13, 2017.

1.2 Basis of preparation of financial statements

These condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) and in accordance with IAS 34, Interim Financial Reporting, under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2016. Accounting policies have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements.

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

1.3 Basis of consolidation

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

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

Associates are entities over which the group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the acquisition date. The group's investment in associates includes goodwill identified on acquisition.

1.4 Use of estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated interim financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

The company's two major tax jurisdictions are India and the U.S., though the company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions (also refer to note 2.11).

c. Business combinations and intangible assets

Business combinations are accounted for using IFRS 3 (Revised), Business Combinations. IFRS 3 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

d. Property, plant and equipment

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

e. Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefitting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

1.6 Revenue recognition

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

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

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

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

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

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

The company presents revenues net of value-added taxes in its statement of comprehensive income.

1.7 Property, plant and equipment

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

Building	22-25 years
Plant and machinery	5 years
Computer equipment	3-5 years
Furniture and fixtures	5 years
Vehicles	5 years

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

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

1.8 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of IFRS 3 (Revised), Business Combinations.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations between entities under common control is outside the scope of IFRS 3 (Revised), Business Combinations and is accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.9 Financial instruments

Effective April 1, 2016, the group has elected to early adopt IFRS 9 - Financial Instruments considering April 1, 2015 as the date of initial application of the standard even though the stipulated effective date for adoption is April 1, 2018.

As per IFRS 9, the group has classified its financial assets into the following categories based on the business model for managing those assets and the contractual cash flow characteristics:

- Financial assets carried at amortised cost
- Financial assets fair valued through other comprehensive income
- Financial assets fair valued through profit and loss

The adoption of IFRS 9 did not have any other material impact on the consolidated financial statements, hence prior period figures have not been restated. The impact on account of adoption of IFRS 9 is given in Note 2.2.

1.9.1 Initial recognition

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

1.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

Although the group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

When any entity within the Group purchases the company's ordinary shares, the consideration paid including any directly attributable incremental cost is presented as a deduction from total equity, until they are cancelled, sold or reissued. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/ from share premium.

1.9.3 Derecognition of financial instruments

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the group's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.10 Fair value of financial instruments

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

For all other financial instruments the carrying amounts approximate the fair value due to the short maturity of those instruments.

1.11 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that goodwill may be impaired, relying on a number of factors including operating results, business plans and future cash flows. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash generating units (CGU) or groups of CGU's expected to benefit from the synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the CGU.

Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill is recognized in net profit in the statement of comprehensive income and is not reversed in the subsequent period.

(ii) Intangible assets and property, plant and equipment

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

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

1.12 Employee benefits

1.12.1 Gratuity

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

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

The Group recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/asset are recognized in other comprehensive income and are not reclassified to profit or loss in the subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of comprehensive income.

1.12.2 Superannuation

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

1.12.3 Provident fund

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

In respect of Indian subsidiaries, eligible employees receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the respective companies make monthly contributions to this provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions.

1.12.4 Compensated absences

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

1.13 Share - based compensation

The Group recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with IFRS 2, Share-Based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share premium.

1.14 Earnings per equity share

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

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

1.15 Recent accounting pronouncements

1.15.1 Standards issued but not yet effective

IFRS 15 Revenue from Contract with Customers: In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits the use of either the retrospective or cumulative effect transition method. The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2017, though early adoption is permitted. In September 2015, the IASB issued an amendment to IFRS 15, deferring the adoption of the standard to periods beginning on or after January 1, 2018 instead of January 1, 2017.

The Group is evaluating the effect of IFRS 15 on the consolidated financial statements including the transition method to be adopted and the related disclosures. The group continues to evaluate the effect of the standard on ongoing financial reporting.

IFRS 16 Leases : On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of comprehensive income. The Standard also contains enhanced disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The effective date for adoption of IFRS 16 is annual periods beginning on or after January 1, 2019, though early adoption is permitted for companies applying IFRS 15 Revenue from Contracts with Customers. The Group is yet to evaluate the requirements of IFRS 16 and the impact on the consolidated financial statements.

IFRIC 22, Foreign currency transactions and Advance consideration: On December 8, 2016, the IFRS interpretations committee of the International Accounting Standards Board (IASB) issued IFRS interpretation, IFRIC 22, Foreign currency transactions and Advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of IFRIC 22 is annual reporting periods beginning on or after January 1, 2018, though early adoption is permitted. The Group is yet to evaluate the requirements of IFRIC 22 and the impact on the consolidated financial statements.

2. Notes to the Unaudited Condensed Consolidated Interim Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Cash and bank deposits	3,077	4,139
Deposits with financial institutions	767	796
	3,844	4,935

Cash and cash equivalents as of December 31, 2016 and March 31, 2016 include restricted cash and bank balances of \$76 million and \$74 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents :

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Current accounts		
ANZ Bank, Taiwan	3	2
Banamex Bank, Mexico	1	1
Banamex Bank, Mexico (U.S. Dollar account)	1	-
Bank of America, Mexico	6	3
Bank of America, USA	133	103
Bank Zachodni WBK S.A., Poland	3	1
Barclays Bank, UK	1	3
Bank Leumi, Israel (US Dollar account)	-	3
Bank Leumi, Israel	2	2
China Merchants Bank, China	-	1
China Merchants Bank, China (U.S. Dollar account)	2	-
Citibank N.A., China	6	10
Citibank N.A., China (U.S. Dollar account)	6	11
Citibank N.A., Australia	9	11
Citibank N.A., Brazil	3	1
Citibank N.A., Japan	5	2
Citibank N.A., New Zealand	1	1
Citibank N.A., South Africa	1	1
CitiBank N.A., USA	15	9
Commerzbank, Germany	8	3
Crédit Industriel et Commercial Bank, France	-	1
Deutsche Bank, India	1	1
Deutsche Bank, Philippines	1	2
Deutsche Bank, Poland	2	1
Deutsche Bank, EEFC (Euro account)	5	5
Deutsche Bank, EEFC (Swiss Franc account)	-	1
Deutsche Bank, EEFC (U.S. Dollar account)	13	15
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	1	1
Deutsche Bank, Belgium	2	9
Deutsche Bank, Malaysia	2	1
Deutsche Bank, Czech Republic	3	2
Deutsche Bank, Czech Republic (Euro account)	1	-
Deutsche Bank, Czech Republic (U.S. Dollar account)	5	4
Deutsche Bank, France	1	2
Deutsche Bank, Germany	2	3
Deutsche Bank, Netherlands	1	1
Deutsche Bank, Russia	1	-
Deutsche Bank, Singapore	1	1
Deutsche Bank, Switzerland	1	-
Deutsche Bank, United Kingdom	6	26
Deutsche Bank, USA	1	-
HSBC Bank, Brazil	-	1
ICICI Bank, India	12	11
ICICI Bank, EEFC (Euro account)	1	-
ICICI Bank, EEFC (U.S. Dollar account)	4	2
ICICI Bank - Unpaid dividend account	2	-
Nordbanken, Sweden	5	2
Punjab National Bank, India	1	1
Raiffeisen Bank, Czech Republic	1	1
Raiffeisen Bank, Romania	1	1

Royal Bank of Canada, Canada	7	12
Santander Bank, Argentina	1	-
State Bank of India, India	2	1
Silicon Valley Bank, USA	1	1
Silicon Valley Bank, (Euro account)	3	10
Silicon Valley Bank, (United Kingdom Pound Sterling account)	-	3
Union Bank of Switzerland AG	-	2
Union Bank of Switzerland AG, (Euro account)	-	2
Union Bank of Switzerland AG, (U.S. Dollar account)	-	4
Union Bank of Switzerland AG, (United Kingdom Pound Sterling account)	-	1
Wells Fargo Bank N.A., USA	5	3
Westpac, Australia	-	1
	302	303
Deposit accounts		
Andhra Bank	9	143
Axis Bank	239	202
Bank BGZ BNP Paribas S.A	26	-
Bank of India	-	11
Canara Bank	338	339
Central Bank of India	223	232
Citibank	22	19
Corporation Bank	15	194
Deutsche Bank, Poland	8	36
HDFC Bank	72	400
ICICI Bank	401	634
IDBI Bank	280	287
Indian Overseas Bank	184	189
Indusind Bank	28	38
Jammu & Kashmir Bank	4	4
Kotak Mahindra Bank Limited	55	81
Oriental Bank of Commerce	275	297
Punjab National Bank	-	3
South Indian Bank	15	3
State Bank of India	346	357
Syndicate Bank	118	191
Union Bank of India	-	21
Vijaya Bank	45	46
Yes Bank	72	109
	2,775	3,836
Deposits with financial institutions		
HDFC Limited, India	763	796
Bajaj Finance Limited, India	4	-
	767	796
Total	3,844	4,935

2.2 Investments

The carrying value of investments are as follows:

(Dollars in millions)		
	As of	
	December 31, 2016	March 31, 2016
(i) Current		
Amortised cost		
Quoted debt securities:		
Cost	1	1
Fair value through profit and loss		
Mutual funds		
Fair value	642	10
	643	11
(ii) Non-current		
Amortised cost		
Quoted debt securities:		
Cost	235	256
Fair value through Other comprehensive income		
Quoted debt securities:		
Fair value	533	-
Fair value through profit and loss		
Unquoted convertible promissory note		
Fair value	1	-
Fair value through Other comprehensive income		
Unquoted equity and preference securities:		
Fair value	22	14
Others:		
Fair value	5	3
	796	273
Total investments	1,439	284
Investment carried at amortized cost	236	257
Investments carried at fair value through other comprehensive income	560	17
Investments carried at fair value through profit and loss	643	10

Liquid Mutual fund:

The cost and fair value of liquid mutual funds as of December 31, 2016 was \$641 million and \$642 million, respectively and as of March 31, 2016 was \$10 million. The fair value is based on quoted prices.

Quoted debt securities carried at amortised cost:

Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organisations. The fair value of quoted debt securities (including interest accrued) as on December 31, 2016 and March 31, 2016 was \$272 million and \$257 million, respectively. The fair value is based on the quoted prices and market observable inputs.

Quoted debt securities fair valued through other comprehensive income:

Investments in quoted debt securities represents investments made in non-convertible debentures issued by government aided institutions. The fair value of non-convertible debentures (including interest accrued) as of December 31, 2016 is \$533 million. The fair value is based on the quoted prices and market observable inputs.

Impact on account of adoption of IFRS 9

Certain investments which were earlier carried at fair value through other comprehensive income under IAS 39, Financial Instruments: Recognition and measurement are now carried at amortised cost under IFRS 9, where the business model is to hold the asset, in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount. The impact of such change in measurement did not have a material impact on the financial statements. Hence, the company has not restated the prior period figures and the cumulative impact has been recorded in other comprehensive income for the nine months ended December 31, 2016.

Accordingly, for the nine months ended December 31, 2016, the company has recorded, in its other comprehensive income, a reversal of unrealised gain, net of taxes, of \$5 million (recorded on quoted debt securities as on April, 1, 2016), with a corresponding change in investment and deferred taxes.

Further, under IFRS 9, the impairment of financial assets is measured under the 'Expected Credit Loss' (ECL) model, which uses a dual measurement approach, under which the loss allowance is measured as either twelve month expected credit losses or lifetime expected credit losses. The change in the impairment model did not have a material impact on the financial statements.

Details showing the changes in the classification and the corresponding differences on transition, in carrying value as of April 1, 2016:

Instrument	As per IAS 39		As per IFRS 9	
	Category	Carrying value	Category	Carrying value
(i) Current				
Liquid mutual funds	Available for sale financial assets ⁽¹⁾	10	Fair value through profit or loss	10
Quoted debt securities:	Available for sale financial assets ⁽¹⁾	1	Amortized cost	1
Total		11		11
(ii) Non current				
Quoted debt securities:	Available for sale financial assets ⁽¹⁾	256	Amortized cost	241
Unquoted equity and preference securities	Available for sale financial assets ⁽¹⁾	17	Fair value through other comprehensive income	17
Total		273		258
Total investments		284		269

⁽¹⁾ Fair value changes through other comprehensive income

Details showing the changes in the classification and the corresponding differences on transition, in carrying value as of April 1, 2015:

Instrument	As per IAS 39		As per IFRS 9	
	Category	Carrying value	Category	Carrying value
(i) Current				
Liquid mutual funds	Available for sale financial assets ⁽¹⁾	135	Fair value through profit or loss	135
Fixed maturity plan securities:	Available for sale financial assets ⁽¹⁾	5	Fair value through profit or loss	5
Total		140		140
(ii) Non current				
Quoted debt securities:	Available for sale financial assets ⁽¹⁾	215	Amortized cost	208
Unquoted equity and preference securities	Available for sale financial assets ⁽¹⁾	-	Fair value through other comprehensive income	-
Total		215		208
Total investments		355		348

⁽¹⁾ Fair value changes through other comprehensive income

2.3 Financial instruments

Financial instruments by category

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

							(Dollars in millions)
	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	3,844	-	-	-	-	3,844	3,844
Investments (Refer Note 2.2)							
Liquid mutual funds	-	-	642	-	-	642	642
Quoted debt securities	236	-	-	-	533	769	805 ⁽¹⁾
Unquoted equity and preference securities:	-	-	-	22	-	22	22
Unquoted investments others	-	-	-	5	-	5	5
Unquoted convertible promissory note:	-	-	1	-	-	1	1
Trade receivables	1,905	-	-	-	-	1,905	1,905
Unbilled revenue	502	-	-	-	-	502	502
Prepayments and other assets (Refer to Note 2.4)	500	-	-	-	-	500	500
Derivative financial instruments	-	-	9	-	6	15	15
Total	6,987	-	652	27	539	8,205	
Liabilities:							
Trade payables	49	-	-	-	-	49	49
Derivative financial instruments	-	-	1	-	-	1	1
Client deposits	4	-	-	-	-	4	4
Other liabilities including contingent consideration (Refer note 2.5)	797	-	13	-	-	810	810
Total	850	-	14	-	-	864	

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

							(Dollars in millions)
	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	4,935	-	-	-	-	4,935	4,935
Investments (Refer Note 2.2)							
Liquid mutual funds	-	-	10	-	-	10	10
Quoted debt securities	257	-	-	-	-	257	257 ⁽¹⁾
Unquoted equity and preference securities:	-	-	-	17	-	17	17
Trade receivables	1,710	-	-	-	-	1,710	1,710
Unbilled revenue	457	-	-	-	-	457	457
Prepayments and other assets (Refer to Note 2.4)	393	-	-	-	-	393	393
Derivative financial instruments	-	-	17	-	-	17	17
Total	7,752	-	27	17	-	7,796	
Liabilities:							
Trade payables	58	-	-	-	-	58	58
Derivative financial instruments	-	-	1	-	-	1	1
Client deposits	4	-	-	-	-	4	4
Other liabilities including contingent consideration (Refer note 2.5)	737	-	17	-	-	754	754
Total	799	-	18	-	-	817	

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

Fair value hierarchy

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

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

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

Fair value hierarchy of assets and liabilities as of December 31, 2016:

					(Dollars in millions)
	As of December 31, 2016	Fair value measurement at end of the reporting period / year using			
		Level 1	Level 2	Level 3	
Assets					
Investments in liquid mutual fund units (Refer to Note 2.2)	642	642	-	-	
Investments in quoted debt securities (Refer to Note 2.2)	805	523	282	-	
Investments in equity and preference securities (Refer to Note 2.2)	22	-	-	22	
Investments in convertible promissory note (Refer to Note 2.2)	1	-	-	1	
Others (Refer Note 2.2)	5	-	-	5	
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	15	-	15	-	
Liabilities					
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	1	-	1	-	
Liability towards contingent consideration (Refer note 2.5)*	13	-	-	13	

During the nine months ended December 31, 2016, quoted debt securities of \$17 million were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs.

*Discounted \$14 million at 14.2%.

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

Fair value hierarchy of assets and liabilities as of March 31, 2016:

(Dollars in millions)

	As of March 31, 2016	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	10	10	-	-
Investments in quoted debt securities (Refer to Note 2.2)	257	57	200	-
Investments in equity and preference securities (Refer to Note 2.2)	14	-	-	14
Others (Refer Note 2.2)	3	-	-	3
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	17	-	17	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	1	-	1	-
Liability towards contingent consideration (Refer note 2.5)	17	-	-	17

*Discounted \$20 million at 13.7%.

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

The movement in contingent consideration as of December 31, 2016 from March 31, 2016 is on account of settlement of contingent consideration of \$6 million and change in discount rates and passage of time.

Income from financial assets or liabilities is as follows:

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Interest income on financial assets carried at amortized cost	92	100	285	307
Interest income on financial assets fair valued through other comprehensive income	4	-	4	-
Dividend income on investments carried at fair value through profit or loss	-	2	4	9
Gain / (loss) on investments carried at fair value through profit or loss	5	-	8	-
	101	102	301	316

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyses foreign currency risk from financial instruments as of December 31, 2016:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	191	22	9	25	95	342
Trade receivables	1,309	220	94	92	111	1,826
Unbilled revenue	328	55	49	20	41	493
Other assets	46	12	4	3	12	77
Trade payables	(8)	(5)	(5)	(1)	(23)	(42)
Client deposits	(2)	(1)	-	-	(1)	(4)
Accrued expenses	(128)	(30)	(21)	(5)	(31)	(215)
Employee benefit obligation	(85)	(11)	(6)	(25)	(20)	(147)
Other liabilities	(145)	(17)	(5)	(3)	(39)	(209)
Net assets / (liabilities)	1,506	245	119	106	145	2,121

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

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	170	25	30	26	91	342
Trade receivables	1,141	193	109	90	105	1,638
Unbilled revenue	282	56	29	17	38	422
Other assets	14	6	4	2	12	38
Trade payables	(19)	(11)	(11)	(1)	(11)	(53)
Client deposits	(3)	-	-	-	(1)	(4)
Accrued expenses	(119)	(23)	(18)	(5)	(33)	(198)
Employee benefit obligation	(87)	(12)	(7)	(25)	(19)	(150)
Other liabilities	(159)	(20)	(5)	(6)	(32)	(222)
Net assets / (liabilities)	1,220	214	131	98	150	1,813

For the three months ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's incremental operating margins by approximately 0.50% and 0.49%, respectively.

For each of the nine months ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.50% .

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

Derivative financial instruments

The Group's holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The following table gives details in respect of outstanding foreign exchange forward and options contracts:

	(In millions)	
	As of	
	December 31, 2016	March 31, 2016
Derivatives designated as cash flow hedges		
Forward contracts		
In Euro	65	-
In Australian dollars	35	-
Option Contracts		
In Euro	40	-
In United Kingdom Pound Sterling	25	-
In Australian dollars	95	-
Other derivatives		
Forward contracts		
In U.S. dollars	496	510
In Euro	119	100
In United Kingdom Pound Sterling	75	65
In Australian dollars	45	55
In Swiss Franc	15	25
In Singapore dollars	10	-
Options contracts		
In U.S. dollars	165	125
In Euro	45	-

The Group recognized a net gain of \$12 million on derivative financial instruments not designated as cash flow hedges for the three months ended December 31, 2016 and a net gain of \$10 million for the three months ended December 31, 2015, which is included under other income.

The Group recognized a net gain of \$45 million on derivative financial instruments not designated as cash flow hedges for the nine months ended December 31, 2016 and a net loss of \$5 million for the nine months ended December 31, 2015, which is included under other income.

The foreign exchange forward and option contracts mature within 12 months. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Not later than one month	337	238
Later than one month and not later than three months	558	516
Later than three months and not later than one year	321	157
	1,216	911

During the nine months ended December 31, 2016, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of profit or loss within 3 months.

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

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

The following table provides the reconciliation of cash flow hedge reserve for the three months and nine months ended December 31, 2016:

	(Dollars in millions)	
	Three months ended December 31, 2016	Nine months ended December 31, 2016
Gain / (Loss)		
Balance at the beginning of the period	-	-
Gain / (Loss) recognised in other comprehensive income during the period	8	8
Amount reclassified to profit or loss for the period	(2)	(2)
Tax impact on above	(2)	(2)
Balance at the end of the period	4	4

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

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

	(Dollars in millions)			
	As of			
	December 31, 2016		March 31, 2016	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	16	(2)	18	(2)
Amount set off	(1)	1	(1)	1
Net amount presented in balance sheet	15	(1)	17	(1)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to \$1,905 million and \$1,710 million as of December 31, 2016 and March 31, 2016, respectively and unbilled revenue amounting to \$502 million and \$457 million as of December 31, 2016 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

	(In %)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Revenue from top customer	3.1	3.5	3.4	3.6
Revenue from top five customers	12.3	13.9	12.8	14.0

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended December 31, 2016 was \$5 million. The reversal of allowance for lifetime expected credit loss on customer balances for the three months ended December 31, 2015 was \$5 million. The allowance for lifetime expected credit loss on customer balances for the nine months ended December 31, 2016 was \$11 million. The reversal of allowance for lifetime expected credit loss on customer balances for the nine months ended December 31, 2015 was \$3 million.

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,		Year ended March 31,
	2016	2015	2016	2015	2016
Balance at the beginning	49	58	44	59	59
Translation differences	(1)	(1)	(2)	(4)	(3)
Impairment loss recognized/(reversed)	5	(5)	11	(3)	(7)
Write offs	-	(3)	-	(3)	(5)
Balance at the end	53	49	53	49	44

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

(Dollars in millions except otherwise stated)

	As of	
	December 31, 2016	March 31, 2016
Trade receivables	1,905	1,710
Unbilled revenues	502	457
Days Sales Outstanding- DSO (days)	69	66

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units, quoted bonds issued by government and quasi government organizations and non convertible debentures.

Liquidity risk

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

As of December 31, 2016, the Group had a working capital of \$5,544 million including cash and cash equivalents of \$3,844 million and current investments of \$643 million. As of March 31, 2016, the Group had a working capital of \$5,804 million including cash and cash equivalents of \$4,935 million and current investments of \$11 million.

As of December 31, 2016 and March 31, 2016, the outstanding employee benefit obligations were \$210 million and \$202 million, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

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

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	49	-	-	-	49
Client deposits	4	-	-	-	4
Other liabilities (excluding liability towards contingent consideration - Refer Note 2.5)	790	7	-	-	797
Liability towards contingent consideration on an undiscounted basis -Refer Note 2.5	7	7	-	-	14

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

(Dollars in millions)

Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	58	-	-	-	58
Client deposits	4	-	-	-	4
Other liabilities (excluding liability towards acquisition - Refer Note 2.5)	732	4	1	-	737
Liability towards acquisitions on an undiscounted basis (Refer Note 2.5)	13	7	-	-	20

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)

	As of	
	December 31, 2016	March 31, 2016
Current		
Rental deposits	3	2
Security deposits	1	1
Loans to employees	35	46
Prepaid expenses ⁽¹⁾	63	30
Interest accrued and not due	200	106
Withholding taxes and others ⁽¹⁾	265	272
Advance payments to vendors for supply of goods ⁽¹⁾	14	17
Deposit with corporations	205	187
Deferred contract cost ⁽¹⁾	11	7
Other assets	6	4
	803	672
Non-current		
Loans to employees	4	4
Security deposits	12	12
Deposit with corporations	8	9
Prepaid gratuity ⁽¹⁾	3	1
Prepaid expenses ⁽¹⁾	14	13
Deferred contract cost ⁽¹⁾	44	50
Rental Deposits	26	22
	111	111
	914	783
Financial assets in prepayments and other assets	500	393

⁽¹⁾ Non financial assets

Withholding taxes and others primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverable. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront costs incurred for the contract and are amortised over the term of the contract.

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

2.5 Other liabilities

Other liabilities comprise the following:

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Current		
Accrued compensation to employees	329	342
Accrued expenses	401	331
Withholding taxes and others ⁽¹⁾	207	196
Retainage	23	12
Liabilities of controlled trusts	21	25
Liability towards contingent consideration (Refer note 2.9)	7	12
Others	16	22
	1,004	940
Non-Current		
Liability towards contingent consideration (Refer note 2.9)	6	5
Accrued compensation to employees	7	5
Deferred income - government grant on land use rights ⁽²⁾	6	7
Deferred income ⁽¹⁾	7	-
	26	17
	1,030	957
Financial liabilities included in other liabilities	810	754
Contingent consideration on undiscounted basis	14	20

⁽¹⁾ Non financial liabilities

Accrued expenses primarily relate to cost of technical sub-contractors, telecommunication charges, legal and professional charges, brand building expenses, overseas travel expenses and office maintenance. Others include unpaid dividend balances and capital creditors.

