

TO ALL STOCK EXCHANGES

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

October 24, 2017

Dear Sir, Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated September 4, 2017, regarding the captioned subject. The Board, at their meeting held on October 23-24, 2017, transacted the following items of business:

Financial Results

1. Took on record the audited consolidated financial results of the Company and its subsidiaries as per Indian Accounting Standards (IndAS) for the quarter and half year ended September 30, 2017;
2. Took on record the audited standalone financial results of the Company as per IndAS for the quarter and half year ended September 30, 2017 and;
3. Took on record the audited consolidated condensed financial statements of the Company and its subsidiaries as per IFRS in INR for the quarter ended September 30, 2017.

Interim Dividend

4. Declared an interim dividend of ₹13 per equity share.
5. Fixed the record date for interim dividend as November 1, 2017 and payment date as November 4, 2017.

Other matters

6. Appointed D. Sundaram as the Chairperson of the Audit Committee with effect from October 24, 2017.
7. Revised and adopted the Code of Conduct and Ethics.
8. Approved the enclosed Press Release.



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We are enclosing herewith the financial results, revised Code of Conduct and Ethics and press release for your information and record. The same will be made available on the Company's website www.infosys.com.

Yours sincerely,

For **Infosys Limited**



A.G.S. Manikantha
Company Secretary

<p style="text-align: center;">Infosys Limited CIN : L85110KA1981PLC013115 Regd. Office: Electronics City, Hosur Road, Bengaluru 560 100, India. Website: www.infosys.com; Email: investors@infosys.com; Telephone: 91 80 2852 0261; Fax: 91 80 2852 0362</p>						
<p style="text-align: center;">Audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS)</p>						
(in ₹ crore, except per equity share data)						
Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	17,567	17,078	17,310	34,645	34,091	68,484
Other income, net	883	814	760	1,697	1,513	3,080
Total Income	18,450	17,892	18,070	36,342	35,604	71,564
Expenses						
Employee benefit expenses	9,604	9,366	9,648	18,970	18,930	37,659
Cost of technical sub-contractors	1,089	1,061	940	2,150	1,857	3,833
Travel expenses	480	527	520	1,008	1,260	2,235
Cost of software packages and others	492	440	381	932	657	1,597
Communication expenses	131	125	136	255	256	549
Consultancy and professional charges	269	246	165	515	340	763
Depreciation and amortisation expenses	456	450	424	906	824	1,703
Other expenses	800	752	787	1,552	1,612	3,244
Total expenses	13,321	12,967	13,001	26,288	25,736	51,583
Profit before non-controlling interest / share in net profit / (loss) of associate	5,129	4,925	5,069	10,054	9,868	19,981
Share in net profit/(loss) of associate	-	-	(3)	-	(5)	(12)
Write-down of investment in associate*	-	(71)	-	(71)	-	(18)
Profit before tax	5,129	4,854	5,066	9,983	9,863	19,951
Tax expense:						
Current tax	1,471	1,499	1,469	2,971	2,936	5,653
Deferred tax	(68)	(128)	(9)	(197)	(114)	(55)
Profit for the period	3,726	3,483	3,606	7,209	7,041	14,353
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	(3)	(40)	3	(57)	(45)
Equity instruments through other comprehensive income, net	-	-	-	-	-	(5)
<i>Items that will be reclassified subsequently to profit or loss</i>						
Fair value changes on derivatives designated as cash flow hedges, net	20	(66)	2	(46)	2	39
Exchange differences on translation of foreign operations	100	107	(51)	207	(13)	(257)
Fair value changes on investments, net	12	27	-	39	-	(10)
Total other comprehensive income, net of tax	138	65	(89)	203	(68)	(278)
Total comprehensive income for the period	3,864	3,548	3,517	7,412	6,973	14,075
Paid up share capital (par value ₹5/- each, fully paid)	1,144	1,144	1,144	1,144	1,144	1,144
Other equity	67,838	67,838	60,600	67,838	60,600	67,838
Earnings per equity share (par value ₹5/- each)**						
Basic (₹)	16.30	15.24	15.77	31.54	30.81	62.80
Diluted (₹)	16.29	15.23	15.77	31.51	30.80	62.77

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

** EPS is not annualized for the quarter and half year ended September 30, 2017, quarter ended June 30, 2017 and quarter and half year ended September 30, 2016.

Notes:

1. The audited interim consolidated financial statements for the quarter and half-year ended September 30, 2017 have been taken on record by the Board of Directors at its meeting held on October 24, 2017. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and half year ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim consolidated financial statements. The interim consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2. Management and Board changes during the quarter ended September 30, 2017

1. On August 18, 2017:

Dr. Vishal Sikka resigned as the Chief Executive Officer and Managing Director of the Company and subsequently resigned as the Executive Vice-Chairman of the Board with effect from August 24, 2017.