2.6 Provisions

Provisions comprise the following:

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Provision for post sales client support and other provisions	61	77
	61	77

Provision for post sales client support and other provisions represents costs associated with providing sales support services which are accrued at the time of recognition of revenues and are expected to be utilized over a period of 6 months to 1 year. The movement in the provision for post sales client support and other provisions is as follows:

	(Dollars in millions)	
	Three months ended	Nine months
	December 31, 2016	ended December 30, 2016
Balance at the beginning	93	77
Translation differences	-	-
Provision recognized/(reversed)	(11)	11
Provision utilized	(21)	(27)
Balance at the end	61	61

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

As of December 31, 2016 and March 31, 2016, claims against the company, not acknowledged as debts, net of amounts paid (excluding demands from Indian income tax authorities- Refer to Note 2.11) amounted to \$42 million (₹286 crore) and \$42 million (₹277 crore), respectively.

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

2.7 Property, plant and equipment

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

(Dollars in millions)

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

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2015:

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of October 1, 2015	242	917	349	549	192	5	2,254
Additions	3	35	29	42	11	1	121
Deletions	-	-	-	(2)	(1)	(1)	(4)
Translation difference	(2)	(9)	(4)	(5)	(2)	-	(22)
Gross carrying value as of December 31, 2015	243	943	374	584	200	5	2,349
Accumulated depreciation as of October 1, 2015	(2)	(319)	(219)	(374)	(138)	(3)	(1,055)
Depreciation	(1)	(8)	(12)	(20)	(6)	(1)	(48)
Accumulated depreciation on deletions	-	-	-	1	1	1	3
Translation difference	-	3	1	4	1	-	9
Accumulated depreciation as of December 31, 2015	(3)	(324)	(230)	(389)	(142)	(3)	(1,091)
Capital work-in progress as of December 31, 2015							259
Carrying value as of December 31, 2015	240	619	144	195	58	2	1,517
Capital work-in progress as of October 1, 2015							278
Carrying value as of October 1, 2015	240	598	130	175	54	2	1,477

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

(Dollars in millions)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2016	244	955	392	615	218	4	2,428
Additions	9	87	59	98	44	1	298
Deletions	-	-	(7)	(37)	(6)	(1)	(51)
Translation difference	(6)	(25)	(11)	(18)	(7)	1	(66)
Gross carrying value as of December 31, 2016	247	1,017	433	658	249	5	2,609
Accumulated depreciation as of April 1, 2016	(3)	(332)	(243)	(395)	(149)	(3)	(1,125)
Depreciation	(1)	(26)	(42)	(75)	(22)	(1)	(167)
Accumulated depreciation on deletions	-	-	4	25	3	1	33
Translation difference	-	8	7	10	5	1	31
Accumulated depreciation as of December 31, 2016	(4)	(350)	(274)	(435)	(163)	(2)	(1,228)
Capital work-in progress as of December 31, 2016							299
Carrying value as of December 31, 2016	243	667	159	223	86	3	1,680
Capital work-in progress as of April 1, 2016							286
Carrying value as of April 1, 2016	241	623	149	220	69	1	1,589

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2015:

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2015	250	940	337	535	189	6	2,257
Additions	7	55	58	119	23	1	263
Deletions	-	-	(1)	(41)	(1)	(1)	(44)
Translation difference	(14)	(52)	(20)	(29)	(11)	(1)	(127)
Gross carrying value as of December 31, 2015	243	943	374	584	200	5	2,349
Accumulated depreciation as of April 1, 2015	(3)	(317)	(207)	(365)	(132)	(3)	(1,027)
Depreciation	(1)	(25)	(35)	(60)	(18)	(1)	(140)
Accumulated depreciation on deletions	-	-	1	17	1	1	20
Translation difference	1	18	11	19	7	-	56
Accumulated depreciation as of December 31, 2015	(3)	(324)	(230)	(389)	(142)	(3)	(1,091)
Capital work-in progress as of December 31, 2015							259
Carrying value as of December 31, 2015	240	619	144	195	58	2	1,517
Capital work-in progress as of April 1, 2015							230
Carrying value as of April 1, 2015	247	623	130	170	57	3	1,460

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

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2015	250	940	337	535	189	6	2,257
Additions	9	68	76	168	40	1	362
Deletions	-	-	(1)	(60)	(1)	(2)	(64)
Translation difference	(15)	(53)	(20)	(28)	(10)	(1)	(127)
Gross carrying value as of March 31, 2016	244	955	392	615	218	4	2,428
Accumulated depreciation as of April 1, 2015	(3)	(317)	(207)	(365)	(132)	(3)	(1,027)
Depreciation	(1)	(33)	(49)	(84)	(24)	(1)	(192)
Accumulated depreciation on deletions	-	-	1	36	1	1	39
Translation difference	1	18	12	18	6	-	55
Accumulated depreciation as of March 31, 2016	(3)	(332)	(243)	(395)	(149)	(3)	(1,125)
Capital work-in progress as of March 31, 2016							286
Carrying value as of March 31, 2016	241	623	149	220	69	1	1,589
Capital work-in progress as of April 1, 2015							230
Carrying value as of April 1, 2015	247	623	130	170	57	3	1,460

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

During the quarter ended December 31, 2016, the management based on an internal evaluation reassessed the remaining useful life of certain technology assets acquired as a part of business combinations. Accordingly, the remaining useful life of the said asset which was 8 years has been revised to 3 years. Amortisation expense for the quarter ended December 31, 2016 is higher by \$1.4 million and for the year ended March 31, 2017 will be higher by \$2.8 million due to the revision.

Carrying value of land includes \$95 million each as of December 31, 2016 and March 31, 2016, towards amounts paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to purchase or renew the properties on expiry of the lease period.

The contractual commitments for capital expenditure were \$206 million and \$224 million as of December 31, 2016 and March 31, 2016, respectively.

2.8 Goodwill

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

	(Dollars in millions)	
	As of	
	December 31, 2016	March 31, 2016
Carrying value at the beginning	568	495
Goodwill on Kallidus d.b.a Skava acquisition (Refer note 2.9)	-	71
Goodwill on Noah acquisition (Refer note 2.9)	-	5
Translation differences	(14)	(3)
Carrying value at the end	554	568

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (CGU) or groups of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the goodwill for any impairment at the operating segment level, which is represented through groups of CGU's.

During the year ended March 31, 2016, the Company reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight. Consequent to these internal reorganizations there were changes effected in the segments based on the "management approach" as defined in IFRS 8, Operating Segments. (Refer Note 2.14). Accordingly the goodwill has been allocated to the new operating segments as at March 31, 2016.

Segment	(Dollars in millions)
	As of
	March 31, 2016
Financial services	128
Manufacturing	64
Retail, Consumer packaged goods and Logistics	87
Life Sciences, Healthcare and Insurance	99
Energy & utilities, Communication and Services	119
	497
Operating segments without significant goodwill	71
Total	568

The entire goodwill relating to Infosys BPO's acquisition of McCamish has been allocated to the group of CGU's which is represented by the Life Sciences, Healthcare and Insurance segment.

The goodwill relating to Infosys Lodestone, Portland, Panaya and Kallidus d.b.a Skava acquisitions has been allocated to the groups of CGU's which are represented by the entity's operating segment.

The entire goodwill relating to Noah acquisition has been allocated to the group of CGU's which is represented by the Energy & utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. As of March 31, 2016, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	In %
	As of March 31, 2016
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.2

The above discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company. These estimates are likely to differ from future actual results of operations and cash flows.

2.9 Business combination

Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million, contingent consideration of upto \$5 million and an additional consideration of upto \$32 million, referred to as retention bonus payable to the employees of Noah at each anniversary year following the acquisition date for the next three years, subject to their continuous employment with the group at each anniversary.

This acquisition combines Noah's industry knowledge, information strategy planning, data governance and architecture capabilities with Infosys' ability to provide technology and outsourcing services on a global scale to oil and gas clients. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

<i>(Dollars in millions)</i>			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets ^(*)	6	—	6
Intangible assets – technical knowhow	—	4	4
Intangible assets – trade name	—	4	4
Intangible assets - customer contracts and relationships	—	18	18
	6	26	32
Goodwill			5
Total purchase price			37

**Includes cash and cash equivalents acquired of \$3 million.*

Goodwill of \$1 million is tax deductible.

The gross amount of trade receivables acquired and its fair value is \$4 million and the amounts have been largely collected.

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

<i>(Dollars in millions)</i>	
Component	Consideration
Cash paid	33
Fair value of contingent consideration	4
Total purchase price	37

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Noah on achievement of certain financial targets. At acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 32% and the probabilities of achievement of the financial targets. During year ending March 31, 2016, based on an assessment of Noah achieving the targets for the year ending December 31, 2015 and December 31, 2016, the entire contingent consideration has been reversed in the statement of comprehensive income

The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. For the three months and nine months ended December 31, 2016, a post-acquisition employee remuneration expense of \$3 million and \$12 million has been recorded in the statement of comprehensive income.

The transaction costs of \$2 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

Finacle and Edge Services

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, a wholly owned subsidiary, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The company had undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore (approximately \$491 million) and ₹177 crore (approximately \$27 million) for Finacle and Edge Services, respectively.

The consideration was settled through issue of 85,00,00,000 equity shares amounting to ₹850 crore (approximately \$129 million) and 25,49,00,000 non-convertible redeemable debentures amounting to ₹2,549 crore (approximately \$389 million) in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the nine months ended December 31, 2016, EdgeVerve has repaid ₹370 crore (approximately \$54 million) by redeeming proportionate number of debentures.

The transfer of assets and liabilities was accounted for at carrying values and did not have any impact on the consolidated financial statements.

Kallidus Inc. (d.b.a Skava)

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., US (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million and a contingent consideration of up to \$20 million.

Infosys expects to help its clients bring new digital experiences to their customers through IP-led technology offerings, new automation tools and skill and expertise in these new emerging areas. The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair values as follows:

<i>(Dollars in millions)</i>			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets ^(*)	6	–	6
Intangible assets – technology	–	21	21
Intangible assets – trade name	–	2	2
Intangible assets - customer contracts and relationships	–	27	27
Deferred tax liabilities on Intangible assets	–	(20)	(20)
	6	30	36
Goodwill			71
Total purchase price			107

**Includes cash and cash equivalents acquired of \$4 million.*

The goodwill is not tax deductible.

The gross amount of trade receivables acquired and its fair value is \$9 million and the amounts have been fully collected.

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

<i>(Dollars in millions)</i>	
Component	Consideration
Cash paid	91
Fair value of contingent consideration	16
Total purchase price	107

The payment of contingent consideration to sellers of Kallidus is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017.

The fair value of contingent consideration is determined by discounting the estimated amount payable to the sellers of Kallidus on achievement of certain financial targets. At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 14% and the probabilities of achievement of the financial targets.

During the nine months ended December 31, 2016 contingent consideration of \$6 million was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of December 31, 2016 and March 31, 2016 is \$14 million and \$20 million on an undiscounted basis.

The transaction costs of \$2 million related to the acquisition have been included under administrative expenses in the statement of comprehensive income for the year ended March 31, 2016.

2.10 Employees' Stock Option Plans (ESOP)

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

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

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

As of December 31, 2016, 1,12,92,934 shares are held by the trust towards 2015 Plan. As of December 31, 2016, 91,980 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is less than \$1 million.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSU's of fair value \$2,000,000 which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5,000,000, subject to achievement of performance targets set by the Board or its committee, which vest over time. \$2,000,000 of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS. The performance based RSU and Options pertaining to financial year 2017 has not yet been granted as of December 31, 2016. Though the performance based RSU and Options for fiscal 2017 and time based RSU's for the remaining employment term have not been granted as of December 31, 2016, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense. The company has recorded employee stock based compensation expense of \$1 million and \$3 million during the three months and nine months ended December 31, 2016 respectively, towards CEO compensation. The CEO employee stock compensation expense during the three months and nine months ended December 31, 2015 was less than \$1 million and \$1 million.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 has recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer, under the 2015 Plan. These RSUs and ESOPs will vest over time, subject to continued service. The grant is subject to the approval of shareholders. Though these RSUs and ESOPs have not been granted as of December 31, 2016, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

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

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

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

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

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)				
Outstanding at the beginning*	1,691,108	5	221,505	5
Granted	365,130	5	1,878,025	5
Forfeited and expired	25,480	5	38,130	5
Exercised	-	5	30,642	5
Outstanding at the end	2,030,758	5	2,030,758	5
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	-	-	-	-
Granted	309,650	998	309,650	998
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	309,650	998	309,650	998
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer note 2.17)

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)				
Outstanding at the beginning	381,300	0.07	-	0.07
Granted	605,245	0.07	996,665	0.07
Forfeited and expired	11,415	0.07	21,535	0.07
Exercised	-	0.07	-	0.07
Outstanding at the end	975,130	0.07	975,130	0.07
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)				
Outstanding at the beginning	-	-	-	-
Granted	896,200	15.26	896,200	15.26
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	896,200	15.26	896,200	15.26
Exercisable at the end	-	-	-	-

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

Particulars	Three months ended December 31, 2015		Nine months ended December 31, 2015	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)				
Outstanding at the beginning*	223,213	5	108,268	5
Granted	-	-	124,061	5
Forfeited and expired	-	-	-	-
Exercised*	-	-	9,116	5
Outstanding at the end	223,213	5	223,213	5
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer note 2.17)

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

During the three months and nine months ended December 31, 2015, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was \$16/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of December 31, 2016:

Range of exercise prices per share (\$)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (\$)
2015 Plan: ADS and IES			
0.07 (RSU)	3,005,888	2.12	0.07
14 - 16 (ESOP)	1,205,850	7.34	15.11
	4,211,738	3.61	4.38

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

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

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

* Data for Fiscal 2015 is not adjusted for bonus issues

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

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

During the three months ended December 31, 2016 and December 31, 2015, the company recorded an employee stock compensation expense of \$6 million and less than \$1 million and during the nine months ended December 31, 2016 and December 31, 2015 the company recorded an employee stock compensation expense of \$10 million and \$1 million, respectively in the statement of profit and loss. The cash settled stock compensation expense during each of the three months and nine months ended December 31, 2016 was less than \$1 million.

2.11 Income taxes

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

(Dollars in millions)				
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Current taxes				
Domestic taxes	159	167	487	482
Foreign taxes	58	32	168	116
	217	199	655	598
Deferred taxes				
Domestic taxes	(2)	(2)	(6)	4
Foreign taxes	(1)	(1)	(14)	(9)
	(3)	(3)	(20)	(5)
Income tax expense	214	196	635	593

Income tax expense for the three months ended December 31, 2016 and December 31, 2015 includes reversal (net of provisions) of \$8 million and \$19 million, respectively, pertaining to earlier periods.

Income tax expense for the nine months ended December 31, 2016 and December 31, 2015 includes reversal (net of provisions) of \$9 million and \$37 million, respectively, pertaining to earlier periods.

Entire deferred income tax for the three months and nine months ended December 31, 2016 and December 31, 2015 relates to origination and reversal of temporary differences.

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

(Dollars in millions)				
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Profit before income taxes	761	720	2,232	2,112
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	264	249	773	731
Tax effect due to non-taxable income for Indian tax purposes	(80)	(58)	(230)	(194)
Overseas taxes	29	26	91	78
Tax provision (reversals), overseas and domestic	(8)	(19)	(9)	(37)
Effect of differential overseas tax rates	2	(1)	4	-
Effect of exempt non operating income	(1)	(3)	(8)	(8)
Effect of unrecognized deferred tax assets	1	1	9	3
Effect of non-deductible expenses	7	5	11	27
Additional deduction on research and development expense	(2)	(4)	(6)	(8)
Others	2	-	-	1
Income tax expense	214	196	635	593

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

During the nine months ended December 31, 2016, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which is valid upto 31st March 2017. The weighted tax deduction is equal to 200% of such expenditure incurred.

During nine months ended December 31, 2015 Infosys had claimed weighted tax deduction on eligible research and development till 31st July 2015 based on the approval received from Department of Scientific and Industrial Research (DSIR) on November 23, 2011 which was renewed effective April 2014. With effect from 1st August 2015 the business of Finacle, including the R&D activities, was transferred to its wholly owned subsidiary Edgeverve Systems Limited. However the approval for Edgeverve was effective April 2016.

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

As of December 31, 2016, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of \$645 million (₹4,383 crore) amounted to \$64 million (₹431 crore).

As of March 31, 2016, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of \$662 million (₹4,383 crore) amounted to \$1 million (₹7 crore).

Payment of \$645 million (₹4,383 crore) includes demands from the Indian Income tax authorities of \$671 million (₹4,557 crore), including interest of \$199 million (₹1,355 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011 and fiscal 2013. The Company has filed an appeal with the income tax appellate authorities.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the Income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008 and fiscal 2009 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010 and fiscal 2011 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations

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

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

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Basic earnings per equity share - weighted average number of equity shares outstan	2,285,651,730	2,285,619,380	2,285,638,678	2,285,614,573
Effect of dilutive common equivalent shares	577,312	112,672	437,784	101,387
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	2,286,229,042	2,285,732,052	2,286,076,462	2,285,715,960

⁽¹⁾ excludes treasury shares

⁽²⁾ adjusted for bonus issues (Refer note 2.17)

For the three months and nine months ended December 31, 2016, 216,477 and 72,422 number of options to purchase equity shares had an anti-dilutive effect. For the three months and nine months ended December 31, 2015, no outstanding option to purchase equity shares had an anti-dilutive effect.

2.13 Related party transactions

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

Transactions with key management personnel

During the three months ended December 31, 2016, the company has additionally identified its Presidents - Mohit Joshi, Sandeep Dadlani, Rajesh K Murthy, Ravi Kumar S, and Group Head - Human Resources - Krishnamurthy Shankar as key managerial personnel as defined under IAS 24 – Related Party Disclosures w.e.f from October 14, 2016. The Company's Deputy General Counsel, Gopi Krishnan Radhakrishnan has assumed the responsibilities as acting General Counsel w.e.f. December 31, 2016.

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

(Dollars in millions)

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾⁽³⁾	5	5	10	10
Commission and other benefits to non-executive/ independent directors	-	-	1	1
Total	5	5	11	11

⁽¹⁾ Includes employee stock compensation expense of \$2 million and less than \$1 million for the three months ended December 31, 2016 and December 31, 2015, respectively and \$4 million and \$1 million for the nine months ended December 31, 2016 and December 31, 2015, respectively towards key management personnel. Refer to note 2.10

⁽²⁾ Includes \$0.87 million payable under severance agreement to General counsel and Chief compliance officer during the three months ended December 31, 2016.

⁽³⁾ Three months and nine months ended December 31, 2015 includes \$2.58 million payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015

2.14 Segment Reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. During the quarter ended March 31, 2016, the Group reorganized some of its segments to enhance executive customer relationships, improve focus of sales investments and increase management oversight consequent to which, erstwhile manufacturing segment is now being reviewed as Hi-Tech, Manufacturing and others included in ECS. Additionally, Infosys Public services (IPS) is being reviewed separately by the Chief Operating Decision Maker (CODM). Consequent to the internal reorganizations, there were changes effected in the reportable business segments based on the "management approach" as defined in IFRS 8, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Business segments of the Group are primarily enterprises in Financial Services (FS), enterprises in Manufacturing (MFG), enterprises in Retail, Consumer packaged goods and Logistics (RCL), enterprises in the Energy & utilities, Communication and Services (ECS), enterprises in Hi-Tech (Hi-Tech), enterprises in Life Sciences, Healthcare and Insurance (HILIFE) and all other segments. The FS reportable segments has been aggregated to include the Financial Services operating segment and the Finacle operating segment. All other segments represents the operating segments of businesses in India, Japan and China and IPS. Geographic segmentation is based on business sourced from that geographic region and delivered from both on-site and off-shore locations. North America comprises the United States of America, Canada and Mexico, Europe includes continental Europe (both the east and the west), Ireland and the United Kingdom, and the Rest of the World comprising all other places except those mentioned above and India. Consequent to the above changes in the composition of reportable business segments, the prior period comparatives have been restated.

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

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

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

2.14.1 Business Segments

Three months ended December 31, 2016 and December 31, 2015

(Dollars in millions)

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	689	279	574	416	325	185	83	2,551
	663	261	516	390	318	186	73	2,407
Identifiable operating expenses	346	149	277	198	157	95	53	1,275
	319	134	243	189	153	92	41	1,171
Allocated expenses	148	63	131	95	74	42	19	572
	155	63	126	95	77	46	18	580
Segment profit	195	67	166	123	94	48	11	704
	189	64	147	106	88	48	14	656
Unallocable expenses								64
								57
Operating profit								640
								599
Other income, net								121
								121
Share in associate's profit / (loss)								-
								-
Profit before Income taxes								761
								720
Income tax expense								214
								196
Net profit								547
								524
Depreciation and amortisation								64
								56
Non-cash expenses other than depreciation and amortisation								-
								1

Nine months ended December 31, 2016 and December 31, 2015

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	2,067	831	1,705	1,266	936	582	252	7,639
	1,922	789	1,524	1,153	923	559	185	7,055
Identifiable operating expenses	1,034	434	817	606	464	300	160	3,815
	920	423	703	552	446	277	116	3,437
Allocated expenses	456	193	396	294	218	135	58	1,750
	450	193	373	283	226	137	45	1,707
Segment profit	577	204	492	366	254	147	34	2,074
	552	173	448	318	251	145	24	1,911
Unallocable expenses								188
								161
Operating profit								1,886
								1,750
Other income, net								347
								362
Share in associate's profit / (loss)								(1)
								-
Profit before Income taxes								2,232
								2,112
Income tax expense								635
								593
Net profit								1,597
								1,519
Depreciation and amortisation								187
								160
Non-cash expenses other than depreciation and amortisation								1
								1

2.14.2 Geographic Segments

Three months ended December 31, 2016 and December 31, 2015

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	1,580	568	87	316	2,551
	1,505	559	67	276	2,407
Identifiable operating expenses	794	292	40	149	1,275
	748	268	27	128	1,171
Allocated expenses	359	129	17	67	572
	367	136	14	63	580
Segment profit	427	147	30	100	704
	390	155	26	85	656
Unallocable expenses					64
					57
Operating profit					640
					599
Other income, net					121
					121
Share in associate's profit / (loss)					-
					-
Profit before Income taxes					761
					720
Income Tax expense					214
					196
Net profit					547
					524
Depreciation and amortisation					64
					56
Non-cash expenses other than depreciation and amortisation					-
					1

Nine months ended December 31, 2016 and December 31, 2015

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	4,721	1,726	243	949	7,639
	4,444	1,613	173	825	7,055
Identifiable operating expenses	2,403	859	114	439	3,815
	2,204	788	78	367	3,437
Allocated expenses	1,095	399	50	206	1,750
	1,087	393	36	191	1,707
Segment profit	1,223	468	79	304	2,074
	1,153	432	59	267	1,911
Unallocable expenses					188
					161
Operating profit					1,886
					1,750
Other income, net					347
					362
Share in associate's profit / (loss)					(1)
					-
Profit before Income taxes					2,232
					2,112
Income Tax expense					635
					593
Net profit					1,597
					1,519
Depreciation and amortisation					187
					160
Non-cash expenses other than depreciation and amortisation					1
					1

2.14.3 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and nine months ended December 31, 2016 and December 31, 2015.

2.15 Break-up of expenses

Cost of sales

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Employee benefit costs	1,235	1,174	3,750	3,452
Deferred purchase price pertaining to acquisition	-	4	-	23
Depreciation and amortisation (refer to note 2.7)	64	56	187	160
Travelling costs	53	57	195	187
Cost of technical sub-contractors	144	151	421	400
Cost of software packages for own use	30	25	86	82
Third party items bought for service delivery to clients	38	17	81	61
Operating lease payments	12	10	35	27
Consultancy and professional charges	1	1	3	3
Communication costs	10	6	28	20
Repairs and maintenance	11	6	35	20
Provision for post-sales client support	2	5	9	(2)
Others	1	-	2	2
Total	1,601	1,512	4,832	4,435

Sales and marketing expenses

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Employee benefit costs	101	99	303	300
Travelling costs	13	13	40	40
Branding and marketing	10	12	40	33
Operating lease payments	3	2	8	5
Consultancy and professional charges	2	2	5	6
Communication costs	1	1	2	2
Others	1	1	4	2
Total	131	130	402	388

Administrative expenses

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Employee benefit costs	55	55	164	151
Consultancy and professional charges	23	29	71	78
Repairs and maintenance	34	35	104	94
Power and fuel	8	8	27	25
Communication costs	10	9	30	29
Travelling costs	9	10	27	30
Rates and taxes	6	3	18	12
Operating lease payments	4	3	11	8
Insurance charges	2	2	6	7
Impairment loss recognised/(reversed) on financial assets	5	(5)	12	(3)
Commission to non-whole time directors	-	-	1	1
Contributions towards Corporate Social Responsibility	13	10	28	26
Others	10	7	20	24
Total	179	166	519	482

2.16 Dividends

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2016 includes final dividend of ₹ 14.25/- per equity share (\$0.22 per equity share) and interim dividend of ₹11.00/- per equity share (\$0.17 per equity share). The amount of per share dividend recognized as distributions to equity shareholders for the nine months ended December 31, 2015 includes final dividend of ₹ 29.50/- per equity share (\$0.47 per equity share) and interim dividend of ₹10.00/- per equity share (\$0.15 per equity share)

The Board of Directors, in their meeting on October 14, 2016, declared an interim dividend of \$0.17 per equity share (₹11/- per equity share), which resulted in a net cash outflow of approximately \$453 million, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

2.17 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/-. The Company has allotted 1,148,472,332 fully paid up equity shares of face value ₹5/- each during the three months ended June 30, 2015 pursuant to a bonus issue approved by the shareholders through postal ballot. Book closure date fixed by the Board was June 17, 2015. Bonus share of one equity share for every equity share held, and a stock dividend of one American Depositary Share (ADS) for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan have been adjusted for bonus shares. 11,292,934 and 11,323,576 shares were held by controlled trust, as of December 31, 2016 and March 31, 2016, respectively.

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. Amounts have been utilised for bonus issue from share premium account.

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

R. Seshasayee
Chairman

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

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Infosys (NSE, BSE: INFY) Announces Results for the Quarter ended December 31, 2016

Q3 revenues declined 0.2% sequentially in INR terms; declined 0.3% in constant currency

Q3 year-on-year revenues grew 8.6% in INR terms; grew 7.3% in constant currency

9 months year-on-year revenues grew 11.9% in INR terms; 9.4% in constant currency

LTM revenues crossed \$ 10 bn

Q3 Operating margins expanded 0.2% to 25.1% and net margins expanded 0.6% to 21.5% sequentially

Q3 EPS grew 2.8% sequentially and 7.0% year-on-year

Attrition declined sequentially by 0.8% on standalone basis and 1.6% on consolidated basis

FY 17 revenue guidance revised to 8.4% - 8.8% from 8.0% - 9.0% in constant currency

Bangalore, India – January 13, 2017

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2016

- Revenues were ₹ 17,273 crore for the quarter ended December 31, 2016
QoQ decline of 0.2% in INR terms; decline of 0.3% in constant currency terms
YoY growth was 8.6% in INR terms; 7.3% in constant currency terms
- Net profit was ₹ 3,708 crore for the quarter ended December 31, 2016
QoQ growth was 2.8%
YoY growth was 7.0%

Consolidated results under International Financial Reporting Standards (IFRS) for the nine months ended December 31, 2016

- Revenues were ₹ 51,364 crore; growth of 11.9%
- Net profit was ₹ 10,749 crore; growth of 8.6%

- Liquid assets including cash and cash equivalents and investments were ₹ 35,697 crore as on December 31, 2016 as compared to ₹ 35,640 crore as on September 30, 2016 and ₹ 31,526 crore as on December 31, 2015. During the quarter, the company paid interim dividend including tax of ₹ 3,029 crore

"Taking into account seasonal and other additional headwinds for the quarter, our Q3 revenue performance was broadly in line with our expectations," said **Vishal Sikka, CEO and MD**. "Beyond the quarterly numbers, we continue to focus sharply on the execution of our strategy, as reflected in the growing embrace of AI-based automation, growth in our new software-led business, delivering innovation, both incremental & breakthrough and fostering a learning-led culture. Our annual client survey results show highest customer satisfaction since we started the survey 12 years ago and increased adoption of Zero Distance and lowered attrition, especially amongst top performers – these are some of the key indicators of the growing creative confidence of Infoscions."

"In a seasonally soft quarter, our utilization has remained healthy," said **U B Pravin Rao, COO**. "Our continued efforts to improve employee engagement and experience resulted in a reduction in attrition. During the quarter, we added 77 clients and also added 2 clients in the \$ 75mn+ revenue category. I would like to congratulate all stakeholders on crossing the \$ 10 bn revenue milestone on LTM basis."

"Our ongoing focus on operational efficiencies has enabled us to keep YTD operating margins at similar levels for the same period last year", said **M.D. Ranganath, CFO**. "Our cash generation during the quarter was strong."

Outlook*

The Company's outlook (consolidated) for the fiscal year ending March 31, 2017, under IFRS is as follows:

- Revenue guidance revised to 8.4%-8.8% from 8.0%-9.0% in constant currency;
- The above constant currency guidance translates to 9.6% - 10.0% in USD terms based on March 31st rates, 11.6% - 12.0% based on June 30th rates; 11.3% - 11.7% based on September 30th rates and 10.0% - 10.4% based on December 31st rates

FY 16 constant currency rates - AUD/USD – 0.73; Euro/USD – 1.10; GBP/USD – 1.51

Currency rates as of March 31, 2016 - 1 US\$ = ₹66.26

Currency rates as of June 30, 2016 - 1 US\$ = ₹67.53

Currency rates as of September 30, 2016 - 1 US\$ = ₹66.62

Currency rates as of December 31, 2016 – 1US\$ = ₹67.93

Change of Auditors on account of mandatory rotation requirement in India

The Board of Directors of Infosys Limited ('the Company') at its meeting held on January 13, 2017, on the recommendation of the Audit Committee, has proposed the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018) (Deloitte) as the statutory auditors of the Company, subject to the approval of the shareholders of the Company. This appointment is effective financial year ending March 31, 2018 which will include audit of the quarterly financial statements of the year. This appointment is necessitated by the requirement under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, wherein it is mandatory for the company to rotate the current statutory auditors on completion of the maximum term permitted under the said Section. Deloitte will hold office for a period of 5 consecutive years from the conclusion of the Annual General Meeting of the Company scheduled to be held in the year 2017.

To align with the above, the Board of Directors of Company also approved the appointment of Deloitte as the independent registered public accounting firm to audit the annual financial statements of the Company to be included in the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") for the year ending March 31, 2018. Please also refer to the regulatory filings published on the company's website (under Highlights IND AS) for further details in this regard.

Management Changes

The Company has appointed Ravikumar S. as Deputy Chief Operating Officer reporting to Pravin Rao, Chief Operating Officer, with immediate effect. In addition to his current responsibility of heading the global delivery organization, Ravikumar S. will oversee certain strategic Business Enabling Functions and will be based in India.

Business Highlights

We continue to drive new value for our clients through automation and innovation, improve our operational excellence, and invest in a culture of learning.

RENEW

In Q3, we continued to make progress on our strategy to Renew our core services, introducing new offerings in the areas of Digital, Cloud, Data Sciences, Mainframe Modernization, Cyber security, API Microservices, Internet of Things, and more, to help our clients renew their core businesses. In addition, Zero Distance continued to be a key strategic differentiator to drive ongoing, grassroots innovation in every project.

Infosys leveraged the **Zero Distance** framework to build a custom application that provides maintenance and production support services for the Global Business Systems of LexisNexis, a leading global provider of content-enabled workflow solutions designed for professionals in the legal, risk management, corporate, government, law enforcement, accounting, and academic markets.

“Bringing forward innovative ideas to improve the customer experience while simultaneously reducing our operational costs is a capability where Infosys has exceeded my expectations. Infosys proposed replacing our third party system with a custom application, improving the user experience and reducing our operational costs. The implementation was completed by Infosys one month ahead of the deadline, maximizing our ability to reap financial benefits from the new custom application. This is a great example of **Infosys doing more** than just managing the status quo. I look forward to partnering with Infosys on future such innovations.” - **James W Wanke, Vice President of Technology, LexisNexis**

“Arizona Public Service (APS) was at the cusp of a major business transformation that required us to modernize our Customer Information System (CIS) environment without letting our customers be burdened by the complexities of the process. Infosys enabled us to accelerate the replacement of the existing system with the suitable COTS (commercial off-the-shelf) product while ensuring a seamless transition and a steady state for large and complex CIS application. With its deep domain knowledge, the team leveraged its **Zero Distance initiative** to come up with an idea to run a parallel sustainability program that ensured the upgrade of the product with minimal disruptions. Infosys also came up with the brilliant idea to automate a large number of test cases that were previously manually tested, making certain that they were tailored to our specific scenarios. The solution provided by Infosys allows more timely delivery of products and services to our customers, saving costs for our end customers through a system that is flexible and nimble to meet their needs.” - **Jasvinder Arora, Director, CIS Modernization Program, Arizona Public Service Company**

The Kroger Co., the largest traditional supermarket chain by revenue and the third largest retailer in the world, has chosen Infosys to provide support for several corporate and retail systems and middleware services. “We are extremely excited about the experience and capabilities as well as the ability to scale that Infosys brings. We feel that Infosys is a good fit with our focus on customers, quality and innovation.” - **Annette Franke, Vice President of Corporate Technology, The Kroger Co.**

Servco, a leading Hawaii based Automotive Dealer and Distributor, has chosen Infosys as a partner to execute their ERP transformation program. “We are pleased to have selected Infosys as a partner for our key Oracle transformation program which involves the implementation of a hybrid Oracle cloud and on- premise solution across key business functions of the organization. The implementation will enable us to de-risk our business by

moving away from legacy systems and establishing a strong, modern integrated platform that will benefit the critical functions at Servco. Infosys' capabilities in Oracle ERP, Cloud technologies and Automotive Domain led us to select them for this Key Program." - **Thor Toma, Senior Vice President, Servco**

"House of Fraser is on an accelerated journey to the customer centric, digital era of retailing. We are building a next generation integrated eCommerce and Customer Experience platform which combines with new backend order management and service integration capabilities online, in store and on mobile in a truly multi-channel proposition. Working collaboratively with Infosys, our partner for strategy through execution of this transformation; this game changing platform is delivered on Microsoft's Azure cloud computing infrastructure. At our business scale, we believe this is a pioneering use of cloud technology for a mission critical customer facing application and a clear demonstration of the maturity and capability of Microsoft's cloud technology. Our positive experience of delivering this platform in partnership with Infosys and Microsoft has reinforced my confidence that the use of cloud technology will help us deliver our digital transformation at House of Fraser." - **Julian Burnett, Chief Information Officer, House of Fraser**

We are seeing continued demand for Mainframe modernization across verticals, and are working on joint forays with Amazon Web Services and Azure in the market, partnering with our clients to move their Mainframe workloads to the cloud.

"We work with Infosys to create innovative technology solutions using Finacle and Amazon Web Services Cloud services. We recently conducted initial tests by offloading large components batch processing to the AWS cloud, and achieved processing speeds 100 times faster than traditional database technology, which could revolutionize the way we run core banking systems. We have also initiated our journey to modernize our legacy environments and accelerate digital transformation, with the support of Amazon Web Services and Infosys." - **David Gledhill, Group Chief Information Officer, DBS Bank**

NEW

In Q3, we saw continued momentum for software and services coming together to drive new value for clients. Mana client adoption more than doubled compared to previous quarters. Skava had a strong Black Friday on retail ecommerce sites where volumes were up more than 30%. The EdgeVerve business delivered solid results with 18 wins and 21 go-lives from both the Finacle and Edge suite of solutions across various markets. AssistEdge, our Robotic Process Automation platform had its best quarter ever. Similarly in Q3, Panaya saw its best performance in terms of bookings and revenue.

Evonik, one of the world leaders in specialty chemicals has engaged Infosys in a multi-year strategic partnership. "We chose Infosys for their ability to deliver on the current IT needs for Evonik, and for their capabilities to support us on future technology modernization programs. Infosys is supporting us in the transformation of our Procurement landscape through an end-to-end Implementation of SAP Ariba, as part of Evonik's Procurement 2020 vision. In addition, through the ideas generated by the company's Zero Distance initiative, we have leveraged Infosys Artificial Intelligence Platform Mana and its cognitive automation capabilities, in our platform operations and have been able to analyze and reduce duplicate system monitoring alerts by 15%. We look forward to more such ideas from Infosys driving the shape of our partnership in the future." - **Thomas Meinel, Senior Vice President & Head of Application Management, Evonik Industries AG**

Lifetouch, a global photography company, has partnered with Infosys to automate and monitor its incident tickets for system and infrastructure failures. As part of Lifetouch's deployment of the Nagios tool, **the Infosys Robotic Process Automation** was integrated to monitor alerts. Based on the nature of the alerts, the bots are programmed to perform specific actions – such as a service desk ticket creation, the classification of an issue as well as creation of problem management tickets using built-in business logic. "Through our engagement with Infosys, not only have been able to automate manual and highly repetitive tasks like monitoring and ticket creation, but have also been able to improve the quality of our outcomes. With bots we now have 24/7 coverage

with accurate monitoring and systematic alerts.” - **Jay Drayton, Vice President, Lifetouch (LNSS- National Schools Studios)**

Finacle continued to strengthen its position as a “Platform of Choice” for digital transformation, enabling new business models for banks.

“ICICI Bank has a rich legacy of leveraging the latest technology to bring in new paradigms in banking. Akin to pioneering new technologies in the country like software robotics, mobility and near-field communication among others, I am delighted that we are the first bank in India and among few globally to set up a blockchain application. We have also marked a milestone by piloting a blockchain network with Emirates NBD and Infosys Finacle as partners and have successfully executed cross-border open account trade finance and remittance transactions. I envision that the emerging technology of blockchain will play a significant role in banking in the coming years by making complex bilateral and multi-lateral banking transactions seamless, quick and more secure. Going forward, we also intend to work on expanding the blockchain ecosystem and create common working standards to contribute to the commercial adoption of this initiative.” - **Ms. Chanda Kochhar, Managing Director & Chief Executive Officer, ICICI Bank**

An important milestone in strengthening Finacle’s presence in the United States this quarter was the go-live of Marcus by Goldman Sachs. “With the successful deployment of the Finacle Core Banking Solution we gain both agility to respond to customer needs and scalability to adapt with market requirements while providing superior customer experience required in today’s competitive Digital Age.” - **Boe Hartman, Chief Technology Officer, Marcus by Goldman Sachs (Digital Finance Technology)**

Cosmetics Company Shiseido, used Panaya Test Center to undergo a major IT transformation project, and helped tackle its IT Transformation project by successfully reducing the company’s global testing efforts by 30%. “To ensure we go live smoothly with our business-critical applications, we had to mobilize over 80 business users spread across 11 countries in Europe to perform user acceptance testing. Panaya helped us save 30% of our testing effort while improving the quality of our testing.” Panaya Test Center delivered test acceleration and offered Shiseido a more efficient way to manage the business process testing from an end-to-end perspective. “I could easily track the project in real time to increase our efficiency and avoid any bottlenecks. We will continue to partner with Panaya in our upcoming rollout and expect even greater value.” - **Sébastien Hebert, Technical Director EMEA, Shiseido**

Panaya partnered with **Elton Technologies** to resell licenses of Panaya’s CloudQuality™ Suite to deliver quality ERP changes with zero time-to-change, zero downtime and zero risk, providing major savings to large enterprises. “We see an excellent opportunity partnering with Panaya for many of our Gulf Cooperation Countries (GCC) clients planning to migrate to SAP S/4HANA in the coming years. These companies are looking at a complex ERP migration, and a widely used solution like Panaya’s CloudQuality™ Suite that offers faster testing and zero risk will certainly offer our clients significant savings.” - **Prem Chander, Chief Executive Officer of Elton Technologies**

In **Design Thinking**, we continued to work with clients in key strategic areas. “When we began the transformation of School of Management at Fudan University, we wanted to re-imagine and create a new learning experience for students and faculty, in our education programs. Our intent was to create a platform that enables a deeper engagement between students and faculty, and create a modern and smart campus, and more. For the alumni, we wanted to bring the notion of continuous learning to life, engaging with them in a much deeper way, to help them achieve their personal and professional goals long after they leave our campus and pursue their careers and lifetime objectives. Infosys was one of our key partners in imagining this future for business education at Fudan University. In our Design Thinking engagement with Infosys, we looked at the entire MBA student experience, from the students’ point of view – their motivations, expectations and aspirations. This has helped us to think very tangibly about how to transform the student experience, and has helped our teams to be much more confident in problem finding and in understanding and designing for our students’ needs. I am very pleased that we have built the momentum to experiment and prototype the 2026

student experience, with a bias towards action and a trust in the power of testing and rapid iteration.” - **Xiongwen Lu, Dean of Fudan School of Management, Fudan University, Shanghai, China**

CULTURE

Learnability, the ease and speed to acquire new skills, continues to be the foundation for the company's growth. We have invested in enhancing our leadership training initiatives by offering a more global and experiential learning program at world-class institutions. We have also witnessed positive traction through partnerships with organizations such as Udacity.

This quarter we invested in advancing the learning quotient at Infosys. We rolled out new classes on Mana and machine learning topics on the Digital Tutor social learning platform and the Infosys Learning Platform. An immersive training capsule called “Automation - A Way of Life” is being rolled out for all new hires in Mysore along with an updated module on Design Thinking with concrete examples and Infosys success stories.

AWARDS & RECOGNITION

- **Leader**, Gartner Magic Quadrant for Application Testing Services, Worldwide
- **Leader**, Everest Group's Capital Markets Outsourcing PEAK Matrix™ 2016
- **Star Performer**, Everest Group's Mobility Services in Global Banking –Service Provider Landscape with PEAK Matrix™ Assessment 2016
- **Leader and Star Performer**, Everest Group's Big Data & Analytics Services in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016
- **Leader**, IT Outsourcing in Everest Group's Global Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016
- Infosys was inducted into the **Winner's Circle** in the HfS Product Lifecycle Management Services Blueprint Report 2016
- **Leader**, WW Engineering Services by Global Service Providers (based in India) by ARC Advisory
- **Leader**, Retail Digital Service Providers, Zinnov Zones by Zinnov
- **High Performer**, HfS Intelligent Automation Blueprint Report 2016
- Finacle is a **Market Leader** among digital platforms in “Ovum Decision Matrix: Selecting a Digital Banking Platform, 2017–18” report by Ovum Research
- **Best Company in India**, FinanceAsia's 20th Anniversary Platinum Awards
- **National Award for Excellence in Corporate Governance**, 16th Institute of Company Secretaries of India (ICSI)
- **Five marketing and innovation awards** following the launch of a successful strategic technology partnership with ATP
- Infosys BPO won '**Best Employer Brand**' award by the Best Employer Institute

BEYOND BUSINESS

In India, the Infosys Foundation has invested in several impactful programs across a wide spectrum of areas including rehabilitation, arts & culture, education and rural development. Some of the key initiatives of the quarter include the curation of the Infosys Foundation Anupu Festival; sponsorship of a kitchen in Hyderabad in partnership with Akshaya Patra Foundation; an endowment to Sahapedia, a NGO, for the development of an online interactive web module on arts, culture and history of India; development of a sustainable village in Madhya Pradesh through Shivganga Samagra Gramvikas Parishad along with other investments that will benefit patients, children and the youth from underprivileged backgrounds.

In Q3, the Infosys Foundation USA celebrated Computer Science Education Week, announcing multiple grants to enable under represented students across nine states to explore computer science (CS) and coding. The

Foundation also renewed its partnership with [Code.org](#), one of the most active CS education advocacy organizations globally. The Foundation honored 10 CS teachers with [awards of excellence](#) in partnership with ACM and CSTA and also launched the new 2016/17 cycle of the [Infy Maker Awards](#) in the U.S. which recognize dozens of Makers working on projects with a deep social impact. As of September 30, 2016, the Foundation has had a significant impact on CS education by enabling 134,529 students in 2,490 schools across all 50 states to gain access to computer science and maker education. This was made possible by supporting 2,539 teachers with critical resources such as computer science teacher training, new classroom technology and teaching aids, and makerspaces. An additional 179 coding workshops, hackathons, and coding clubs held during or after school were also supported by the Foundation.

About Infosys Ltd

Infosys is a global leader in technology services and consulting. We enable clients in more than 50 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 199,000+ innovators, across the globe, is differentiated by the imagination, knowledge and experience, across industries and technologies that we bring to every project we undertake.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

Safe Harbor

Certain statements in 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 and 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 January 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

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Infosys Limited and Subsidiaries

Condensed Consolidated Balance Sheets as of

(In ₹ crore except share data)

	December 31, 2016	March 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	26,113	32,697
Current investments	4,367	75
Trade receivables	12,942	11,330
Unbilled revenue	3,413	3,029
Prepayments and other current assets	5,457	4,448
Derivative financial instruments	103	116
Total current assets	52,395	51,695
Non-current assets		
Property, plant and equipment	11,410	10,530
Goodwill	3,760	3,764
Intangible assets	861	985
Investment in associate	100	103
Non-current investments	5,405	1,811
Deferred income tax assets	621	536
Income tax assets	5,333	5,230
Other non-current assets	755	735
Total non-current assets	28,245	23,694
Total assets	80,640	75,389
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	335	386
Derivative financial instruments	6	5
Current income tax liabilities	3,879	3,410
Client deposits	27	28
Unearned revenue	1,819	1,332
Employee benefit obligations	1,428	1,341
Provisions	412	512
Other current liabilities	6,818	6,225
Total current liabilities	14,724	13,239
Non-current liabilities		
Deferred income tax liabilities	225	256
Other non-current liabilities	175	115
Total liabilities	15,124	13,610
Equity		
Share capital- ₹5 par value 240,00,00,000 (240,00,00,000) equity shares authorized, issued and outstanding 228,56,51,730 (228,56,21,088), net of 1,12,92,934 (1,13,23,576) treasury shares, as of December 31, 2016 (March 31, 2016), respectively	1,144	1,144
Share premium	2,313	2,241
Retained earnings	61,452	57,655
Cash flow hedge reserve	28	-
Other reserves	-	-
Other components of equity	579	739
Total equity attributable to equity holders of the company	65,516	61,779
Non-controlling interests	-	-
Total equity	65,516	61,779
Total liabilities and equity	80,640	75,389

Infosys Limited and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

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

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Revenues	17,273	15,902	51,364	45,891
Cost of sales	10,840	9,990	32,483	28,837
Gross profit	6,433	5,912	18,881	17,054
Operating expenses:				
Selling and marketing expenses	885	859	2,702	2,522
Administrative expenses	1,214	1,094	3,490	3,132
Total operating expenses	2,099	1,953	6,192	5,654
Operating profit	4,334	3,959	12,689	11,400
Other income, net	820	802	2,333	2,353
Share in associate's profit/(loss)	-	-	(5)	(2)
Profit before income taxes	5,154	4,761	15,017	13,751
Income tax expense	1,446	1,296	4,268	3,857
Net profit	3,708	3,465	10,749	9,894
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement of the net defined benefit liability/asset	(8)	5	(65)	(9)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	(35)	-
Equity instruments through other comprehensive income	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Fair value changes on investments	-	3	-	21
Exchange differences on translation of foreign operations	(47)	1	(60)	207
Fair value changes on cash flow hedges, net	26	1	28	1
Total other comprehensive income, net of tax	(29)	10	(132)	220
Total comprehensive income	3,679	3,475	10,617	10,114
Profit attributable to:				
Owners of the company	3,708	3,465	10,749	9,894
Non-controlling interests	-	-	-	-
	3,708	3,465	10,749	9,894
Total comprehensive income attributable to:				
Owners of the company	3,679	3,475	10,617	10,114
Non-controlling interests	-	-	-	-
	3,679	3,475	10,617	10,114
Earnings per equity share				
Basic (₹)	16.22	15.16	47.03	43.29
Diluted (₹)	16.22	15.16	47.02	43.29
Weighted average equity shares used in computing earnings per equity share				
Basic	2,285,651,730	2,285,619,380	2,285,638,678	2,285,614,573
Diluted	2,286,229,042	2,285,732,052	2,286,076,462	2,285,715,960

NOTE:

1. The audited **Consolidated Balance sheets and Consolidated Statements of Comprehensive Income** for the three months and nine months ended December 31, 2016 have been taken on record at the Board meeting held on January 13, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com

B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre
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Auditor's Report on Quarterly and Year to Date Consolidated Financial Results of Infosys Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of Infosys Limited

We have audited the quarterly consolidated financial results of Infosys Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group') for the quarter ended 31 December 2016 and the year to date consolidated financial results for the period from 1 April 2016 to 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

These consolidated quarterly as well as year to date financial results have been prepared from consolidated interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial results based on our audit of such consolidated interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date consolidated financial results:

(i) include the quarterly and year to date financial results of the following entities:

- (a) Infosys Limited;
- (b) Infosys BPO Limited;
- (c) Infosys (Czech Republic) Limited s.r.o.;
- (d) Infosys Tecnologia Do Brasil LTDA.;
- (e) Infosys Technologies (Australia) Pty Limited;
- (f) Infosys Technologies (China) Co. Limited;
- (g) Infosys McCamish Systems, LLC.;
- (h) Infosys Public Services, Inc.;
- (i) Infosys Technologies S. de R.L.de C.V.;
- (j) Infosys Technologies (Sweden) AB;
- (k) Infosys Poland Sp z o.o.;
- (l) Infosys Technologies (Shanghai) Company Limited;

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

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

B S R & Co. LLP

- (m) Infosys Americas Inc.;
- (n) Portland Group Pty Ltd.;
- (o) Edgeverve Systems Limited;
- (p) Infosys Consulting Holding AG;
- (q) Lodestone Management Consultants Inc.;
- (r) Infosys Management Consulting Pty Limited;
- (s) Infosys Consulting AG;
- (t) Lodestone Augmentis AG;
- (u) Lodestone GmbH;
- (v) Lodestone Management Consultants (Belgium) S.A.;
- (w) Infosys Consulting GmbH;
- (x) Infy Consulting Company Ltd.;
- (y) Infy Consulting B.V.;
- (z) Infosys Consulting Ltda.;
- (aa) Infosys Consulting Sp. z.o.o.;
- (ab) Lodestone Management Consultants Portugal, Unipessoal, Lda.;
- (ac) S.C. Infosys Consulting S.R.L.;
- (ad) Infosys Consulting Pte Ltd.;
- (ae) Infosys Consulting SAS;
- (af) Infosys Consulting s.r.o.;
- (ag) Lodestone Management Consultants Co., Ltd.;
- (ah) Lodestone Management Consultants GmbH;
- (ai) Infosys Consulting S. R. L.;
- (aj) Infosys BPO, S de R.L. de C.V.;
- (ak) Infosys Limited Employees' Welfare Trust;
- (al) Infosys Science Foundation;
- (am) Panaya Inc.;
- (an) Panaya Ltd.;
- (ao) Panaya GmbH;
- (ap) Panaya Pty Ltd.
- (aq) Panaya Japan Co. Ltd.;
- (ar) Infosys Nova Holdings LLC.;
- (as) DWA Nova LLC.;
- (at) Kallidus Inc.;
- (au) Skava Systems Private Limited;
- (av) Noah Consulting LLC;
- (aw) Noah Information Management Consulting, Inc.;
- (ax) Infosys Canada Public Services Ltd.;
- (ay) Infosys Employee Benefits Trust; and
- (az) Infosys BPO Americas LLC.