The Board appointed U.B. Pravin Rao as the Interim-Chief Executive Officer and Managing Director with immediate effect. Shareholders have approved the appointment of Managing Director vide Postal Ballot concluded on October 7, 2017.

2. On August 24, 2017:

The Board appointed Nandan M. Nilekani as the Non-Executive, Non-Independent Chairman of the Board with immediate effect. Shareholders have approved the appointment vide Postal Ballot concluded on October 7, 2017.

R. Seshasayee resigned as the Chairman of the Board with immediate effect.

Ravi Venkatesan resigned from his position as the Co-Chairman of the Board and continues to be the independent member of the Board.

Prof. Jeffrey Lehman resigned as the member of the Board with immediate effect.

Prof. John Etchemendy resigned as the member of the Board with immediate effect.

3. Other matters

Appointed D. Sundaram as the Chairperson of the Audit Committee with effect from October 24, 2017.

4. Acquisition of Brilliant Basics

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$4 million (₹29 crore), contingent consideration of up to \$3 million (up to ₹20 crore) and an additional consideration of \$2 million (₹13 crore), referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary.

YDR

5. Update on Capital Allocation Policy

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (approximately \$2 billion). The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150/- per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted the Draft Letter of Offer to regulatory authorities for their comments.

6. Information on dividends for the quarter and half-year ended September 30, 2017

The Board declared an interim dividend of ₹13/- per equity share. The record date for the payment of interim dividend is November 1, 2017. The interim dividend will be paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

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

7. Consolidated statement of assets and liabilities

Particulars	As at	
	September 30, 2017	March 31, 2017
ASSETS		
Non-current assets		
Property, plant and equipment	9,507	9,751
Capital work-in-progress	1,849	1,365
Goodwill	3,788	3,652
Other Intangible assets	700	776
Investment in associate	-	71
Financial assets:		
Investments	6,169	6,382
Loans	40	29
Other financial assets	307	309
Deferred tax assets (net)	724	540
Income tax assets (net)	6,239	5,716
Other non-current assets	920	1,059
Total non-current assets	30,243	29,650
Current assets		
Financial assets		
Investments	12,122	9,970
Trade receivables	13,423	12,322
Cash and cash equivalents	23,339	22,625
Loans	245	272
Other financial assets	6,447	5,980
Other current assets	2,659	2,536
Total current assets	58,235	53,705
Total assets	88,478	83,355
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,144	1,144
Other equity	71,226	67,838
Total equity attributable to equity holders of the Company	72,370	68,982
Non-controlling interests	-	-
Total equity	72,370	68,982
Liabilities		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	52	70
Deferred tax liabilities (net)	188	207
Other non-current liabilities	82	83
Total non-current liabilities	322	360
Current liabilities		
Financial liabilities		
Trade payables	538	367
Other financial liabilities	7,047	6,349
Other current liabilities	3,214	3,007
Provisions	417	405
Income tax liabilities (net)	4,570	3,885
Total current liabilities	15,786	14,013
Total equity and liabilities	88,478	83,355

The disclosure is an extract of the audited Consolidated Balance Sheet as at September 30, 2017 and March 31, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS).

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

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,	Year ended March 31,
	2017	2017	2016	2017	2016
Revenue from operations	15,356	14,971	15,000	30,326	29,420
Profit before tax	4,880	4,716	4,812	9,597	9,271
Profit for the period	3,579	3,415	3,476	6,994	6,656

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

YDR

9. Segment reporting (Consolidated - Audited)

(in ₹ crore)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenue by business segment						
Financial Services (FS)	4,718	4,594	4,686	9,312	9,237	18,555
Manufacturing (MFG)	1,916	1,863	1,853	3,779	3,696	7,507
Energy & utilities, Communication and Services (ECS)	4,122	3,957	3,864	8,079	7,583	15,430
Retail, Consumer packaged goods and Logistics (RCL)	2,742	2,695	2,833	5,437	5,694	11,225
Life Sciences, Healthcare and Insurance (HILIFE)	2,301	2,170	2,089	4,471	4,093	8,437
Hi-Tech	1,254	1,235	1,339	2,489	2,661	5,122
All other segments	514	564	646	1,078	1,127	2,208
Total	17,567	17,078	17,310	34,645	34,091	68,484
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	17,567	17,078	17,310	34,645	34,091	68,484
Segment profit before tax, depreciation and non-controlling interests:						
Financial Services (FS)	1,337	1,295	1,295	2,632	2,561	5,209
Manufacturing (MFG)	452	424	469	876	920	1,848
Energy & utilities, Communication and Services (ECS)	1,113	1,073	1,122	2,186	2,189	4,431
Retail, Consumer packaged goods and Logistics (RCL)	798	775	826	1,573	1,628	3,249
Life Sciences, Healthcare and Insurance (HILIFE)	609	598	558	1,207	1,080	2,308
Hi-Tech	314	273	342	588	662	1,277
All other segments	80	124	123	204	144	292
Total	4,703	4,562	4,735	9,266	9,184	18,614
Less: Other unallocable expenditure	457	451	426	909	829	1,713
Add: Unallocable other income	883	814	760	1,697	1,513	3,080
Add: Share in net profit/(loss) of associate	-	-	(3)	-	(5)	(12)
Less: Write-down of investment in associate	-	71	-	71	-	18
Profit before tax and non-controlling interests	5,129	4,854	5,066	9,983	9,863	19,951