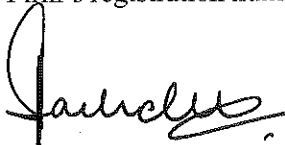
B S R & Co. LLP

- (ii) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and
- (iii) give a true and fair view of the consolidated financial performance including other comprehensive income and other financial information for the quarter ended 31 December 2016 as well as the year to date results for the period from 1 April 2016 to 31 December 2016.

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

Chartered Accountants

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



Supreet Sachdev

Partner

Membership number: 205385

Bangalore

13 January 2017

BSR & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999

Auditor's Report on Quarterly and Year to Date Standalone Financial Results of Infosys Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of Infosys Limited

We have audited the quarterly standalone financial results of Infosys Limited ('the Company') for the quarter ended 31 December 2016 and the year to date standalone financial results for the period from 1 April 2016 to 31 December 2016, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

These standalone quarterly as well as year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard, Interim Financial Reporting (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us, these quarterly and year to date standalone financial results:

- (i) have been presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular dated 5 July 2016 in this regard; and



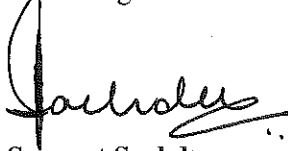
B S R & Co. LLP

- (ii) give a true and fair view of the financial performance including other comprehensive income and other financial information for the quarter ended 31 December 2016 as well as the year to date results for the period from 1 April 2016 to 31 December 2016.

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

Chartered Accountants

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



Supreet Sachdev

Partner

Membership number: 205385

Bangalore

13 January 2017

INFOSYS LIMITED
(In ₹ crore)

Balance Sheet as at	Note	December 31, 2016	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	2.3	8,443	8,248	7,347
Capital work-in-progress		1,143	934	769
Intangible assets	2.4	-	-	-
Financial assets				
Investments	2.5	14,495	11,076	6,108
Loans	2.6	5	5	4
Other financial assets	2.7	213	192	110
Deferred tax assets (net)	2.17	414	405	433
Other non-current assets	2.10	866	755	349
Income tax assets (net)	2.17	5,104	5,020	3,941
Total non - current Assets		30,683	26,635	19,061
Current assets				
Financial assets				
Investments	2.5	4,225	2	749
Trade receivables	2.8	11,466	9,798	8,627
Cash and cash equivalents	2.9	22,503	29,176	27,722
Loans	2.6	303	355	225
Other financial assets	2.7	5,869	4,801	4,045
Other current assets	2.10	2,058	1,965	1,384
Total current assets		46,424	46,097	42,752
Total Assets		77,107	72,732	61,813
EQUITY AND LIABILITIES				
Equity				
Equity share capital	2.12	1,148	1,148	574
Other equity		63,251	59,934	51,617
Total equity		64,399	61,082	52,191
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Other financial liabilities	2.13	40	62	27
Other non-current liabilities	2.15	46	-	-
Deferred tax liabilities (net)	2.17	-	-	-
Total non - current liabilities		86	62	27
Current liabilities				
Financial liabilities				
Trade payables	2.14	316	623	124
Other financial liabilities	2.13	5,651	5,132	4,847
Other current liabilities	2.15	2,543	2,093	1,564
Provisions	2.16	354	436	382
Income tax liabilities (net)	2.17	3,758	3,304	2,678
Total current liabilities		12,622	11,588	9,595
Total equity and liabilities		77,107	72,732	61,813

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number:101248W/W-100022

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

Supreet Sachdev

Partner

Membership No. 205385

R. Seshasayee

Chairman

Dr. Vishal Sikka

Chief Executive Officer and
Managing Director

U. B. Pravin Rao

Chief Operating Officer
and Whole-time Director

Bangalore

January 13, 2017

Roopa Kudva

Director

M. D. Ranganath

Chief Financial Officer

A.G.S Manikantha

Company Secretary

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

Statement of Profit and Loss for the	Note	Three months ended December 31,		Nine months ended December 31,	
		2016	2015	2016	2015
Revenue from operations	2.18	14,949	13,562	44,369	39,825
Other income, net	2.19	805	737	2,330	2,233
Total income		15,754	14,299	46,699	42,058
Expenses					
Employee benefit expenses	2.20	7,733	7,115	23,277	20,909
Deferred consideration pertaining to acquisition		-	25	-	149
Cost of technical sub-contractors		1,228	1,226	3,547	3,225
Travel expenses		356	360	1,296	1,217
Cost of software packages and others	2.20	358	200	894	826
Communication expenses		96	73	268	232
Consultancy and professional charges		124	153	362	408
Depreciation and amortisation expense	2.3 & 2.4	339	275	995	799
Other expenses	2.20	637	519	1,905	1,397
Total expenses		10,871	9,946	32,544	29,162
Profit before tax		4,883	4,353	14,155	12,896
Tax expense:					
Current tax	2.17	1,287	1,204	3,927	3,590
Deferred tax	2.17	(3)	(14)	(27)	4
Profit for the period		3,599	3,163	10,255	9,302
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of the net defined benefit liability/asset		(6)	8	(58)	1
Equity instruments through other comprehensive income		-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on cash flow hedges, net		26	-	28	-
Total other comprehensive income, net of tax		20	8	(30)	1
Total comprehensive income for the period		3,619	3,171	10,225	9,303
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		15.67	13.77	44.65	40.50
Diluted (₹)		15.67	13.77	44.65	40.50
Weighted average equity shares used in computing earnings per equity share					
Basic	2.23	2,296,944,664	2,296,944,664	2,296,944,664	2,296,944,664
Diluted	2.23	2,297,141,190	2,296,944,664	2,297,054,821	2,296,944,664

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number:101248W/W-100022

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED
Statement of changes in Equity

Particulars	Equity Share Capital	In ₹ crore										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other Equity					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Business transfer adjustment reserve ⁽²⁾	Equity Instruments through other comprehensive income	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2015	574	2,778	40,065	54	8,291	2	-	412	-	-	15	52,191
Changes in equity for the nine months ended December 31, 2015												
Increase in share capital on account of bonus issue (refer to note 2.12)	574	-	-	-	-	-	-	-	-	-	-	574
Transfer to general reserve	-	-	(1,217)	-	1,217	-	-	-	-	-	-	-
Amounts utilized for bonus issue (refer note 2.12)	-	(574)	-	-	-	-	-	-	-	-	-	(574)
Transferred to Special Economic Zone Re-investment reserve	-	-	(397)	-	-	-	397	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	397	-	-	-	(397)	-	-	-	-	-
Share based payment to employees (refer to note 2.12)	-	-	-	-	-	6	-	-	-	-	-	6
Transfer to securities premium on exercise	-	1	-	-	-	(1)	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17)	-	-	-	-	-	-	-	-	-	-	1	1
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(6,843)	-	-	-	-	-	-	-	-	(6,843)
Profit on transfer of business ⁽²⁾	-	-	-	-	-	-	-	3,036	-	-	-	3,036
Profit for the period	-	-	9,302	-	-	-	-	-	-	-	-	9,302
Balance as of December 31, 2015	1,148	2,205	41,307	54	9,508	7	-	3,448	-	-	16	57,693

INFOSYS LIMITED
Statement of changes in Equity

Particulars	Equity Share Capital	Other Equity									Total equity attributable to equity holders of the Company	
		Reserves & Surplus					Other comprehensive income					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Business transfer adjustment reserve ⁽²⁾	Equity Instruments through other comprehensive income	Cash flow hedge reserve		Other items of other comprehensive income
Balance as of April 1, 2016	1,148	2,204	44,698	54	9,508	9	-	3,448	-	-	13	61,082
Changes in equity for the nine months ended December 31, 2016												
Transfer to general reserve	-	-	(1,579)	-	1,579	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	821	-	-	-	(821)	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	(821)	-	-	-	821	-	-	-	-	-
Excersice of stock options (refer to note 2.12)	-	3	-	-	-	(3)	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	1	-	-	-	-	-	-	-	-	-	1
Share based payment to employees of the group (refer to note 2.12 and note 2.25)	-	-	-	-	-	71	-	-	-	-	-	71
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22 and 2.17)	-	-	-	-	-	-	-	-	-	-	(58)	(58)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on cash flow hedge, net (Refer note 2.11)	-	-	-	-	-	-	-	-	-	28	-	28
Dividends (including corporate dividend tax)	-	-	(6,980)	-	-	-	-	-	-	-	-	(6,980)
Profit for the period	-	-	10,255	-	-	-	-	-	-	-	-	10,255
Balance as of December 31, 2016	1,148	2,208	46,394	54	11,087	77	-	3,448	-	28	(45)	64,399

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

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

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

(In ₹ crore)

Statements of Cash Flows	Nine months ended	
	December 31,	
	2016	2015
Cash flow from operating activities:		
Profit for the period	10,255	9,302
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	995	799
Income tax expense	3,900	3,594
Allowance for credit losses on financial assets	75	(22)
Deferred consideration pertaining to acquisition	-	149
Interest and dividend income	(1,959)	(1,912)
Other adjustments	53	139
Exchange differences on translation of assets and liabilities	36	29
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(2,118)	(1,009)
Loans and other financial assets and other assets	(148)	(1,040)
Trade payables	(307)	260
Other financial liabilities, other liabilities and provisions	1,014	1,019
Cash generated from operations	11,796	11,308
Income taxes paid	(3,537)	(4,046)
Net cash generated by operating activities	8,259	7,262
Cash flow from investing activities:		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(1,643)	(1,611)
Deposits with corporations	(140)	(39)
Loans to employees	50	(33)
Repayment of debentures	370	-
Investment in subsidiaries	(369)	(254)
Payment towards contingent consideration pertaining to acquisition	(36)	(794)
Payment arising out of business transfer	-	(286)
Payments to acquire financial assets		
Preference securities	(40)	(55)
Liquid mutual fund	(34,202)	(18,698)
Tax free bonds	-	(242)
Non-convertible debentures	(3,353)	-
Proceeds on sale of financial assets		
Liquid mutual fund	30,030	19,079
Interest and dividend received on investments	1,394	1,037
Net cash used in investing activities	(7,939)	(1,896)
Cash flow from financing activities:		
Loan given to subsidiaries	-	(125)
Loan repaid by subsidiary	-	126
Payment of dividends	(6,968)	(6,843)
Net cash used in financing activities	(6,968)	(6,842)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(25)	(8)
Net decrease in cash and cash equivalents	(6,648)	(1,476)
Cash and cash equivalents at the beginning of the period	29,176	27,722
Cash and cash equivalents at the end of the period	22,503	26,238
Supplementary information:		
Restricted cash balance	367	269

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

As per our report of even date attached

for B S R & Co. LLP

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED

Notes to the Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

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

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

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

1.2 Basis of preparation of financial statements

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

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

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

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

1.3 Use of estimates

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

1.4 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Property, plant and equipment

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

1.5 Revenue recognition

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

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

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

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

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

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

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

1.6 Property, plant and equipment

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

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

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

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

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

1.7 Intangible assets

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

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

1.8 Financial instruments

1.8.1 Initial recognition

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

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital

Ordinary Shares

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

1.8.3 Derecognition of financial instruments

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

1.9 Fair value of financial instruments

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

1.10 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Intangible assets and property, plant and equipment

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

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

1.11 Provisions

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

a. Post sales client support

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

b. Onerous contracts

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

1.12 Foreign currency

Functional currency

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

Transactions and translations

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

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

1.13 Earnings per equity share

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

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

1.14 Income taxes

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

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

1.15 Employee benefits

1.15.1 Gratuity

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

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

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

1.15.2 Superannuation

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

1.15.3 Provident fund

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

1.15.4 Compensated absences

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

1.16 Share-based compensation

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

1.17 Cash Flow Statement

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

1.18 Dividends

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

1.19 Other income

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

1.20 Leases

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

2 Notes to the standalone financial statements for the three months and nine months ended December 31, 2016

2.1 First-time adoption of Ind-AS

These standalone interim financial statements of Infosys Limited for the three months and nine months ended December 31, 2016 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - *First Time adoption of Indian Accounting Standard*, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing the standalone financial statements for the three months and nine months ended December 31, 2016 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 2.2 and 2.2.2. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 2.1.1.

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

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

(a) Share-based payment

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

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

(b) Designation of previously recognized financial instruments

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

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

2.2 Reconciliations

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

- Equity as at April 1, 2015, December 31, 2015 and March 31, 2016
- Net profit for the three months and nine months ended December 31, 2015 and year ended March 31, 2016

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

Particulars	Note	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at December 31, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS										
Non-current assets										
Property, plant and equipment		7,347	-	7,347	7,955	-	7,955	8,248	-	8,248
Capital work-in-progress		769	-	769	827	-	827	934	-	934
Intangible assets		-	-	-	-	-	-	-	-	-
Financial assets:										
Investments	A	6,108	-	6,108	11,027	(35)	10,992	11,111	(35)	11,076
Loans		4	-	4	4	-	4	5	-	5
Other financial assets		110	-	110	154	-	154	192	-	192
Deferred tax assets (net)		433	-	433	411	-	411	405	-	405
Other non-current assets		349	-	349	738	-	738	755	-	755
Income tax assets (net)		3,941	-	3,941	4,604	-	4,604	5,020	-	5,020
Total non-current assets		19,061	-	19,061	25,720	(35)	25,685	26,670	(35)	26,635
Current assets										
Financial assets:										
Investments	A	749	-	749	368	-	368	2	-	2
Trade receivables		8,627	-	8,627	9,498	-	9,498	9,798	-	9,798
Cash and cash equivalents		27,722	-	27,722	26,238	-	26,238	29,176	-	29,176
Loans		225	-	225	257	-	257	355	-	355
Other financial assets		4,045	-	4,045	5,217	-	5,217	4,801	-	4,801
Other current assets		1,384	-	1,384	1,886	-	1,886	1,965	-	1,965
Total current assets		42,752	-	42,752	43,464	-	43,464	46,097	-	46,097
Total assets		61,813	-	61,813	69,184	(35)	69,149	72,767	(35)	72,732
EQUITY AND LIABILITIES										
Equity										
Equity share capital		574	-	574	1,148	-	1,148	1,148	-	1,148
Other equity	E	47,494	4,123	51,617	56,548	3	56,545	56,009	3,925	59,934
Total equity		48,068	4,123	52,191	57,696	3	57,693	57,157	3,925	61,082
Non-current liabilities										
Financial liabilities										
Other financial liabilities	B	27	-	27	146	(25)	121	73	(11)	62
Deferred tax liabilities (net)		-	-	-	-	-	-	-	-	-
Other non-current liabilities	C	3	(3)	-	1	(1)	-	-	-	-
Total non-current liabilities		30	(3)	27	147	(26)	121	73	(11)	62
Current liabilities										
Financial liabilities										
Trade payables	B	124	-	124	384	-	384	623	-	623
Other financial liabilities		4,885	(38)	4,847	5,396	(2)	5,394	5,138	(6)	5,132
Other current liabilities	C	1,568	(4)	1,564	2,265	(4)	2,261	2,097	(4)	2,093
Provisions	D	4,460	(4,078)	382	411	-	411	4,375	(3,939)	436
Income tax liabilities (Net)		2,678	-	2,678	2,885	-	2,885	3,304	-	3,304
Total current liabilities		13,715	(4,120)	9,595	11,341	(6)	11,335	15,537	(3,949)	11,588
Total liabilities and equity		61,813	-	61,813	69,184	(35)	69,149	72,767	(35)	72,732

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

A. Investment

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

B. Other financial liabilities

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

C. Other liabilities -

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

D. Provisions

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

E. Other equity

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

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

(In ₹ crore)

Particulars	Note	Three months ended December 31, 2015			Nine months ended December 31, 2015			Year ended March 31 2016		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
Revenue from operations		13,562	-	13,562	39,825	-	39,825	53,983	-	53,983
Other income, net		737	-	737	2,230	3	2,233	3,009	(3)	3,006
Total Income		14,299	-	14,299	42,055	3	42,058	56,992	(3)	56,989
Expenses										
Employee benefit expenses	F	7,103	12	7,115	20,905	4	20,909	28,206	1	28,207
Deferred consideration pertaining to acquisition	G	18	7	25	110	39	149	110	39	149
Cost of technical sub-contractors		1,226	-	1,226	3,225	-	3,225	4,417	-	4,417
Travel expenses		360	-	360	1,217	-	1,217	1,655	-	1,655
Cost of software packages and others		200	-	200	826	-	826	1,049	-	1,049
Communication expenses		73	-	73	232	-	232	311	-	311
Consultancy and professional charges		153	-	153	408	-	408	563	-	563
Depreciation and amortisation expenses		275	-	275	799	-	799	1,115	-	1,115
Other expenses	G	515	4	519	1,388	9	1,397	1,909	14	1,923
Total expenses		9,923	23	9,946	29,110	52	29,162	39,335	54	39,389
Profit before exceptional items and tax		4,376	(23)	4,353	12,945	(49)	12,896	17,657	(57)	17,600
Profit on transfer of business	H	-	-	-	3,036	(3,036)	-	3,036	(3,036)	-
Profit before tax		4,376	(23)	4,353	15,981	(3,085)	12,896	20,693	(3,093)	17,600
Tax expense:										
Current tax	I	1,207	(3)	1,204	3,590	-	3,590	4,898	-	4,898
Deferred tax		(14)	-	(14)	4	-	4	9	-	9
Profit for the period		3,183	(20)	3,163	12,387	(3,085)	9,302	15,786	(3,093)	12,693
Other comprehensive income										
Items that will not be reclassified subsequently to profit or loss										
Remeasurement of the net defined benefit liability/asset	F	-	8	8	-	1	1	-	(2)	(2)
		-	8	8	-	1	1	-	(2)	(2)
Items that will be reclassified subsequently to profit or loss										
		-	-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	8	8	-	1	1	-	(2)	(2)
Total comprehensive income, for the period		3,183	(12)	3,171	12,387	(3,084)	9,303	15,786	(3,095)	12,691

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

F. Employee benefit expenses

- a) As per Ind-AS 19- Employee Benefits , actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period.
- b) Adjustments reflect unamortised negative past service cost arising on modification of the gratuity plan in an earlier period. Ind AS 19 requires such gains and losses to be adjusted to retained earnings.

G. Deferred and contingent consideration pertaining to acquisition

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

H. Reversal of exceptional item

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

I. Current tax

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

2.2.3 Cash flow statement

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

2.3 PROPERTY, PLANT AND EQUIPMENT

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

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of October 1, 2016	983	643	6,270	1,864	763	3,836	1,182	22	15,563
Additions	28	16	65	84	16	162	68	1	440
Deletions	-	-	-	-	(29)	(210)	(25)	-	(264)
Gross carrying value as of December 31, 2016	1,011	659	6,335	1,948	750	3,788	1,225	23	15,739
Accumulated depreciation as of October 1, 2016	-	(23)	(2,262)	(1,163)	(422)	(2,466)	(745)	(12)	(7,093)
Depreciation	-	(2)	(59)	(63)	(28)	(142)	(45)	-	(339)
Accumulated depreciation on deletions	-	-	-	-	5	125	6	-	136
Accumulated depreciation as of December 31, 2016	-	(25)	(2,321)	(1,226)	(445)	(2,483)	(784)	(12)	(7,296)
Carrying value as of December 31, 2016	1,011	634	4,014	722	305	1,305	441	11	8,443

Following are the changes in the carrying value of property, plant and equipment for the three months ended December 31, 2015:

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of October 1, 2015	957	621	5,863	1,477	590	2,986	905	17	13,416
Additions	1	17	227	137	40	250	58	-	730
Deletions	-	-	-	(1)	-	(10)	(1)	-	(12)
Gross carrying value as of December 31, 2015	958	638	6,090	1,613	630	3,226	962	17	14,134
Accumulated depreciation as of October 1, 2015	-	(18)	(2,041)	(932)	(323)	(1,984)	(605)	(9)	(5,912)
Depreciation	-	(2)	(54)	(55)	(22)	(109)	(32)	(1)	(275)
Accumulated depreciation on deletions	-	-	-	1	-	5	2	-	8
Accumulated depreciation as of December 31, 2015	-	(20)	(2,095)	(986)	(345)	(2,088)	(635)	(10)	(6,179)
Carrying value as of December 31, 2015	958	618	3,995	627	285	1,138	327	7	7,955

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

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of April 1, 2016	970	638	6,173	1,679	679	3,481	1,070	19	14,709
Additions	41	21	162	270	102	537	181	5	1,319
Deletions	-	-	-	(1)	(31)	(230)	(26)	(1)	(289)
Gross carrying value as of December 31, 2016	1,011	659	6,335	1,948	750	3,788	1,225	23	15,739
Accumulated depreciation as of April 1, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Depreciation	-	(4)	(171)	(183)	(83)	(433)	(119)	(2)	(995)
Accumulated depreciation on deletions	-	-	-	1	7	145	6	1	160
Accumulated depreciation as of December 31, 2016	-	(25)	(2,321)	(1,226)	(445)	(2,483)	(784)	(12)	(7,296)
Carrying value as of December 31, 2016	1,011	634	4,014	722	305	1,305	441	11	8,443

Following are the changes in the carrying value of property, plant and equipment for the nine months ended December 31, 2015:

(In ₹ crore)

Particulars	Land- Freehold	Land- Leasehold	Buildings (1)(2)	Plant and machinery (2)	Office Equipment (2)	Computer equipment (2) (3)	Furniture and fixtures (2)	Vehicles	Total
Gross carrying value as of April 1, 2015	929	621	5,733	1,361	525	2,812	832	14	12,827
Additions	29	17	357	253	105	658	133	3	1,555
Deletions	-	-	-	(1)	-	(244)	(3)	-	(248)
Gross carrying value as of December 31, 2015	958	638	6,090	1,613	630	3,226	962	17	14,134
Accumulated depreciation as of April 1, 2015	-	(16)	(1,937)	(838)	(280)	(1,852)	(549)	(8)	(5,480)
Depreciation	-	(4)	(158)	(149)	(65)	(332)	(89)	(2)	(799)
Accumulated depreciation on deletions	-	-	-	1	-	96	3	-	100
Accumulated depreciation as of December 31, 2015	-	(20)	(2,095)	(986)	(345)	(2,088)	(635)	(10)	(6,179)
Carrying value as of December 31, 2015	958	618	3,995	627	285	1,138	327	7	7,955

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

(In ₹ crore)

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

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

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

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

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

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

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

(In ₹ crore)

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	197	80	117
	197	75	122
Plant and machinery	33	18	15
	33	14	19
Furniture and fixtures	25	15	10
	25	12	13
Computer Equipment	3	2	1
	3	2	1
Office equipment	18	9	9
	18	7	11

The aggregate depreciation charged on the above assets during the three months and nine months ended December 31, 2016 amounted to ₹5 crore and ₹15 crore (₹13 crore and ₹18 crore for three months and nine months ended December 31, 2015 respectively).

The rental income from subsidiaries for the three months and nine months ended December 31, 2016 amounted to ₹16 crore and ₹48 crore respectively (₹15 crore and ₹35 crore for the three months and nine months ended December 31, 2015 respectively).

2.4 Intangible assets

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

Particulars	(In ₹ crore)		
	Sub-contracting rights related	Others	Total
Gross carrying value as of October 1, 2016	21	9	30
Additions	-	-	-
Deletion	-	-	-
Gross carrying value as of December 31, 2016	21	9	30
Accumulated amortization as of October 1, 2016	(21)	(9)	(30)
Amortization expense	-	-	-
Deletion	-	-	-
Accumulated amortization as of December 31, 2016	(21)	(9)	(30)
Carrying value as of December 31, 2016	-	-	-

Following are the changes in the carrying value of acquired intangible assets for the three months ended December 31, 2015:

Particulars	(In ₹ crore)			
	Intellectual property rights related	Sub-contracting rights related	Others	Total
Gross carrying value as of October 1, 2015	12	21	9	42
Additions	-	-	-	-
Deletion	(12)	-	-	(12)
Gross carrying value as of December 31, 2015	-	21	9	30
Accumulated amortization as of October 1, 2015	(12)	(21)	(9)	(42)
Amortization expense	-	-	-	-
Deletion	12	-	-	12
Accumulated amortization as of December 31, 2015	-	(21)	(9)	(30)
Carrying value as of December 31, 2015	-	-	-	-

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

Particulars	(In ₹ crore)		
	Sub-contracting rights related	Others	Total
Gross carrying value as of April 1, 2016	21	9	30
Additions	-	-	-
Deletion	-	-	-
Gross carrying value as of December 31, 2016	21	9	30
Accumulated amortization as of April 1, 2016	(21)	(9)	(30)
Amortization expense	-	-	-
Deletion	-	-	-
Accumulated amortization as of December 31, 2016	(21)	(9)	(30)
Carrying value as of December 31, 2016	-	-	-

Following are the changes in the carrying value of acquired intangible assets for the nine months ended December 31, 2015:

Particulars	(In ₹ crore)			
	Intellectual property rights related	Sub-contracting rights related	Others	Total
Gross carrying value as of April 1, 2015	12	21	9	42
Additions	-	-	-	-
Deletion	(12)	-	-	(12)
Gross carrying value as of December 31, 2015	-	21	9	30
Accumulated amortization as of April 1, 2015	(12)	(21)	(9)	(42)
Amortization expense	-	-	-	-
Deletion	12	-	-	12
Accumulated amortization as of December 31, 2015	-	(21)	(9)	(30)
Carrying value as of December 31, 2015	-	-	-	-

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

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

Research and development expense recognized in net profit in the statement of profit and loss for the three months and nine months ended December 31, 2016 is ₹112 crore and ₹280 crore (₹70 crore and ₹293 crore for the three months and nine months ended December 31, 2015)

2.5 INVESTMENTS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current investments			
Equity instruments of subsidiaries	7,276	6,901	4,873
Debentures of subsidiary	2,179	2,549	-
Preference securities and equity investments	133	93	1
Tax free bonds	1,533	1,533	1,234
Non convertible debentures	3,374	-	-
	14,495	11,076	6,108
Current investments			
Liquid mutual fund units	4,223	-	749
Government bonds	2	2	-
	4,225	2	749
Total carrying value	18,720	11,078	6,857

in ₹ crore, except as otherwise stated

Particulars	As at	
	December 31, 2016	March 31, 2016
Non-current investments		
Unquoted		
Investment carried at cost		
Investments in equity instruments of subsidiaries		
Infosys BPO Limited	659	659
3,38,22,319 (3,38,22,319) equity shares of ₹10/- each, fully paid		
Infosys Technologies (China) Co. Limited	236	169
Infosys Technologies (Australia) Pty Limited	66	66
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid		
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	57	-
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologia do Brasil Ltda	149	149
5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	826	646
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited (refer note 2.5.3)	1,312	1,312
131,18,40,000 (131,18,40,000) equity shares of ₹10/- each, fully paid		
Panaya Inc.	1,398	1,398
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Nova Holdings LLC	94	94
Kallidus Inc. (refer note 2.5.2)	619	619
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited (refer note 2.5.2)	59	59
25,000 (25,000) shares of ₹10 per share, fully paid up		
Noah Consulting LLC (refer note 2.5.1)	313	242
	7,276	6,901
Investment carried at amortised cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited (refer note 2.5.3)		
21,79,00,000 (25,49,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100 each fully paid up	2,179	2,549
	2,179	2,549
	9,455	9,450
Investment carried at fair value through other comprehensive income (FVOCI) (refer note 2.5.5)		
Preference securities	132	92
Equity instruments	1	1
	133	93
Quoted		
Investments carried at amortized cost		
Tax free bonds (refer note 2.5.6)	1,533	1,533
	1,533	1,533
Investments carried at fair value through other comprehensive income (refer note 2.5.8)		
Non convertible debentures	3,374	-
	14,495	11,076
Total non-current investments		

Current investments**Unquoted****Investments carried at fair value through profit or loss**Liquid mutual fund units (*refer note 2.5.7*)

4,223	-
4,223	-

Quoted**Investments carried at amortized cost**Government bonds (*refer note 2.5.6*)

2	2
2	2

Total current investments

4,225	2
--------------	----------

Total investments

18,720	11,078
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Aggregate amount of quoted investments

4,909 1,535

Market value of quoted investments (including interest accrued)

5,141 1,627

Aggregate amount of unquoted investments

13,811 9,543

Aggregate amount of impairment in value of investments

6 6

Investments carried at cost

7,276 6,901

Investments carried at amortised cost

3,714 4,084

Investments carried at fair value through other comprehensive income

3,507 93

Investments carried at fair value through profit or loss

4,223 -

2.5.1 Investment in Noah Consulting LLC

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

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

On June 2, 2015, Infosys acquired 100% of the voting interests in Kallidus Inc., (d.b.a Skava) (Kallidus), a leading provider of digital experience solutions, including mobile commerce and in-store shopping experiences to large retail clients and 100% of the voting interests of Skava Systems Private Limited, India, an affiliate of Kallidus. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$91 million (approximately ₹ 578 crore) and a contingent consideration of upto \$20 million (approximately ₹128 crore on acquisition date), the payment of which is dependent upon the achievement of certain financial targets by Kallidus over a period of 3 years ending on December 31, 2017. During the nine months ended December 31, 2016 contingent consideration of ₹40 crore was paid to the sellers of Kallidus on the achievement of certain financial targets.

2.5.3 Investment in EdgeVerve Systems Limited

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

On April 24, 2015, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with EdgeVerve, to transfer the business of Finacle and Edge Services. Post the requisite approval from shareholders through postal ballot on June 4, 2015, a Business Transfer Agreement and other related documents were executed with EdgeVerve to transfer the business with effect from August 1, 2015. The Company has undertaken an enterprise valuation by an independent valuer and accordingly the business were transferred for a consideration of ₹3,222 crore and ₹177 crore for Finacle and Edge Services, respectively. Net assets amounting to ₹363 crore, (including working capital amounting to ₹337 crore) were transferred and accordingly a gain of ₹3,036 crore had been recorded as an exceptional item under previous GAAP. On adoption of Ind AS, the same has been reversed from retained earnings and transferred to 'Business Transfer Adjustment Reserve' under retained earnings, in accordance with Ind AS 103 which requires common control transactions to be recorded at book values.

The consideration was settled through issue of 850,000,000 equity shares amounting to ₹850 crore and 254,900,000 non-convertible redeemable debentures amounting to ₹2,549 crore in EdgeVerve, post the requisite approval from shareholders on December 11, 2015. During the nine months ended December 31, 2016 EdgeVerve had repaid ₹370 crore by redeeming proportionate number of debentures.

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

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

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

2.5.5 Details of Investments

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

Particulars	(In ₹ crore)	
	As at	
	December 31, 2016	March 31, 2016
<i>Preference Securities</i>		
Airviz Inc.		
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each	13	13
ANSR Consulting		
52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each	9	9
Whoop Inc		
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each	20	20
CloudEndure Ltd.		
25,59,290 (12,79,645) Preferred Series B Shares, fully paid up, par value ILS 0.01 each	27	13
Nivetti Systems Private Limited		
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each	10	10
Waterline Data Science, Inc		
39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each	27	27
Trifacta Inc.		
11,80,358 (Nil) Preferred Stock	26	-
<i>Equity Instrument</i>		
OnMobile Systems Inc., USA		
21,54,100 (21,54,100) common stock at USD 0.4348 each, fully paid up, par value USD 0.001 each	-	-
Merasport Technologies Private Limited		
2,420 (2,420) equity shares at ₹ 8,052/- each, fully paid up, par value ₹10/- each	-	-
Global Innovation and Technology Alliance		
15,000 (15,000) equity shares at ₹1,000/- each, fully paid up, par value ₹1,000/- each	1	1
	133	93

2.5.6 Details of Investments in tax free bonds and government bonds

The balances held in tax free bonds as at December 31, 2016 and March 31, 2016 is as follows:

Particulars	Face Value ₹	(In ₹ crore)	
		As at December 31, 2016	
		Units	Amount
		Units	Amount
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	2,000,000	201
7.28% Indian Railway Finance Corporation Limited 21DEC30	1,000/-	422,800	42
7.28% National Highways Authority of India Bonds 18SEP30	10,00,000/-	2,000	200
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	2,100,000	211
7.35% National Highways Authority of India Bonds 11JAN31	1,000/-	571,396	57
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	200,000	21
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	500,000	53
8.26% India Infrastructure Finance Company Limited Bonds 23AUG28	10,00,000/-	1,000	100
8.30% National Highways Authority of India Bonds 25JAN2027	1,000/-	500,000	53
8.35% National Highways Authority of India Bonds 22NOV2023	10,00,000/-	1,500	150
8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028	10,00,000/-	2,000	200
8.46% Power Finance Corporation Limited Bonds 30AUG2028	10,00,000/-	1,500	150
8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028	10,00,000/-	450	45
8.54% Power Finance Corporation Limited Bonds 16NOV2028	1,000/-	500,000	50
		6,802,646	1,533
		68,02,646	1,533

The balances held in government bonds as at December 31, 2016 and March 31, 2016 is as follows:

Particulars	Face Value PHP	(In ₹ crore)	
		As at December 31, 2016	
		Units	Amount
		Units	Amount
Treasury Notes PHY6972FW G18 MAT Date 22 Feb 2017	100	150,000	2
		1,50,000	2
		1,50,000	2

2.5.7 Details of investments in liquid mutual fund units

The balances held in liquid mutual fund as at December 31, 2016 is as follows:

Particulars	in ₹ crore	
	As at December 31, 2016	
	Units	Amount
Baroda Pioneer Liquid Fund-Plan B Growth	1,632,110	300
Birla Sun Life Cash Plus Growth Direct	13,635,893	350
HDFC Liquid Fund Direct Plan Growth Option	2,219,674	701
ICICI Prudential Liquid Plan Direct Growth	31,729,663	751
IDFC Cash Fund Growth (Direct Plan)	1,619,155	315
Invesco India Liquid Fund Direct Plan Growth	454,698	100
Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option	1,852,247	723
SBI Premier Liquid Fund Direct Plan Growth	1,269,250	319
Tata Liquid Fund Direct Plan Growth	847,895	250
UTI LIQUID Cash Plan Institutional Direct Plan Growth	1,579,208	414
	5,68,39,793	4,223

2.5.8 Details of investments in Non convertible debetures

The balances held in non convertible debenture as at December 31, 2016 is as follows:

in ₹ crore, except as otherwise stated

Particulars	As at December 31, 2016		
	Face Value ₹	Units	Amount
7.48 Housing Development Finance Corporation Ltd 18NOV2019	10,000,000/-	50	51
7.59 LIC Housing Finance Ltd 14OCT2021	1,000,000/-	3,000	304
7.75 LIC Housing Finance Ltd 27AUG2021	1,000,000/-	1,250	128
7.79 LIC Housing Finance Ltd 19JUN2020	1,000,000/-	500	51
7.80 Housing Development Finance Corporation Ltd 11NOV2019	10,000,000/-	150	152
7.81 LIC Housing Finance Ltd 27APR2020	1,000,000/-	2,000	205
7.95 Housing Development Finance Corporation Ltd 23SEP2019	10,000,000/-	50	52
8.26 Housing Development Finance Corporation Ltd 12AUG2019	10,000,000/-	100	105
8.34 Housing Development Finance Corporation Ltd 6MAR2019	10,000,000/-	200	214
8.37 LIC Housing Finance Ltd 10MAY2021	1,000,000/-	500	54
8.37 LIC Housing Finance Ltd 03OCT2019	1,000,000/-	2,000	215
8.46 Housing Development Finance Corporation Ltd 11MAR2019	10,000,000/-	50	53
8.47 LIC Housing Finance Ltd 21JAN2020	1,000,000/-	500	55
8.50 Housing Development Finance Corporation Ltd LTD 31AUG2020	10,000,000/-	50	52
8.54 IDFC Bank Limited 30MAY2018	1,000,000/-	1,500	177
8.59 Housing Development Finance Corporation Ltd 14JUN2019	10,000,000/-	50	55
8.60 LIC Housing Finance Ltd 29JUL2020	1,000,000/-	1,400	149
8.61 LIC Housing Finance Ltd 11DEC2019	1,000,000/-	1,000	103
8.66 IDFC Bank Limited 25JUN2018	1,000,000/-	1,520	179
8.72 Housing Development Finance Corporation Ltd 15APR2019	10,000,000/-	75	82
8.75 Housing Development Finance Corporation Ltd 13JAN2020	500,000/-	5,000	278
8.75 LIC Housing Finance Ltd 14JAN2020	1,000,000/-	1,070	119
8.75 LIC Housing Finance Ltd 21DEC2020	1,000,000/-	1,000	111
8.97 LIC Housing Finance Ltd 29OCT2019	1,000,000/-	500	52
9.45 Housing Development Finance Corporation Ltd 21AUG2019	1,000,000/-	3,000	322
9.65 Housing Development Finance Corporation Ltd 19JAN2019	1,000,000/-	500	56
		27,015	3,374

2.6 LOANS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non- Current			
Unsecured, considered good			
Other Loans			
Loans to employees	5	5	4
	5	5	4
Unsecured, considered doubtful			
Loans to employees	16	13	10
	21	18	14
Less: Allowance for doubtful loans to employees	16	13	10
	5	5	4
Current			
Unsecured, considered good			
Loans to subsidiaries (Refer to note 2.25)	89	91	24
Other Loans			
Loans to employees	214	264	201
	303	355	225
Total Loans	308	360	229

2.7 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Security deposits ⁽¹⁾	78	73	65
Rental deposits ⁽¹⁾⁽⁴⁾	135	119	45
	213	192	110
Current			
Security deposits ⁽¹⁾	1	1	1
Rental deposits ⁽¹⁾	3	2	6
Restricted deposits ⁽¹⁾	1,294	1,154	1,039
Unbilled revenues ⁽¹⁾⁽⁵⁾	3,048	2,673	2,423
Interest accrued but not due ⁽¹⁾	1,237	696	433
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	100	109	94
Others ⁽¹⁾⁽⁶⁾	186	166	49
	5,869	4,801	4,045
Total	6,082	4,993	4,155
⁽¹⁾ Financial assets carried at amortized cost	5,982	4,884	4,061
⁽²⁾ Financial assets carried at fair value through other comprehensive income	38	-	-
⁽³⁾ Financial assets carried at fair value through Profit or Loss	62	109	94
⁽⁴⁾ Includes dues from subsidiaries (Refer note 2.25)	-	21	21
⁽⁵⁾ Includes dues from subsidiaries (Refer note 2.25)	24	20	6
⁽⁶⁾ Includes dues from subsidiaries (Refer note 2.25)	20	24	43

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

2.8 TRADE RECEIVABLES ⁽¹⁾
(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Current			
Unsecured			
Considered good ⁽²⁾	11,466	9,798	8,627
Considered doubtful	230	249	322
	11,696	10,047	8,949
Less: Allowances for credit losses	230	249	322
	11,466	9,798	8,627
⁽¹⁾ Includes dues from companies where directors are interested	-	1	6
⁽²⁾ Includes dues from subsidiaries (refer note 2.25)	290	244	309

2.9 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Balances with banks			
In current and deposit accounts	17,842	24,276	23,722
Cash on hand	-	-	-
Others			
Deposits with financial institution	4,661	4,900	4,000
	22,503	29,176	27,722
<i>Balances with banks in unpaid dividend accounts</i>	17	5	3
<i>Deposit with more than 12 months maturity</i>	1,297	237	182
<i>Balances with banks held as margin money deposits against guarantees</i>	350	336	185

Cash and cash equivalents as of December 31, 2016, March 31, 2016 and April 1, 2015 include restricted cash and bank balances of ₹367 crore, ₹341 crore, ₹188 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividends bank accounts.

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

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

(In ₹ crore)

Particulars	As at	
	December 31, 2016	March 31, 2016
In current accounts		
ANZ Bank, Taiwan	19	13
BNP Paribas Bank, Norway	2	-
Bank of America, USA	705	563
Citibank N.A., Australia	28	24
Citibank N.A., India	3	1
Citibank N.A., Dubai	3	1
Citibank N.A., EEFC (U.S. Dollar account)	3	-
Citibank N.A., Japan	31	15
Citibank N.A., New Zealand	4	2
Citibank N.A., South Africa	10	4
Deutsche Bank, Philippines	7	11
Deutsche Bank, India	2	4
Deutsche Bank, EEFC (Euro account)	12	17
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	7	8
Deutsche Bank, EEFC (Australian Dollar account)	1	2
Deutsche Bank, EEFC (U.S. Dollar account)	76	95
Deutsche Bank, EEFC (Swiss Franc account)	2	2
Deutsche Bank, Belgium	12	59
Deutsche Bank, France	5	10
Deutsche Bank, Germany	12	17
Deutsche Bank, Netherlands	6	4
Deutsche Bank, Russia (U.S. Dollar account)	3	1
Deutsche Bank, Russia (Russian Ruble account)	4	2
Deutsche Bank, Singapore	8	4
Deutsche Bank, Switzerland	3	1
Deutsche Bank, United Kingdom	43	170
Deutsche Bank, Malaysia	11	9
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	54	57
ICICI Bank, EEFC (U.S. Dollar account)	15	10
Nordbanken, Sweden	16	5
Punjab National Bank, India	4	4
Royal Bank of Canada, Canada	10	24
State Bank of India	10	7
	1,132	1,147

(In ₹ crore)

Particulars	As at	
	December 31, 2016	March 31, 2016
In deposit accounts		
Andhra Bank	40	848
Axis Bank	1,381	1,170
Canara Bank	1,861	1,861
Central Bank of India	1,518	1,518
Corporation Bank	-	1,185
HDFC Bank	349	2,500
ICICI Bank	2,373	3,755
IDBI Bank	1,750	1,750
Indusind Bank	191	250
Indian Overseas Bank	1,000	1,000
Jammu & Kashmir Bank	25	25
Kotak Mahindra Bank Limited	293	492
Oriental Bank of Commerce	1,867	1,967
State Bank of India	2,311	2,310
Syndicate Bank	799	1,250
Union Bank of India	-	7
Vijaya Bank	200	200
Yes Bank	385	700
	16,343	22,788
In unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	2	1
ICICI Bank - Unpaid dividend account	13	2
	17	5
In margin money deposits against guarantees		
Canara Bank	180	132
ICICI Bank	131	147
State Bank of India	39	57
	350	336
Deposits with financial institution		
HDFC Limited	4,661	4,900
	4,661	4,900
Total cash and cash equivalents as per Balance Sheet	22,503	29,176

2.10 OTHER ASSETS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Capital advances	457	333	316
Advances other than capital advance			
Prepaid gratuity (Refer note 2.22)	16	2	26
Others			
Prepaid expenses	94	87	7
Deferred contract cost	299	333	-
	866	755	349
Current			
Advances other than capital advance			
Payment to vendors for supply of goods	52	58	60
Others			
Prepaid expenses ⁽¹⁾	362	209	71
Deferred contract cost	68	48	
Withholding taxes and others	1,576	1,650	1,253
	2,058	1,965	1,384
Total other assets	2,924	2,720	1,733
⁽¹⁾ Includes dues from subsidiaries (Refer note 2.25)	55	43	-

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

2.11 FINANCIAL INSTRUMENTS

Financial instruments by category

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

(In ₹ crore)							
Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 2.9)	22,503	-	-	-	-	22,503	22,503
Investments (Refer note 2.5)							
Equity and preference securities	-	-	-	133	-	133	133
Tax free bonds and government bonds	1,535	-	-	-	-	1,535	1,767 *
Liquid mutual fund units	-	-	4,223	-	-	4,223	4,223
Redeemable, non-convertible debentures ⁽¹⁾	2,179	-	-	-	-	2,179	2,179
Non convertible debentures	-	-	-	-	3,374	3,374	3,374
Trade receivables (Refer Note 2.8)	11,466	-	-	-	-	11,466	11,466
Loans (Refer note 2.6)	308	-	-	-	-	308	308
Other financial assets (Refer Note 2.7)	5,982	-	62	-	38	6,082	6,082
Total	43,973	-	4,285	133	3,412	51,803	
Liabilities:							
Trade payables (Refer Note 2.14)	316	-	-	-	-	316	316
Other financial liabilities (Refer Note 2.13)	4,389	-	92	-	-	4,481	4,481
Total	4,705	-	92	-	-	4,797	

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

The carrying value and fair value of financial instruments by categories as of March 31, 2010 were as follows.

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

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

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

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

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		
(In ₹ crore)							
Assets:							
Cash and cash equivalents (Refer Note 2.9)	27,722	-	-	-	-	27,722	27,722
Investments (Refer Note 2.5)							
Equity, preference and other securities	-	-	-	1	-	1	1
Bonds and government bonds	1,234	-	-	-	-	1,234	1,269
Liquid mutual fund units	-	-	749	-	-	749	749
Trade receivables (Refer Note 2.8)	8,627	-	-	-	-	8,627	8,627
Loans (Refer note 2.6)	229	-	-	-	-	229	229
Other financial assets (Refer Note 2.7)	4,061	-	94	-	-	4,155	4,155
Total	41,873	-	843	1	-	42,717	
Liabilities:							
Trade payables (Refer note 2.14)	124	-	-	-	-	124	124
Other financial liabilities (Refer Note 2.13)	3,967	-	-	-	-	3,967	3,967
Total	4,091	-	-	-	-	4,091	

* On account of fair value changes including interest accrued

Fair value hierarchy

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

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

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

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

Particulars	As of December 31, 2016	(In ₹ crore)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.5)	4,223	4,223	-	-
Investments in tax free bonds (Refer Note 2.5)	1,765	206	1,559	-
Investments in government bonds (Refer Note 2.5)	2	2	-	-
Investments in equity instruments (Refer Note 2.5)	1	-	-	1
Investments in preference securities (Refer Note 2.5)	132	-	-	132
Investments in non convertible debentures (Refer Note 2.5)	3,374	3,019	355	-
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.7)	100	-	100	-
Liabilities				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.13)	6	-	6	-
Liability towards contingent consideration (Refer note 2.13)*	86	-	-	86

*Discounted \$14 million (approximately ₹95 crore) at 14.2%

During the nine months ended December 31, 2016, tax free bonds of ₹115 crore were transferred from Level 1 to Level 2 of fair value hierarchy, since these were valued based on market observable inputs

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

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

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

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

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

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

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

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

Financial risk management

Financial risk factors

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

Market risk

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

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

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore)
						Total
Cash and cash equivalents	804	47	50	29	129	1,059
Trade receivables	8,048	1,274	661	583	323	10,889
Other financials assets (including loans)	2,315	393	349	145	128	3,330
Trade payables	(173)	(14)	(22)	(20)	(33)	(262)
Other financial liabilities	(2,195)	(243)	(179)	(195)	(157)	(2,969)
Net assets / (liabilities)	8,799	1,457	859	542	390	12,047

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

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

For the three month ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.52% and 0.51%, respectively.

For the nine month ended December 31, 2016 and December 31, 2015, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.52%.

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

Derivative financial instruments

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

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

Particulars	As of		As of	
	December 31, 2016		March 31, 2016	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	65	465	-	-
In Australian dollars	35	172	-	-
Option Contracts				
In Euro	40	287	-	-
In United Kingdom Pound Sterling	25	209	-	-
In Australian dollars	95	466	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	450	3,057	467	3,094
In Euro	111	796	84	633
In United Kingdom Pound Sterling	70	584	60	573
In Australian dollars	40	196	50	255
In Swiss Franc	15	102	25	173
In Singapore dollars	10	47	-	-
Option Contracts				
In U.S. dollars	165	1,121	125	828
In Euro	45	322	-	-
Total forwards and options		7,824		5,556

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

Particulars	(In ₹ crore)	
	As of	
	December 31, 2016	March 31, 2016
Not later than one month	2,172	1,468
Later than one month and not later than three months	3,597	3,260
Later than three months and not later than one year	2,055	828
	7,824	5,556

During the nine months ended December 31, 2016, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of profit or loss within 3 months.

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

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

The following table provides the reconciliation of cash flow hedge reserve for the three months and nine months ended December 31, 2016:

Particulars	(In ₹ crore)	
	Three months ended December 31, 2016	Nine months ended December 31, 2016
Balance at the beginning of the period	2	-
Gain / (Loss) recognised in other comprehensive income during the period	46	48
Amount reclassified to profit or loss for the period	(10)	(10)
Tax impact on above	(10)	(10)
Balance at the end of the period	28	28

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

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

Particulars	(In ₹ crore)			
	As of		As of	
	December 31, 2016		March 31, 2016	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	102	(8)	117	(10)
Amount set off	(2)	2	(8)	8
Net amount presented in balance sheet	100	(6)	109	(2)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹11,466 crore and ₹9,798 crore as of December 31, 2016 and March 31, 2016, respectively and unbilled revenue amounting to ₹3,048 crore and ₹2,673 crore as of December 31, 2016 and March 31, 2016, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Revenue from top customer	3.6%	4.1%	3.9%	4.2%
Revenue from top five customers	13.7%	15.9%	14.3%	15.8%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months and nine months ended December 31, 2016 was ₹31 crore and ₹75 crore. The reversal for lifetime expected credit loss on customer balances for the three months ended December 31, 2015 was ₹9 crore. The reversal of allowance for lifetime expected credit loss on customer balances for the nine months ended December 31, 2015 was ₹23 crore.

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Balance at the beginning	293	312	249	322
Impairment loss recognised/ reversed	31	(9)	75	(22)
Amounts written off	-	-	(1)	-
Translation differences	(1)	(18)	-	(15)
Balance at the end	323	285	323	285

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

Liquidity risk

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

As of December 31, 2016, the Company had a working capital of ₹33,801 crore including cash and cash equivalents of ₹22,503 crore and current investments of ₹4,225 crore. As of March 31, 2016, the Company had a working capital of ₹34,509 crore including cash and cash equivalents of ₹29,176 crore and current investments of ₹2 crore.

As of December 31, 2016 and March 31, 2016, the outstanding compensated absences were ₹1,210 crore and ₹1,130 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

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

Particulars					(In ₹ crore)
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	316	-	-	-	316
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.13)	4,389	-	-	-	4,389
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	48	47	-	-	95

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

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

2.12 EQUITY

EQUITY SHARE CAPITAL

in ₹ crore, except as otherwise stated

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

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

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

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

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

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

In the period of five years immediately preceding December 31, 2016:

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

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

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

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

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

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

in ₹ crore, except as stated otherwise

Name of the shareholder	As at December 31, 2016		As at March 31, 2016	
	Number of shares	% held	Number of shares	% held
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	38,53,17,937	16.78	38,53,17,937	16.78
Life Insurance Corporation of India	15,17,27,009	6.61	13,22,74,300	5.76

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

in ₹ crore, except as stated otherwise

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

Employee Stock Option Plan (ESOP):

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

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

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

As of December 31, 2016, 1,12,92,934 shares are held by the trust towards 2015 Plan. As of December 31, 2016, 91,980 incentive units were outstanding (net of forfeitures) and the carrying value of the cash liability is ₹1 crore.

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of RSUs of fair value \$2,000,000 which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5,000,000, subject to achievement of performance targets set by the Board or its committee, which vest over time. \$2,000,000 of fair value in RSUs for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADS. The performance based RSU and Options pertaining to financial year 2017 has not yet been granted as of December 31, 2016. Though the performance based RSU and Options for fiscal 2017 and time based RSU's for the remaining employment term have not been granted as of December 31, 2016, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense. The company has recorded employee stock based compensation expense of ₹7 crore and ₹2 crore during the three months December 31, 2016 and December 31, 2015 and ₹21 crore and ₹6 crore during the nine months ended December 31, 2016 and December 31, 2015 respectively, towards CEO compensation.

The Nomination and Remuneration Committee in its meeting held on October 14, 2016 has recommended a grant of 27,250 RSUs and 43,000 ESOPs to U.B.Pravin Rao, Chief Operating Officer, under the 2015 Plan. These RSUs and ESOPs will vest over time, subject to continued service. The grant is subject to the approval of shareholders. Though these RSUs and ESOPs have not been granted as of December 31, 2016, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense for the same.

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

During the year ended March 31, 2015, the company made a grant of 108,268 restricted stock units (adjusted for bonus issues) to Dr. Vishal Sikka, Chief Executive Officer and Managing Director. The Board in its meeting held on June 22, 2015, on recommendation of Nomination and Remuneration Committee, further granted 1,24,061 RSUs to Dr. Vishal Sikka. These RSUs are vesting over a period of four years from the date of the grant in the proportions specified in the award agreement. The RSUs will vest subject to achievement of certain key performance indicators as set forth in the award agreement for each applicable year of the vesting tranche and continued employment through each vesting date.

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

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

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (RSU - IES)				
Outstanding at the beginning*	1,691,108	5	221,505	5
Granted	365,130	5	1,878,025	5
Forfeited and expired	25,480	5	38,130	5
Exercised	-	5	30,642	5
Outstanding at the end	2,030,758	5	2,030,758	5
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	-	-	-	-
Granted	309,650	998	309,650	998
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	309,650	998	309,650	998
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer above note 2.12)

Particulars	Three months ended December 31, 2016		Nine months ended December 31, 2016	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan (Formerly 2011 Plan): American Depository Shares (RSU - ADS)				
Outstanding at the beginning	381,300	0.07	-	-
Granted	605,245	0.07	996,665	0.07
Forfeited and expired	11,415	0.07	21,535	0.07
Exercised	-	-	-	-
Outstanding at the end	975,130	0.07	975,130	0.07
Exercisable at the end	-	-	-	-
2015 Plan (Formerly 2011 Plan): Employee Stock Options (ESOPs- ADS)				
Outstanding at the beginning	-	-	-	-
Granted	896,200	15.26	896,200	15.26
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	896,200	15.26	896,200	15.26
Exercisable at the end	-	-	-	-

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

Particulars	Three months ended December 31, 2015		Nine months ended December 31, 2015	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan (Formerly 2011 Plan): Indian equity shares (IES)				
Outstanding at the beginning*	223,213	5	108,268	5
Granted	-	-	124,061	5
Forfeited and expired	-	-	-	-
Exercised*	-	-	9,116	5
Outstanding at the end	223,213	5	223,213	5
Exercisable at the end	-	-	-	-

*adjusted for bonus issues (Refer above note 2.12)

During the nine months ended December 31, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,096/-

During the nine months ended December 31, 2015, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,092/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of December 31, 2016:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan: ADS and IES			
0 - 5 (RSU)	3,005,888	2.12	5.00
900 - 1100 (ESOP)	1,205,850	7.34	1,026.57
	4,211,738	3.61	297.48

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

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

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

* Data for Fiscal 2015 is not adjusted for bonus issues

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

The expected term of the RSU / ESOP is estimated based on the vesting term and contractual term of the RSU / ESOP, as well as expected exercise behaviour of the employee who receives the RSU / ESOP.

Expected volatility during the expected term of the RSU / ESOP is based on historical volatility of the observed market prices of the company's publicly traded equity shares during a period equivalent to the expected term of the RSU / ESOP.

During the three months and nine months ended December 31, 2016 and December 31, 2015, the company recorded an employee stock compensation expense of ₹38 crore and ₹2 crore and ₹67 crore and ₹6 crore, respectively in the statement of profit and loss. The cash settled stock compensation expense during each of the three months and nine months ended December 31, 2016 was less than ₹1 crore.

2.13 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non-current			
Rental deposits ⁽¹⁾	-	27	27
Payable for acquisition of business (refer Note 2.5.1 and 2.5.2)	40	35	-
	40	62	27
Current			
Unpaid dividends	17	5	3
Others			
Accrued compensation to employees	1,763	1,764	1,719
Accrued expenses ⁽²⁾	2,218	1,707	1,582
Retention monies	89	58	50
Payable for acquisition of business (refer Note 2.5.1 and Note 2.5.2)			
- Deferred consideration	-	-	487
- Contingent consideration	46	80	-
Client deposits	17	16	20
Capital creditors	41	66	37
Compensated absences	1,210	1,130	907
Other payables ⁽³⁾	244	304	42
Foreign currency forward and options contracts	6	2	-
	5,651	5,132	4,847
Total financial liabilities	5,691	5,194	4,874
Financial liability carried at amortized cost	4,389	3,947	3,967
Financial liability carried at fair value through profit or loss	92	117	-
Liability towards acquisition of business on undiscounted basis	95	132	-
⁽¹⁾ Includes dues to subsidiaries (Refer note 2.25)	-	27	27
⁽²⁾ Includes dues to subsidiaries (Refer note 2.25)	-	29	36
⁽³⁾ Includes dues to subsidiaries (Refer note 2.25)	32	38	33

2.14 TRADE PAYABLES

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Trade payables *	316	623	124
	316	623	124
*Includes dues to subsidiaries (refer note 2.25)	81	145	102

2.15 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Non current			
Deferred income	46	-	-
	46	-	-
Current			
Unearned revenue	1,383	1,025	831
Others			
Withholding taxes and others	1,159	1,068	733
Deferred rent	1	-	-
	2,543	2,093	1,564
	2,589	2,093	1,564

2.16 PROVISIONS

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Current			
Others			
Post-sales client support and warranties and others	354	436	382
	354	436	382

Provision for post-sales client support and warranties and others

The movement in the provision for post-sales client support and warranties and others is as follows :

(In ₹ crore)

Particulars	Three months ended		Nine months ended
	December 31, 2016	December 31, 2016	
Balance at the beginning		556	436
Provision recognized/(reversed)		(77)	68
Provision utilized		(135)	(161)
Exchange difference		10	11
Balance at the end		354	354

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

2.17 INCOME TAXES

Income tax expense in the statement of profit and loss comprises:

Particulars	Three months ended		Nine months ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Current taxes	1,287	1,204	3,927	3,590
Deferred taxes	(3)	(14)	(27)	4
Income tax expense	1,284	1,190	3,900	3,594

(In ₹ crore)

Current tax expense for the three months period ended December 31, 2016 and December 31, 2015 includes reversals (net of provisions) amounting to ₹104 crore and ₹147 crore respectively pertaining to prior periods

Current tax expense for the nine months period ended December 31, 2016 and December 31, 2015 includes reversals (net of provisions) amounting to ₹123 crore and ₹264 crore respectively pertaining to prior periods

Entire deferred income tax for the three months and nine months ended December 31, 2016 and December 31, 2015 relates to origination and reversal of temporary differences.

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

Particulars	Three months ended		Nine months ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Profit before income taxes	4,883	4,353	14,155	12,896
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,690	1,506	4,899	4,463
Tax effect due to non-taxable income for Indian tax purposes	(522)	(363)	(1,505)	(1,206)
Overseas taxes	193	175	603	502
Tax reversals, overseas and domestic	(104)	(147)	(123)	(264)
Effect of exempt non-operating income	(10)	(14)	(39)	(45)
Effect of non-deductible expenses	38	33	65	163
Additional deduction on research and development expense	-	-	-	(19)
Others	(1)	-	-	-
Income tax expense	1,284	1,190	3,900	3,594

(In ₹ crore)

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

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

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2016, Infosys' U.S. branch net assets amounted to approximately ₹5,109 crore. As of December 31, 2016, the Company has provided for branch profit tax of ₹343 crore for its U.S. branch, as the Company estimates that these branch profits are expected to be distributed in the foreseeable future. The change in provision for branch profit tax includes ₹9 crore movement on account of exchange rate during the nine months ended December 31, 2016.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,226 crore and ₹4,195 crore as of December 31, 2016 and March 31, 2016, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of December 31, 2016, March 31, 2016 and April 1, 2015

(In ₹ crore)

	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Income tax assets	5,104	5,020	3,941
Current income tax liabilities	3,758	3,304	2,678
Net current income tax assets/ (liability) at the end	1,346	1,716	1,263

The gross movement in the current income tax asset/ (liability) for the three months and nine months ended December 31, 2016 and December 31, 2015 is as follows:

(In ₹ crore)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net current income tax asset/ (liability) at the beginning	1,257	1,546	1,716	1,263
Income tax paid	1,369	1,381	3,537	4,046
Current income tax expense (Refer Note 2.17)	(1,287)	(1,204)	(3,927)	(3,590)
Income tax on other comprehensive income	(2)	(3)	10	-
Tax benefit on exercise of share based payments	-	-	1	-
Translation difference	9	(1)	9	-
Net current income tax asset/ (liability) at the end	1,346	1,719	1,346	1,719

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Deferred income tax assets			
Property, plant and equipment	106	146	210
Computer software	54	50	51
Accrued compensation to employees	36	46	29
Trade receivables	106	79	100
Compensated absences	366	359	280
Post sales client support	93	76	72
Others	27	21	7
Total deferred income tax assets	788	777	749
Deferred income tax liabilities			
Branch profit tax	343	334	316
Others	31	38	-
Total deferred income tax liabilities	374	372	316
Deferred income tax assets after set off	414	405	433
Deferred income tax liabilities after set off	-	-	-

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

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

The gross movement in the deferred income tax account for the three months and nine months ended December 31, 2016 and December 31, 2015, is as follows:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Net deferred income tax asset at the beginning	428	399	405	433
Translation differences	11	(3)	10	(18)
Credits / (charge) relating to temporary differences (Refer Note 2.17)	3	15	27	(4)
Temporary differences on other comprehensive income	(10)	-	(10)	-
Net deferred income tax asset at the end	432	411	432	411

The credits relating to temporary differences during the nine months ended December 31, 2016 are primarily on account of trade receivable, Post sales client support and compensated absences partially offset by reversal of credits pertaining to property plant and equipment and accrued compensation to employees. The charge relating to temporary differences during the nine months ended December 31, 2015 are primarily on account of property plant and equipment, trade receivables, accrued compensation to employees partially offset by compensated absences.

2.18 REVENUE FROM OPERATIONS*(In ₹ crore)*

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Income from software services	14,942	13,556	44,354	39,182
Income from software products	7	6	15	643
	14,949	13,562	44,369	39,825

2.19 OTHER INCOME*(In ₹ crore)*

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Interest received on financial assets- Carried at amortised cost				
Tax free bonds, government bonds and debentures	107	33	272	83
Deposit with Bank and others	535	584	1,664	1,779
Dividend received on investments carried at fair value through profit or loss				
Mutual fund units	-	9	23	50
Gain / (loss) on investments carried at fair value through profit or loss	31	-	51	-
Exchange gains/(losses) on foreign currency forward and options contracts	77	57	283	(28)
Exchange gains/(losses) on translation of other assets and liabilities	(1)	6	(89)	140
Miscellaneous income, net	56	48	126	209
	805	737	2,330	2,233

2.20 EXPENSES*(In ₹ crore)*

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
<i>Employee benefit expenses</i>				
Salaries including bonus	7,513	6,950	22,671	20,423
Contribution to provident and other funds	161	137	480	411
Share based payments to employees (Refer note 2.12)	38	2	67	6
Staff welfare	21	26	59	69
	7,733	7,115	23,277	20,909
<i>Cost of software packages and others</i>				
For own use	191	145	531	492
Third party items bought for service delivery to clients	167	55	363	334
	358	200	894	826

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
<i>Other expenses</i>				
Power and fuel	44	43	145	138
Brand and Marketing	52	58	213	172
Operating lease payments	73	44	197	128
Rates and taxes	29	24	94	75
Repairs and Maintenance	250	227	782	609
Consumables	6	7	23	22
Insurance	12	11	31	33
Provision for post-sales client support and warranties	14	32	69	-
Commission to non-whole time directors	3	2	7	6
Allowances for credit losses on financial assets	32	(9)	79	(22)
Auditor's remuneration				
Statutory audit fees	1	-	2	1
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social Responsibility	80	61	177	162
Others	41	19	86	73
	637	519	1,905	1,397

2.21 LEASES

Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period is as under:

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Lease rentals	73	44	197	128

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

(In ₹ crore)

Future minimum lease payable	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Not later than 1 year	247	170	101
Later than 1 year and not later than 5 years	724	417	284
Later than 5 years	762	315	158

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

2.22 EMPLOYEE BENEFITS

a. Gratuity

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

Particulars	(In ₹ crore)	
	As at	
	December 31, 2016	March 31, 2016
Change in benefit obligations		
Benefit obligations at the beginning	826	755
Service cost	84	106
Interest expense	46	55
Curtailment gain	(3)	-
Transfer of obligation	(1)	(34)
Remeasurements - Actuarial (gains)/ losses	72	10
Benefits paid	(57)	(66)
Benefit obligations at the end	967	826
Change in plan assets		
Fair value of plan assets at the beginning	828	781
Interest income	50	59
Transfer of assets	-	(43)
Remeasurements- Return on plan assets excluding amounts included in interest income	4	7
Contributions	158	90
Benefits paid	(57)	(66)
Fair value of plan assets at the end	983	828
Funded status	16	2

Amount for the three months and nine months ended December 31, 2016 and December 31, 2015 recognized in the Statement of Profit and Loss under employee benefit expenses.

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Service cost	28	26	84	80
Net interest on the net defined benefit liability/asset	(2)	(1)	(4)	(3)
Curtailment gain	-	-	(3)	-
Net gratuity cost	26	25	77	77

Amount for the three months and nine months ended December 31, 2016 and December 31, 2015 recognized in statement of other comprehensive income:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	5	(8)	72	4
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(1)	(2)	(4)	(5)
	4	(10)	68	(1)

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	17	5	64	(4)
	17	5	64	(4)

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

Particulars	As of		
	December 31, 2016	March 31, 2016	April 1, 2015
Discount rate	6.6%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and nine months ended December 31, 2016 and December 31, 2015 are set out below:

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Discount rate	7.8%	7.8%	7.8%	7.8%
Weighted average rate of increase in compensation levels	8.0%	8.0%	8.0%	8.0%
Weighted average duration of defined benefit obligation	6.4 years	6.4 years	6.4 years	6.4 years

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

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

As of December 31, 2016, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹58 crore.

As of December 31, 2016, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹49 crore.

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

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

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

Actual return on assets for the three months and nine months ended December 31, 2016 and December 31, 2015 were ₹18 crore and ₹17 crore and ₹54 crore and ₹49 crore respectively.

The Company expects to contribute ₹15 crore to the gratuity trusts during the remainder of fiscal 2017.

Maturity profile of defined benefit obligation:

	(In ₹ crore)
Within 1 year	130
1-2 year	136
2-3 year	145
3-4 year	157
4-5 year	170
5-10 years	850

b. Superannuation

The Company contributed ₹38 crore and ₹113 crore to the Superannuation trust during the three months and nine months ended December 31, 2016 (₹57 crore and ₹169 crore during the three months and nine months ended December 31, 2015).

c. Provident fund

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

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

Particulars	(In ₹ crore)		
	As of		
	December 31, 2016	March 31, 2016	April 1, 2015
Plan assets at period end, at fair value	4,042	3,808	2,912
Present value of benefit obligation at period end	4,042	3,808	2,912
Asset recognized in balance sheet	-	-	-

The plan assets have been primarily invested in government securities.

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

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Government of India (GOI) bond yield	6.60%	7.80%	7.80%
Remaining term to maturity of portfolio	6 years	7 years	7 years
Expected guaranteed interest rate- First year:	8.75%	8.75%	8.75%
- Thereafter:	8.60%	8.60%	8.60%

The Company contributed ₹94 crore and ₹283 crore during the three months and nine months ended December 31, 2016 (₹87 crore and ₹258 crore during the three months and nine months ended December 31, 2015).

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

Employee benefits cost include:

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and bonus*	7,575	6,946	22,804	20,405
Defined contribution plans	38	57	113	169
Defined benefit plans	120	112	360	335
	7,733	7,115	23,277	20,909

* Includes stock compensation expense of ₹38 crore and ₹67 crore for the three months and nine months ended December 31, 2016 (₹2 crore and ₹6 crore for the three months and nine months ended December 31, 2015.) (Refer note 2.12).

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

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

	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Basic earnings per equity share - weighted average number of equity shares outstanding	2,296,944,664	2,296,944,664	2,296,944,664	2,296,944,664
Effect of dilutive common equivalent shares - share options outstanding	196,526	-	110,157	-
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	229,71,41,190	229,69,44,664	229,70,54,821	229,69,44,664
For the three and nine months ended December 31, 2016, 150,500 and 50,349 number of options to purchase equity shares had an anti-dilutive effect. For the three months and nine months ended December 31, 2015, no outstanding option to purchase equity shares had an anti-dilutive effect.				

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

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Contingent liabilities :			
Claims against the Company, not acknowledged as debts ⁽¹⁾ [Net of amount paid to statutory authorities ₹ 4,390 crore (₹4,386 crore)]	622	188	167
Commitments :			
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	1,166	1,295	1,272

Claims against the company not acknowledged as debts as on December 31, 2016 include demand from the Indian Income tax authorities for payment of tax of ₹ 4,557 crore (₹ 4,135 crore), including interest of ₹ 1,355 crore (₹ 1,224 crore) upon completion of their tax assessment for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011 and fiscal 2013.

Demand for fiscal 2007, fiscal 2008 and fiscal 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, fiscal 2008, fiscal 2009, fiscal 2010, fiscal 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. Demand for fiscal 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2007, fiscal 2008 and fiscal 2009 are pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010 and fiscal 2011 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore. The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

2.25 RELATED PARTY TRANSACTIONS

List of related parties:

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

Lodestone Management Consultants Portugal, Unipessoal, Lda. ⁽³⁾	Portugal	100%	100%	100%
S.C. Infosys Consulting S.R.L.(formerly S.C. Lodestone Management Consultants S.R.L.) ⁽²⁾	Romania	100%	100%	100%
Infosys Consulting S.R.L. (formerly Lodestone Management Consultants S.R.L.) ⁽²⁾	Argentina	100%	100%	100%
Infosys Canada Public Services Ltd. ⁽⁸⁾	Canada	-	-	-
Infosys Nova Holdings LLC. (Infosys Nova) ⁽⁹⁾	U.S.	100%	100%	100%
Panaya Inc. (Panaya) ⁽¹⁰⁾	U.S.	100%	100%	100%
Panaya Ltd. ⁽¹¹⁾	Israel	100%	100%	100%
Panaya GmbH ⁽¹¹⁾	Germany	100%	100%	100%
Panaya Pty Ltd ⁽¹¹⁾⁽¹⁹⁾	Australia	-	-	-
Panaya Japan Co. Ltd. ⁽¹¹⁾	Japan	100%	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems) ⁽¹²⁾	India	100%	100%	-
Kallidus Inc. (Kallidus) ⁽¹³⁾	U.S.	100%	100%	-
Noah Consulting LLC (Noah) ⁽¹⁴⁾	U.S.	100%	100%	-
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹⁵⁾	Canada	100%	100%	-

⁽¹⁾ Wholly owned subsidiary of Infosys BPO.

⁽²⁾ Under liquidation

⁽³⁾ Wholly owned subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁴⁾ Majority owned and controlled subsidiaries of Infosys Consulting Holding AG (formerly Lodestone Holding AG)

⁽⁵⁾ Wholly owned subsidiary of Portland Group Pty Ltd. Liquidated effective May 14, 2014.

⁽⁶⁾ Wholly owned subsidiary of Infosys Consulting AG (formerly Lodestone Management Consultants AG)

⁽⁷⁾ Incorporated effective February 14, 2014 (Refer note 2.5.3)

⁽⁸⁾ Wholly owned subsidiary of Infosys Public Services, Inc. Incorporated effective December 19, 2014

⁽⁹⁾ Incorporated effective January 23, 2015

⁽¹⁰⁾ On March 5, 2015, Infosys acquired 100% of the voting interest in Panaya Inc.

⁽¹¹⁾ Wholly owned subsidiary of Panaya Inc.

⁽¹²⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Skava Systems (Refer note 2.5.2)

⁽¹³⁾ On June 2, 2015, Infosys acquired 100% of the voting interest in Kallidus Inc. (Refer note 2.5.2)

⁽¹⁴⁾ On November 16, 2015, Infosys acquired 100% of the membership interests in Noah (Refer note 2.5.1)

⁽¹⁵⁾ Wholly owned subsidiary of Noah

⁽¹⁶⁾ Incorporated effective November 20, 2015

⁽¹⁷⁾ Liquidated effective March 15, 2016

⁽¹⁸⁾ Liquidated effective October 5, 2016

⁽¹⁹⁾ Liquidated effective November 16, 2016

⁽²⁰⁾ Liquidated effective December 21, 2016

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

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

⁽¹⁾ Associate of Infosys Nova Holdings LLC.

List of other related parties

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

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

List of key management personnel

Whole time directors

U B Pravin Rao

Dr. Vishal Sikka

Non-whole-time directors

K.V.Kamath (resigned effective June 5, 2015)

Prof. Jeffrey S. Lehman

R. Seshasayee

Ravi Venkatesan

Kiran Mazumdar Shaw

Carol M. Browner (resigned effective November 23, 2015)

Prof. John W. Etchemendy

Roopa Kudva

Dr. Punita Kumar-Sinha (appointed effective January 14, 2016)

D. N. Prahlad (appointed effective October 14, 2016)

Executive Officers

M. D. Ranganath, Chief Financial Officer (effective October 12, 2015)

David D. Kennedy, General Counsel and Chief Compliance Officer (till December 31, 2016)

Rajiv Bansal, Chief Financial Officer (till October 12, 2015)

Mohit Joshi, President (effective October 13, 2016)

Rajesh K. Murthy, President (effective October 13, 2016)

Ravi Kumar S, President (effective October 13, 2016)

Sandeep Dadlani, President (effective October 13, 2016)

Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)

Gopi Krishnan Radhakrishnan - Acting General Counsel (effective December 31, 2016)

Company Secretary

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

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

(In ₹ crore)

Particulars	As at		
	December 31, 2016	March 31, 2016	April 1, 2015
Investment in debentures			
EdgeVerve ⁽²⁾	2,179	2,549	-
Trade receivables			
Infosys China	39	29	16
Infosys Mexico	6	6	1
Infosys Brasil	3	1	5
Infosys BPO	4	5	1
Infy Consulting Company Ltd.	64	8	26
EdgeVerve	56	-	14
Infosys Public Services	81	153	246
Infosys Sweden	3	28	-
Panaya Ltd	34	14	-
	<u>290</u>	<u>244</u>	<u>309</u>
Loans⁽¹⁾			
Infy Consulting Company Ltd.	-	-	6
Infosys Sweden	18	24	-
Infosys Technologies China	71	67	-
EdgeVerve	-	-	18
	<u>89</u>	<u>91</u>	<u>24</u>
Prepaid and other financial assets			
Infosys BPO	5	5	1
Infosys Public Services	1	8	4
EdgeVerve	-	3	14
Panaya	55	43	-
Infosys Consulting SAS	7	6	3
Infosys Consulting GmbH	1	1	1
Infosys China	1	-	-
Infy Consulting Company Ltd.	3	1	20
Infosys Consulting AG	1	-	-
Infy Consulting B.V.	1	-	-
	<u>75</u>	<u>67</u>	<u>43</u>
Unbilled revenues			
Infosys Consulting SAS	-	-	1
EdgeVerve	23	20	-
Kallidus	1	-	-
Infosys McCamish Systems LLC	-	-	5
	<u>24</u>	<u>20</u>	<u>6</u>
Trade payables			
Infosys China	10	10	10
Infosys BPO	6	6	-
Infosys (Czech Republic) Limited s.r.o.	2	2	-
Portland Group Pty Ltd	-	-	1
Infosys Mexico	4	2	1
Infosys Sweden	11	8	5
Infosys Management Consulting Pty Limited	-	16	10
Infosys Consulting Pte Ltd.	-	7	8
Infy Consulting Company Ltd.	1	83	65
Infosys Brasil	1	-	2
Noah Consulting LLC	12	-	-
Panaya Ltd.	9	9	-
Infosys Public Services	2	2	-
Kallidus	20	-	-
Noah Information Management Consulting Inc.	3	-	-
	<u>81</u>	<u>145</u>	<u>102</u>
Other financial liabilities			
Infosys BPO	30	27	16
Infosys McCamish Systems LLC	-	-	2
Infosys Consulting AG	-	1	1
Infy Consulting Company Ltd.	-	1	1
EdgeVerve	-	-	9
Panaya Ltd.	-	1	-
Infosys Public Services	1	7	4
Infosys Mexico	1	1	-
	<u>32</u>	<u>38</u>	<u>33</u>
Accrued expenses			
Infosys BPO	-	1	(1)
Kallidus Inc	-	18	-
Noah Consulting, LLC	-	10	-
EdgeVerve	-	-	37
	<u>-</u>	<u>29</u>	<u>36</u>
Rental Deposit given for shared services			
Infosys BPO	-	21	21
Rental Deposit taken for shared services			
Infosys BPO	-	27	27

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

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

The details of the related parties transactions entered into by the Company, in addition to the lease commitments described in note 2.21, for the three months and nine months ended December 31, 2016 and December 31, 2015 are as follows:

Particulars	(In ₹ crore)			
	Three months ended December		Nine months ended	
	31,		December 31,	
	2016	2015	2016	2015
Capital transactions:				
Financing transactions				
Equity				
EdgeVerve	-	850	-	850
Infosys China	-	-	67	-
Infosys Sweden	6	-	57	-
Infosys Shanghai	46	67	180	258
Noah Consulting LLC	71	-	71	-
	123	917	375	1,108
Debtenture given/ (repaid)				
EdgeVerve	(100)	2,549	(370)	2,549
	(100)	2,549	(370)	2,549
Interest accrued				
Infosys Sweden	(2)	-	(2)	-
Infosys China	2	-	2	-
	-	-	-	-
Loans (net of repayment)⁽¹⁾				
Kallidus	-	(10)	-	-
Infosys Sweden	-	10	(1)	23
Infosys China	-	-	3	-
EdgeVerve	-	-	-	(18)
Infy Consulting Company Limited	-	-	-	(6)
	-	-	2	(1)
Cash paid under business transfer				
EdgeVerve	-	36	-	286
	-	36	-	286
Revenue transactions:				
Purchase of services				
Infosys China	31	31	90	95
Infosys Management Consulting Pty Limited	32	38	95	92
Infy Consulting Company Limited	167	264	544	627
Infosys Consulting Pte Ltd.	6	26	23	85
Portland Group Pty Ltd	1	-	2	2
Infosys BPO s.r.o	8	5	23	11
Infosys BPO	104	90	287	248
Infosys Sweden	17	21	56	57
Infosys Mexico	6	2	17	8
Infosys Public Services	6	3	15	8
Panaya Ltd.	14	6	35	11
Infosys Brasil	2	3	5	8
Infosys Poland Sp Z.o.o	1	-	3	-
Kallidus	21	-	32	-
Noah Consulting, LLC	25	-	89	-
Noah Information Management Consulting Inc.	1	-	3	-
	442	489	1,319	1,252
Purchase of shared services including facilities and personnel				
Panaya Ltd.	-	-	2	-
Infosys BPO	6	2	17	7
	6	2	19	7
Interest income				
Infosys China	1	-	3	-
Infosys Sweden	-	-	-	1
EdgeVerve	47	5	152	7
	48	5	155	8
Sale of services				
Infosys China	4	3	11	8
Infosys Mexico	8	11	23	28
Infy Consulting Company Limited	18	8	65	19
Infosys Brasil	4	1	8	5
Infosys BPO	14	17	42	52
McCamish Systems LLC	-	1	-	2
Infosys Sweden	4	7	12	21
EdgeVerve	71	-	206	-
Infosys Public Services	244	232	715	666
	367	280	1,082	801
Sale of shared services including facilities and personnel				
EdgeVerve	10	21	30	40
Panaya Ltd.	8	3	22	5
Infy Consulting Company Limited	1	-	1	-
Infosys Public Services	1	-	1	-
Infosys BPO	14	5	38	15
	34	29	92	60

⁽¹⁾ Loan outstanding (including accrued interest) given to Infosys Sweden is converted to equity during the three months ended December 31, 2016.

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

Particulars	(In ₹ crore)			
	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾⁽³⁾	31	32	66	60
Commission and other benefits to non-executive/independent directors	3	2	8	7
Total	34	34	74	67

⁽¹⁾ Includes stock compensation expense of ₹10 crore and ₹24 crore for the three months and nine months ended December 31, 2016 (₹2 crore and ₹6 crore for the three months and nine months ended December 31, 2015) towards key managerial personnel. Refer note 2.12

⁽²⁾ Includes ₹6 crore payable under severance agreement to General counsel and Chief compliance officer during the three months ended December 31, 2016

⁽³⁾ Three months and nine months ended December 31, 2015 includes ₹17.38 crore payable under severance agreement to Rajiv Bansal who stepped down as Chief Financial officer w.e.f October 12, 2015

2.26 SEGMENT REPORTING

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

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

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

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

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

Business segments

Three months ended December 31, 2016 and December 31, 2015

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	3,939	1,541	3,519	2,596	1,842	1,199	313	14,949
	3,698	1,345	3,045	2,353	1,648	1,168	305	13,562
Identifiable operating expenses	2,103	793	1,750	1,282	923	628	187	7,666
	1,924	691	1,480	1,172	852	590	151	6,860
Allocated expenses	751	296	676	498	353	230	60	2,864
	765	278	630	487	342	242	63	2,807
Segment operating income	1,085	452	1,093	816	566	341	66	4,419
	1,009	376	935	694	454	336	91	3,895
Unallocable expenses								341
								279
Operating profit								4,078
								3,616
Other income, net								805
								737
Profit before income taxes								4,883
								4,353
Income tax expense								1,284
								1,190
Net profit								3,599
								3,163
Depreciation and amortization								339
								275
Non-cash expenses other than depreciation and amortization								2
								4

Nine months ended December 31, 2016 and December 31, 2015

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	11,810	4,519	10,370	7,777	5,206	3,744	943	44,369
	11,041	4,038	8,869	6,909	4,766	3,471	731	39,825
Identifiable operating expenses	6,340	2,326	5,118	3,857	2,674	1,966	613	22,894
	5,597	2,136	4,246	3,390	2,429	1,745	442	19,985
Allocated expenses	2,295	882	2,023	1,518	1,015	731	184	8,648
	2,290	853	1,873	1,459	1,007	733	154	8,369
Segment operating income	3,175	1,311	3,229	2,402	1,517	1,047	146	12,827
	3,154	1,049	2,750	2,060	1,330	993	135	11,471
Unallocable expenses								1,002
								808
Operating profit								11,825
								10,663
Other income, net								2,330
								2,233
Profit before income taxes								14,155
								12,896
Income tax expense								3,900
								3,594
Net profit								10,255
								9,302
Depreciation and amortization								995
								799
Non-cash expenses other than depreciation and amortization								7
								9

Geographic segments

Three months ended December 31, 2016 and December 31, 2015

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	9,747	3,271	489	1,442	14,949
	9,013	3,015	306	1,228	13,562
Identifiable operating expenses	5,071	1,699	199	697	7,666
	4,616	1,499	131	614	6,860
Allocated expenses	1,871	626	93	274	2,864
	1,866	624	63	254	2,807
Segment profit	2,805	946	197	471	4,419
	2,531	892	112	360	3,895
Unallocable expenses					341
					279
Operating profit					4,078
					3,616
Other income, net					805
					737
Profit before income taxes					4,883
					4,353
Income tax expense					1,284
					1,190
Net profit					3,599
					3,163
Depreciation and amortization					339
					275
Non-cash expenses other than depreciation and amortization					2
					4

Nine months ended December 31, 2016 and December 31, 2015

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	28,825	9,811	1,343	4,390	44,369
	<i>26,380</i>	<i>8,559</i>	<i>914</i>	<i>3,972</i>	39,825
Identifiable operating expenses	15,178	5,001	603	2,112	22,894
	<i>13,433</i>	<i>4,269</i>	<i>445</i>	<i>1,838</i>	<i>19,985</i>
Allocated expenses	5,625	1,913	259	851	8,648
	<i>5,570</i>	<i>1,803</i>	<i>181</i>	<i>815</i>	<i>8,369</i>
Segment profit	8,022	2,897	481	1,427	12,827
	<i>7,377</i>	<i>2,487</i>	<i>288</i>	<i>1,319</i>	<i>11,471</i>
Unallocable expenses					1,002
					808
Operating profit					11,825
					<i>10,663</i>
Other income, net					2,330
					<i>2,233</i>
Profit before income taxes					14,155
					<i>12,896</i>
Income tax expense					3,900
					<i>3,594</i>
Net profit					10,255
					<i>9,302</i>
Depreciation and amortization					995
					799
Non-cash expenses other than depreciation and amortization					7
					9
Significant clients					

No client individually accounted for more than 10% of the revenues in the three months and nine months ended December 31, 2016 and December 31, 2015.

2.27 FUNCTION WISE CLASSIFICATION OF STATEMENT OF PROFIT AND LOSS

(In ₹ crore)

Particulars	Three months ended December 31,		Nine months ended December 31,	
	2016	2015	2016	2015
Revenue from operations	14,949	13,562	44,369	39,825
Cost of sales	9,264	8,174	27,825	23,944
Gross Profit	5,685	5,388	16,544	15,881
Operating expenses				
Selling and marketing expenses	668	660	2,047	2,006
General and administration expenses	939	1,112	2,672	3,212
Total operating expenses	1,607	1,772	4,719	5,218
Operating profit	4,078	3,616	11,825	10,663
Other income, net	805	737	2,330	2,233
Profit before tax	4,883	4,353	14,155	12,896
Tax expense:				
Current tax	1,287	1,204	3,927	3,590
Deferred tax	(3)	(14)	(27)	4
Profit for the period	3,599	3,163	10,255	9,302
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of the net defined benefit liability/asset	(6)	8	(58)	1
Equity instruments through other comprehensive income	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on cash flow hedges, net	26	-	28	-
Total other comprehensive income, net of tax	20	8	(30)	1
Total comprehensive income for the period	3,619	3,171	10,225	9,303

As per our report of even date attached

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

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

Supreet Sachdev
Partner
Membership No. 205385

R. Seshasayee
Chairman

Dr. Vishal Sikka
Chief Executive Officer and
Managing Director

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

Bangalore
January 13, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Audited financial results of Infosys Limited for the quarter and nine months ended December 31, 2016 prepared in compliance with the Indian Accounting Standards (Ind-AS)

Particulars	(in ₹ crore, except per equity share data)									
	Quarter ended December 31,		Quarter ended September 30,		Quarter ended December 31,		Nine Months ended December 31,		Year ended March 31,	
	2016 Audited	2016 Audited	2016 Audited	2016 Audited	2015 Audited	2015 Audited	2016 Audited	2016 Audited	2015 Audited	2016 Audited
Revenue from operations	14,949	15,000	13,562	44,369	39,825	53,983				
Other income, net	805	763	737	2,330	2,233	3,006				
Total income	15,754	15,763	14,299	46,699	42,058	56,989				
Expenses										
Employee benefit expenses	7,733	7,939	7,115	23,277	20,909	28,207				
Deferred consideration pertaining to acquisition	-	-	25	-	149	149				
Cost of technical sub-contractors	1,228	1,183	1,226	3,547	3,225	4,417				
Travel expenses	356	364	360	1,296	1,217	1,655				
Cost of software packages and others	358	312	200	894	826	1,049				
Communication expenses	96	90	73	268	232	311				
Consultancy and professional charges	124	119	153	362	408	563				
Depreciation and amortisation expense	339	338	275	995	799	1,115				
Other expenses	637	606	519	1,905	1,397	1,923				
Total expenses	10,871	10,951	9,946	32,544	29,162	39,389				
Profit before tax	4,883	4,812	4,353	14,155	12,896	17,600				
Tax expense:										
Current tax	1,287	1,327	1,204	3,927	3,590	4,898				
Deferred tax	(3)	9	(14)	(27)	4	9				
Profit for the period	3,599	3,476	3,163	10,255	9,302	12,693				
Other comprehensive income										
<i>Items that will not be reclassified subsequently to profit or loss</i>										
Remeasurement of the net defined benefit liability / asset	(6)	(35)	8	(58)	1	(2)				
Equity instruments through other comprehensive income	-	-	-	-	-	-				
<i>Items that will be reclassified subsequently to profit or loss</i>										
Fair value changes on cash flow hedges, net	26	2	-	28	-	-				
Total other comprehensive income, net of tax	20	(33)	8	(30)	1	(2)				
Total comprehensive income, for the period	3,619	3,443	3,171	10,225	9,303	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 (₹)	15.67	15.13	13.77	44.65	40.50	55.26				
Diluted (₹)	15.67	15.13	13.77	44.65	40.50	55.26				

Notes:

1. The audited financial statements for the quarter and nine months ended December 31, 2016 have been taken on record by the Board of Directors at its meeting held on January 13, 2017. The statutory auditors have expressed an unqualified audit opinion. The information presented above is extracted from the audited standalone financial statements. The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
2. The Company has adopted all the Ind-AS on April 1, 2016, with the transition date as April 1, 2015, and the adoption was carried out in accordance with Ind-AS 101-First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

3. Change of Auditors on account of mandatory rotation requirement in India

Under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, it is mandatory for Infosys Limited ('the Company') to rotate the current statutory auditors on completion of the maximum term permitted under the said Section. Therefore, the Audit Committee of Infosys Limited has proposed and on January 13, 2017, the Board of Directors of the Company have recommended, the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018) (Deloitte) as the statutory auditors of the Company. Deloitte will hold office for a period of 5 (five) consecutive years from the conclusion of the 36th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 41st Annual General Meeting to be held in the year 2022, subject to the approval of shareholders of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018 which will include audit of the quarterly financial statements for the year.

To align with the above, the Board of Directors of the Company also approved the appointment of Deloitte as the independent registered public accounting firm of the Company. This appointment is effective year ending March 31, 2018. As the independent registered public accounting firm, Deloitte will audit the annual financial statements of the Company to be included in the Company's Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC"). KPMG will continue as the Company's independent registered public accounting firm through the completion of the audit for the year ending March 31, 2017 and for the purpose of filing such audited financial statements in the Form 20-F for the year ending March 31, 2017.

In addition, in accordance with disclosure requirements under SEC regulations, the following may be noted:

- During the two fiscal years ended March 31, 2016 and March 31, 2015, KPMG has not issued any report on the financial statements that contained an adverse opinion or disclaimer of opinion, nor were the reports of KPMG qualified or modified in any manner.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, there is no disagreement with KPMG on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, or any reportable event as described in Item 16F(a)(1)(v) of Form 20-F.
- During the two fiscal years ended March 31, 2016 and March 31, 2015 and the subsequent interim period preceding January 13, 2017, we have not consulted with Deloitte for any matters regarding either

(i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered with respect to the consolidated financial statements of Infosys Limited; or

(ii) any matter that was the subject of a disagreement as defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to this Item or a "reportable event" as described in Item 16F (a)(1)(v) of Form 20-F.

4. Management Change

The Company has appointed Ravikumar S as Deputy Chief Operating Officer reporting to U. B. Pravin Rao with immediate effect. In addition to his current responsibility of heading the global delivery organization, Ravikumar S will oversee certain business enabling functions.

5. Information on dividends for the quarter and nine months ended December 31, 2016

An interim dividend of ₹11/- (par value ₹5/- each) per equity share was declared on October 14, 2016 and paid on October 26, 2016. The interim dividend declared in the previous year was ₹10/- per equity share.

Particulars	Quarter ended December 31, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2015	Nine months ended December 31, 2016		Year ended March 31, 2016
				2016	2015	
Dividend per share (par value ₹5/- each)						
Interim dividend	-	11.00	-	11.00	10.00	10.00
Final dividend	-	-	-	-	-	14.25

(in ₹)

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

(in ₹ crore)

Particulars	Note	Quarter ended December 31, 2015		
		IGAAP	Effects of transition to Ind-AS	Ind-AS
Revenue from operations	1.2	13,562	-	13,562
Other income, net		737	-	737
Total income		14,299	-	14,299
Expenses				
Employee benefit expenses	1.1	7,103	12	7,115
Deferred consideration pertaining to acquisition	1.2	18	7	25
Cost of technical sub-contractors		1,226	-	1,226
Travel expenses		360	-	360
Cost of software packages and others		200	-	200
Communication expenses		73	-	73
Consultancy and professional charges		153	-	153
Depreciation and amortization expenses		275	-	275
Other expenses	1.2	515	4	519
Total expenses		9,923	23	9,946
Profit before exceptional items and tax		4,376	(23)	4,353
Profit on transfer of business		-	-	-
Profit before tax		4,376	(23)	4,353
Tax expense:				
Current tax	1.3	1,207	(3)	1,204
Deferred tax		(14)	-	(14)
Profit for the period		3,183	(20)	3,163
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the net defined benefit liability / asset	1.1	-	8	8
Items that will be reclassified subsequently to profit or loss				
		-	8	8
Total other comprehensive income, net of tax		-	8	8
Total comprehensive income for the period		3,183	(12)	3,171

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

7. Segment reporting (Standalone-Audited)

Particulars	Quarter ended December 31,		Quarter ended September 30,		Quarter ended December 31,		Nine months ended December 31,		Year ended March 31,	
	2016		2016		2015		2016		2015	
	(in ₹ crore)		(in ₹ crore)		(in ₹ crore)		(in ₹ crore)		(in ₹ crore)	
Revenue by business segment										
Financial services (FS)	3,939	3,998	3,998	3,998	3,698	3,698	11,810	11,041	14,846	14,846
Manufacturing (MFG)	1,541	1,506	1,506	1,506	1,345	1,345	4,519	4,038	5,434	5,434
Energy & utilities, communication and services (ECS)	3,519	3,510	3,510	3,510	3,045	3,045	10,370	8,869	12,124	12,124
Retail, consumer packaged goods and logistics (RCL)	2,596	2,598	2,598	2,598	2,353	2,353	7,777	6,909	9,411	9,411
Life sciences, healthcare and insurance (HILIFE)	1,842	1,736	1,736	1,736	1,648	1,648	5,206	4,766	6,392	6,392
Hi-Tech	1,199	1,275	1,275	1,275	1,168	1,168	3,744	3,471	4,736	4,736
All Other Segments	313	377	377	377	305	305	943	731	1,040	1,040
Total	14,949	15,000	15,000	15,000	13,562	13,562	44,369	39,825	53,983	53,983
Less: Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Net revenue from operations	14,949	15,000	15,000	15,000	13,562	13,562	44,369	39,825	53,983	53,983
Segment profit before tax										
Financial services (FS)	1,085	1,064	1,064	1,064	1,009	1,009	3,175	3,154	4,185	4,185
Manufacturing (MFG)	452	449	449	449	376	376	1,311	1,049	1,436	1,436
Energy & utilities, communication and services (ECS)	1,093	1,114	1,114	1,114	935	935	3,229	2,750	3,829	3,829
Retail, consumer packaged goods and logistics (RCL)	816	816	816	816	694	694	2,402	2,060	2,817	2,817
Life sciences, healthcare and insurance (HILIFE)	566	500	500	500	454	454	1,517	1,330	1,844	1,844
Hi-Tech	341	365	365	365	336	336	1,047	993	1,373	1,373
All other segments	66	81	81	81	91	91	146	135	239	239
Total	4,419	4,389	4,389	4,389	3,895	3,895	12,827	11,471	15,723	15,723
Less: Other unallocable expenditure	341	340	340	340	279	279	1,002	808	1,129	1,129
Add: Unallocable other income	805	763	763	763	737	737	2,330	2,233	3,006	3,006
Profit before tax	4,883	4,812	4,812	4,812	4,353	4,353	14,155	12,896	17,600	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 Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments

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
January 13, 2017

Dr. Vishal Sikka
Chief Executive Officer and Managing Director

Certain statements in these results concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentrations 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 January 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company unless it is required by law.

Infosys (NYSE: INFY) Announces Results for the Quarter ended December 31, 2016

Q3 revenues declined 1.4% sequentially in USD terms; declined 0.3% in constant currency

Q3 year-on-year revenues grew 6.0% in USD terms; grew 7.3% in constant currency

9 months year-on-year revenues grew 8.3% in USD terms; 9.4% in constant currency

LTM revenues crossed \$ 10 bn

Q3 Operating margins expanded 0.2% to 25.1% and net margins expanded 0.6% to 21.5% sequentially

Q3 EPS grew 1.5% sequentially and 4.4% year-on-year

Attrition declined sequentially by 0.8% on standalone basis and 1.6% on consolidated basis

FY 17 revenue guidance revised to 8.4% - 8.8% from 8.0% - 9.0% in constant currency

Bangalore, India – January 13, 2017

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended December 31, 2016

- **Revenues were \$ 2,551 million for the quarter ended December 31, 2016**
QoQ decline of 1.4% in USD terms; decline of 0.3% in constant currency terms
YoY growth of 6.0% in USD terms; 7.3% in constant currency terms
- **Net profit was \$ 547 million for the quarter ended December 31, 2016**
QoQ growth was 1.5%
YoY growth was 4.4%

Consolidated results under International Financial Reporting Standards (IFRS) for the nine months ended December 31, 2016

- **Revenues were \$ 7,639 million; growth of 8.3% in USD terms and 9.4% in constant currency terms**
- **Net profit was \$ 1,597 million; growth of 5.1% in USD terms**

- Liquid assets including cash and cash equivalents and investments were \$5,255 million as on December 31, 2016 as compared to \$5,349 million as on September 30, 2016 and \$4,765 million as on December 31, 2015. During the quarter, the company paid interim dividend including tax of \$ 453 million

"Taking into account seasonal and other additional headwinds for the quarter, our Q3 revenue performance was broadly in line with our expectations," **said Vishal Sikka, CEO and MD.** "Beyond the quarterly numbers, we continue to focus sharply on the execution of our strategy, as reflected in the growing embrace of AI-based automation, growth in our new software-led business, delivering innovation, both incremental & breakthrough and fostering a learning-led culture. Our annual client survey results show highest customer satisfaction since we started the survey 12 years ago and increased adoption of Zero Distance and lowered attrition, especially amongst top performers – these are some of the key indicators of the growing creative confidence of Infosconsions."

"In a seasonally soft quarter, our utilization has remained healthy," **said U B Pravin Rao, COO.** "Our continued efforts to improve employee engagement and experience resulted in a reduction in attrition. During the quarter, we added 77 clients and also added 2 clients in the \$ 75mn+ revenue category. I would like to congratulate all stakeholders on crossing the \$ 10 bn revenue milestone on LTM basis."

"Our ongoing focus on operational efficiencies has enabled us to keep YTD operating margins at similar levels for the same period last year", **said M.D. Ranganath, CFO.** "Our cash generation during the quarter was strong."

Outlook*

The Company's revenue outlook (consolidated) for the fiscal year ending March 31, 2017, under IFRS is as follows:

- Revenue guidance revised to 8.4% - 8.8% from 8.0% - 9.0% in constant currency;
- The above constant currency guidance translates to 8.6% - 9.0% in USD terms based on March 31st rates, 7.9% - 8.3% based on June 30th rates; 7.9% - 8.3% based on September 30th rates and 7.2% - 7.6% based on December 31st rates

**FY 16 constant Currency rates - AUD/USD – 0.73; Euro/USD – 1.10; GBP/USD – 1.51*

Currency rates as of March 31, 2016 - AUD/USD – 0.77; Euro/USD – 1.14; GBP/USD – 1.44

Currency rates as of June 30, 2016 - AUD/USD – 0.75; Euro/USD – 1.11; GBP/USD – 1.35

Currency rates as of September 30, 2016 - AUD/USD – 0.76; Euro/USD – 1.12; GBP/USD – 1.30

Currency rates as of December 31, 2016 - AUD/USD – 0.72; Euro/USD – 1.05; GBP/USD – 1.23

Change of Auditors on account of mandatory rotation requirement in India

The Board of Directors of Infosys Limited ('the Company') at its meeting held on January 13, 2017, on the recommendation of the Audit Committee, has proposed the appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No. 117366 W/W 100018) (Deloitte) as the statutory auditors of the Company, subject to the approval of the shareholders of the Company. This appointment is effective financial year ending March 31, 2018 which will include audit of the quarterly financial statements of the year. This appointment is necessitated by the requirement under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, wherein it is mandatory for the company to rotate the current statutory auditors on completion of the maximum term permitted under the said Section. Deloitte will hold office for a period of 5 consecutive years from the conclusion of the Annual General Meeting of the Company scheduled to be held in the year 2017.

To align with the above, the Board of Directors of Company also approved the appointment of Deloitte as the independent registered public accounting firm to audit the annual financial statements of the Company to be included in the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission (“SEC”) for the year ending March 31, 2018. Please also refer to the regulatory filings published on the company’s website (under Highlights IND AS) for further details in this regard.

Management Changes

The Company has appointed Ravikumar S. as Deputy Chief Operating Officer reporting to Pravin Rao, Chief Operating Officer, with immediate effect. In addition to his current responsibility of heading the global delivery organization, Ravikumar S. will oversee certain strategic Business Enabling Functions and will be based in India.

Business Highlights

We continue to drive new value for our clients through automation and innovation, improve our operational excellence, and invest in a culture of learning.

RENEW

In Q3, we continued to make progress on our strategy to Renew our core services, introducing new offerings in the areas of Digital, Cloud, Data Sciences, Mainframe Modernization, Cyber security, API Microservices, Internet of Things, and more, to help our clients renew their core businesses. In addition, Zero Distance continued to be a key strategic differentiator to drive ongoing, grassroots innovation in every project.

Infosys leveraged the **Zero Distance** framework to build a custom application that provides maintenance and production support services for the Global Business Systems of LexisNexis, a leading global provider of content-enabled workflow solutions designed for professionals in the legal, risk management, corporate, government, law enforcement, accounting, and academic markets.

“Bringing forward innovative ideas to improve the customer experience while simultaneously reducing our operational costs is a capability where Infosys has exceeded my expectations. Infosys proposed replacing our third party system with a custom application, improving the user experience and reducing our operational costs. The implementation was completed by Infosys one month ahead of the deadline, maximizing our ability to reap financial benefits from the new custom application. This is a great example **of Infosys doing more** than just managing the status quo. I look forward to partnering with Infosys on future such innovations.” - **James W Wanke, Vice President of Technology, LexisNexis**

“Arizona Public Service (APS) was at the cusp of a major business transformation that required us to modernize our Customer Information System (CIS) environment without letting our customers be burdened by the complexities of the process. Infosys enabled us to accelerate the replacement of the existing system with the suitable COTS (commercial off-the-shelf) product while ensuring a seamless transition and a steady state for large and complex CIS application. With its deep domain knowledge, the team leveraged its **Zero Distance initiative** to come up with an idea to run a parallel sustainability program that ensured the upgrade of the product with minimal disruptions. Infosys also came up with the brilliant idea to automate a large number of test cases that were previously manually tested, making certain that they were tailored to our specific scenarios. The solution provided by Infosys allows more timely delivery of products and services to our customers, saving costs for our end customers through a system that is flexible and nimble to meet their needs.” - **Jasvinder Arora, Director, CIS Modernization Program, Arizona Public Service Company**

The Kroger Co., the largest traditional supermarket chain by revenue and the third largest retailer in the world, has chosen Infosys to provide support for several corporate and retail systems and middleware services. “We are extremely excited about the experience and capabilities as well as the ability to scale that Infosys brings.

We feel that Infosys is a good fit with our focus on customers, quality and innovation.” - **Annette Franke, Vice President of Corporate Technology, The Kroger Co.**

Servco, a leading Hawaii based Automotive Dealer and Distributor, has chosen Infosys as a partner to execute their ERP transformation program. “We are pleased to have selected Infosys as a partner for our key Oracle transformation program which involves the implementation of a hybrid Oracle cloud and on- premise solution across key business functions of the organization. The implementation will enable us to de-risk our business by moving away from legacy systems and establishing a strong, modern integrated platform that will benefit the critical functions at Servco. Infosys’ capabilities in Oracle ERP, Cloud technologies and Automotive Domain led us to select them for this Key Program.” - **Thor Toma, Senior Vice President, Servco**

“House of Fraser is on an accelerated journey to the customer centric, digital era of retailing. We are building a next generation integrated eCommerce and Customer Experience platform which combines with new backend order management and service integration capabilities online, in store and on mobile in a truly multi-channel proposition. Working collaboratively with Infosys, our partner for strategy through execution of this transformation; this game changing platform is delivered on Microsoft’s Azure cloud computing infrastructure. At our business scale, we believe this is a pioneering use of cloud technology for a mission critical customer facing application and a clear demonstration of the maturity and capability of Microsoft’s cloud technology. Our positive experience of delivering this platform in partnership with Infosys and Microsoft has reinforced my confidence that the use of cloud technology will help us deliver our digital transformation at House of Fraser.” - **Julian Burnett, Chief Information Officer, House of Fraser**

We are seeing continued demand for Mainframe modernization across verticals, and are working on joint forays with Amazon Web Services and Azure in the market, partnering with our clients to move their Mainframe workloads to the cloud.

“We work with Infosys to create innovative technology solutions using Finacle and Amazon Web Services Cloud services. We recently conducted initial tests by offloading large components batch processing to the AWS cloud, and achieved processing speeds 100 times faster than traditional database technology, which could revolutionize the way we run core banking systems. We have also initiated our journey to modernize our legacy environments and accelerate digital transformation, with the support of Amazon Web Services and Infosys.” - **David Gledhill, Group Chief Information Officer, DBS Bank**

NEW

In Q3, we saw continued momentum for software and services coming together to drive new value for clients. Mana client adoption more than doubled compared to previous quarters. Skava had a strong Black Friday on retail ecommerce sites where volumes were up more than 30%. The EdgeVerve business delivered solid results with 18 wins and 21 go-lives from both the Finacle and Edge suite of solutions across various markets. AssistEdge, our Robotic Process Automation platform had its best quarter ever. Similarly in Q3, Panaya saw its best performance in terms of bookings and revenue.

Evonik, one of the world leaders in specialty chemicals has engaged Infosys in a multi-year strategic partnership. “We chose Infosys for their ability to deliver on the current IT needs for Evonik, and for their capabilities to support us on future technology modernization programs. Infosys is supporting us in the transformation of our Procurement landscape through an end-to-end Implementation of SAP Ariba, as part of Evonik’s Procurement 2020 vision. In addition, through the ideas generated by the company’s Zero Distance initiative, we have leveraged Infosys Artificial Intelligence Platform Mana and its cognitive automation capabilities, in our platform operations and have been able to analyze and reduce duplicate system monitoring alerts by 15%. We look forward to more such ideas from Infosys driving the shape of our partnership in the future.” - **Thomas Meinel, Senior Vice President & Head of Application Management, Evonik Industries AG**

Lifetouch, a global photography company, has partnered with Infosys to automate and monitor its incident tickets for system and infrastructure failures. As part of Lifetouch's deployment of the Nagios tool, **the Infosys Robotic Process Automation** was integrated to monitor alerts. Based on the nature of the alerts, the bots are programmed to perform specific actions – such as a service desk ticket creation, the classification of an issue as well as creation of problem management tickets using built-in business logic. "Through our engagement with Infosys, not only have been able to automate manual and highly repetitive tasks like monitoring and ticket creation, but have also been able to improve the quality of our outcomes. With bots we now have 24/7 coverage with accurate monitoring and systematic alerts." - **Jay Drayton, Vice President, Lifetouch (LNSS- National Schools Studios)**

Finacle continued to strengthen its position as a "Platform of Choice" for digital transformation, enabling new business models for banks.

"ICICI Bank has a rich legacy of leveraging the latest technology to bring in new paradigms in banking. Akin to pioneering new technologies in the country like software robotics, mobility and near-field communication among others, I am delighted that we are the first bank in India and among few globally to set up a blockchain application. We have also marked a milestone by piloting a blockchain network with Emirates NBD and Infosys Finacle as partners and have successfully executed cross-border open account trade finance and remittance transactions. I envision that the emerging technology of blockchain will play a significant role in banking in the coming years by making complex bilateral and multi-lateral banking transactions seamless, quick and more secure. Going forward, we also intend to work on expanding the blockchain ecosystem and create common working standards to contribute to the commercial adoption of this initiative." - **Ms. Chanda Kochhar, Managing Director & Chief Executive Officer, ICICI Bank**

An important milestone in strengthening Finacle's presence in the United States this quarter was the go-live of Marcus by Goldman Sachs. "With the successful deployment of the Finacle Core Banking Solution we gain both agility to respond to customer needs and scalability to adapt with market requirements while providing superior customer experience required in today's competitive Digital Age." - **Boe Hartman, Chief Technology Officer, Marcus by Goldman Sachs (Digital Finance Technology)**

Cosmetics Company Shiseido, used Panaya Test Center to undergo a major IT transformation project, and helped tackle its IT Transformation project by successfully reducing the company's global testing efforts by 30%. "To ensure we go live smoothly with our business-critical applications, we had to mobilize over 80 business users spread across 11 countries in Europe to perform user acceptance testing. Panaya helped us save 30% of our testing effort while improving the quality of our testing." Panaya Test Center delivered test acceleration and offered Shiseido a more efficient way to manage the business process testing from an end-to-end perspective. "I could easily track the project in real time to increase our efficiency and avoid any bottlenecks. We will continue to partner with Panaya in our upcoming rollout and expect even greater value." - **Sébastien Hebert, Technical Director EMEA, Shiseido**

Panaya partnered with **Elton Technologies** to resell licenses of Panaya's CloudQuality™ Suite to deliver quality ERP changes with zero time-to-change, zero downtime and zero risk, providing major savings to large enterprises. "We see an excellent opportunity partnering with Panaya for many of our Gulf Cooperation Countries (GCC) clients planning to migrate to SAP S/4HANA in the coming years. These companies are looking at a complex ERP migration, and a widely used solution like Panaya's CloudQuality™ Suite that offers faster testing and zero risk will certainly offer our clients significant savings." - **Prem Chander, Chief Executive Officer of Elton Technologies**

In **Design Thinking**, we continued to work with clients in key strategic areas. "When we began the transformation of School of Management at Fudan University, we wanted to re-imagine and create a new learning experience for students and faculty, in our education programs. Our intent was to create a platform that enables a deeper engagement between students and faculty, and create a modern and smart campus, and more. For the alumni, we wanted to bring the notion of continuous learning to life, engaging with them in a much

deeper way, to help them achieve their personal and professional goals long after they leave our campus and pursue their careers and lifetime objectives. Infosys was one of our key partners in imagining this future for business education at Fudan University. In our Design Thinking engagement with Infosys, we looked at the entire MBA student experience, from the students' point of view – their motivations, expectations and aspirations. This has helped us to think very tangibly about how to transform the student experience, and has helped our teams to be much more confident in problem finding and in understanding and designing for our students' needs. I am very pleased that we have built the momentum to experiment and prototype the 2026 student experience, with a bias towards action and a trust in the power of testing and rapid iteration.” -

Xiongwen Lu, Dean of Fudan School of Management, Fudan University, Shanghai, China

CULTURE

Learnability, the ease and speed to acquire new skills, continues to be the foundation for the company's growth. We have invested in enhancing our leadership training initiatives by offering a more global and experiential learning program at world-class institutions. We have also witnessed positive traction through partnerships with organizations such as Udacity.

This quarter we invested in advancing the learning quotient at Infosys. We rolled out new classes on Mana and machine learning topics on the Digital Tutor social learning platform and the Infosys Learning Platform. An immersive training capsule called “Automation - A Way of Life” is being rolled out for all new hires in Mysore along with an updated module on Design Thinking with concrete examples and Infosys success stories.

AWARDS & RECOGNITION

- **Leader**, Gartner Magic Quadrant for Application Testing Services, Worldwide
- **Leader**, Everest Group's Capital Markets Outsourcing PEAK Matrix™ 2016
- **Star Performer**, Everest Group's Mobility Services in Global Banking –Service Provider Landscape with PEAK Matrix™ Assessment 2016
- **Leader and Star Performer**, Everest Group's Big Data & Analytics Services in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016
- **Leader**, IT Outsourcing in Everest Group's Global Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016
- Infosys was inducted into the **Winner's Circle** in the HfS Product Lifecycle Management Services Blueprint Report 2016
- **Leader**, WW Engineering Services by Global Service Providers (based in India) by ARC Advisory
- **Leader**, Retail Digital Service Providers, Zinnov Zones by Zinnov
- **High Performer**, HfS Intelligent Automation Blueprint Report 2016
- Finacle is a **Market Leader** among digital platforms in “Ovum Decision Matrix: Selecting a Digital Banking Platform, 2017–18” report by Ovum Research
- **Best Company in India**, FinanceAsia's 20th Anniversary Platinum Awards
- **National Award for Excellence in Corporate Governance**, 16th Institute of Company Secretaries of India (ICSI)
- **Five marketing and innovation awards** following the launch of a successful strategic technology partnership with ATP
- Infosys BPO won '**Best Employer Brand**' award by the Best Employer Institute

BEYOND BUSINESS

In India, the Infosys Foundation has invested in several impactful programs across a wide spectrum of areas including rehabilitation, arts & culture, education and rural development. Some of the key initiatives of the quarter include the curation of the Infosys Foundation Anupu Festival; sponsorship of a kitchen in Hyderabad in partnership with Akshaya Patra Foundation; an endowment to Sahapedia, a NGO, for the development of an

online interactive web module on arts, culture and history of India; development of a sustainable village in Madhya Pradesh through Shivganga Samagra Gramvikas Parishad along with other investments that will benefit patients, children and the youth from underprivileged backgrounds.

In Q3, the Infosys Foundation USA celebrated Computer Science Education Week, announcing multiple grants to enable under represented students across nine states to explore computer science (CS) and coding. The Foundation also renewed its partnership with Code.org, one of the most active CS education advocacy organizations globally. The Foundation honored 10 CS teachers with awards of excellence in partnership with ACM and CSTA and also launched the new 2016/17 cycle of the Infy Maker Awards in the U.S. which recognize dozens of Makers working on projects with a deep social impact. As of September 30, 2016, the Foundation has had a significant impact on CS education by enabling 134,529 students in 2,490 schools across all 50 states to gain access to computer science and maker education. This was made possible by supporting 2,539 teachers with critical resources such as computer science teacher training, new classroom technology and teaching aids, and makerspaces. An additional 179 coding workshops, hackathons, and coding clubs held during or after school were also supported by the Foundation.

About Infosys Ltd

Infosys is a global leader in technology services and consulting. We enable clients in more than 50 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 199,000+ innovators, across the globe, is differentiated by the imagination, knowledge and experience, across industries and technologies that we bring to every project we undertake.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

Safe Harbor

Certain statements in 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 and 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 January 13, 2017, and any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of this date. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

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Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except equity share data)

	December 31, 2016	March 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	3,844	4,935
Current investments	643	11
Trade receivables	1,905	1,710
Unbilled revenue	502	457
Prepayments and other current assets	803	672
Derivative financial instruments	15	17
Total current assets	7,712	7,802
Non-current assets		
Property, plant and equipment	1,680	1,589
Goodwill	554	568
Intangible assets	127	149
Investment in Associates	15	16
Non-current investments	796	273
Deferred income tax assets	90	81
Income tax assets	785	789
Other non-current assets	111	111
Total non-current assets	4,158	3,576
Total assets	11,870	11,378
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	49	58
Derivative Financial Instruments	1	1
Current income tax liabilities	571	515
Client deposits	4	4
Unearned revenue	268	201
Employee benefit obligations	210	202
Provisions	61	77
Other current liabilities	1,004	940
Total current liabilities	2,168	1,998
Non-current liabilities		
Deferred income tax liabilities	32	39
Other non-current liabilities	26	17
Total liabilities	2,226	2,054
Equity		
Share capital- ₹5 (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,651,730 (2,285,621,088), net of 11,292,934 (11,323,576) treasury shares as of December 31, 2016 (March 31, 2016), respectively	199	199
Share premium	580	570
Retained earnings	11,647	11,083
Cash flow hedge reserve	4	-
Other reserves	-	-
Other components of equity	(2,786)	(2,528)
Total equity attributable to equity holders of the company	9,644	9,324
Non-controlling interests	-	-
Total equity	9,644	9,324
Total liabilities and equity	11,870	11,378

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

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

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Revenues	2,551	2,407	7,639	7,055
Cost of sales	1,601	1,512	4,832	4,435
Gross profit	950	895	2,807	2,620
Operating expenses:				
Selling and marketing expenses	131	130	402	388
Administrative expenses	179	166	519	482
Total operating expenses	310	296	921	870
Operating profit	640	599	1,886	1,750
Other income, net	121	121	347	362
Share in associate's profit / (loss)	-	-	(1)	-
Profit before income taxes	761	720	2,232	2,112
Income tax expense	214	196	635	593
Net profit	547	524	1,597	1,519
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement of the net defined benefit liability/(asset)	(1)	1	(10)	(1)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	(5)	-
Equity instruments through other comprehensive income	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Fair valuation of investments	-	1	-	3
Fair value changes on derivatives designated as cash flow hedge, net	4	-	4	-
Exchange differences on translation of foreign operations	(189)	(69)	(243)	(448)
Total other comprehensive income, net of tax	(186)	(67)	(254)	(446)
Total comprehensive income	361	457	1,343	1,073
Profit attributable to:				
Owners of the company	547	524	1,597	1,519
Non-controlling interests	-	-	-	-
	547	524	1,597	1,519
Total comprehensive income attributable to:				
Owners of the company	361	457	1,343	1,073
Non-controlling interests	-	-	-	-
	361	457	1,343	1,073
Earnings per equity share				
Basic (\$)	0.24	0.23	0.70	0.66
Diluted (\$)	0.24	0.23	0.70	0.66
Weighted average equity shares used in computing earnings per equity share				
Basic	2,285,651,730	2,285,619,380	2,285,638,678	2,285,614,573
Diluted	2,286,229,042	2,285,732,052	2,286,076,462	2,285,715,960

NOTE:

1. The unaudited **Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months and nine months ended December 31, 2016 have been taken on record at the Board meeting held on January 13, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com