Notes on segment information
Business segments

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

Segmental capital employed

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

Bengaluru, India
October 24, 2017

By order of the Board
for Infosys Limited

Pravin Rao
U. B. Pravin Rao
Interim-Chief Executive Officer and Managing Director

The Board has also taken on record the unaudited condensed consolidated results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2017, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:

(in US\$ million, except per equity share data)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenues	2,728	2,651	2,587	5,379	5,088	10,208
Cost of sales	1,743	1,692	1,638	3,435	3,231	6,446
Gross profit	985	959	949	1,944	1,857	3,762
Net profit	578	541	539	1,119	1,050	2,140
Earnings per equity share *						
Basic	0.25	0.24	0.24	0.49	0.46	0.94
Diluted	0.25	0.24	0.24	0.49	0.46	0.94
Total assets	13,551	13,178	11,875	13,551	11,875	12,854
Cash and cash equivalents including current investments	5,428	5,184	5,086	5,428	5,086	5,027

* EPS is not annualized for the quarter and half year ended September 30, 2017, quarter ended June 30, 2017 and quarter and half year ended September 30, 2016.

Certain statements in these releases concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time-frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring Companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2017. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of these results is October 24, 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.

MDR

Extract of audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter and half-year ended September 30, 2017, prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore except equity share data)

Particulars	Quarter ended September 30,	Half-year ended September 30,	Quarter ended September 30,
	2017	2017	2016
Revenue from operations	17,567	34,645	17,310
Profit before tax	5,129	9,983	5,066
Net profit after tax	3,726	7,209	3,606
Total comprehensive income for the period (comprising profit for the period after tax and other comprehensive income after tax)	3,864	7,412	3,517
Paid-up equity share capital (par value ₹5/- each, fully paid)	1,144	1,144	1,144
Other equity	67,838	67,838	60,600
Earnings per share (par value ₹5/- each) *			
Basic	16.30	31.54	15.77
Diluted	16.29	31.51	15.77

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

* EPS is not annualized

Notes:

1. The audited interim consolidated financial statements for the quarter and half-year ended September 30, 2017 have been taken on record by the Board of Directors at its meeting held on October 24, 2017. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and half year ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim consolidated financial statements. The interim consolidated financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2. Management and Board changes during the quarter ended September 30, 2017

1. On August 18, 2017 :

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The Board appointed U.B. Pravin Rao as the Interim-Chief Executive Officer and Managing Director with immediate effect. Shareholders have approved the appointment of Managing Director vide Postal Ballot concluded on October 7, 2017.

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3. Other matters

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6. Information on dividends for the quarter and half-year ended September 30, 2017

The Board declared an interim dividend of ₹13/- per equity share. The record date for the payment of interim dividend is November 1, 2017. The interim dividend will be paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

Particulars	Quarter ended September 30,	Half-year ended September 30,	Quarter ended September 30,
	2017	2017	2016
Dividend per share (par value ₹5/- each)			
Interim dividend	13.00	13.00	11.00
Final dividend	-	-	-

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

Particulars	Quarter ended September 30,	Half-year ended September 30,	Quarter ended September 30,
	2017	2017	2016
Revenue from operations	15,356	30,326	15,000
Profit before tax	4,880	9,597	4,812
Profit for the period	3,579	6,994	3,476

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

Certain statements in these releases concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time-frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2017. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of these results is October 24, 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.

**Audited financial results of Infosys Limited for the quarter and half-year ended September 30, 2017
prepared in compliance with the Indian Accounting Standards (Ind-AS)**

(in ₹ crore, except per equity share data)

Particulars	Quarter Ended September 30,	Quarter Ended June 30,	Quarter Ended September 30,	Half-year Ended September 30,		Year Ended March 31,
	2017	2017	2016	2017	2016	2017
	Audited	Audited	Audited	Audited	Audited	Audited
Revenue from operations	15,356	14,971	15,000	30,326	29,420	59,289
Other income, net	849	723	763	1,573	1,525	3,062
Total income	16,205	15,694	15,763	31,899	30,945	62,351
Expenses						
Employee benefit expenses	8,015	7,752	7,939	15,766	15,544	30,944
Cost of technical sub-contractors	1,377	1,334	1,183	2,712	2,319	4,809
Travel expenses	353	391	364	744	940	1,638
Cost of software packages and others	320	314	312	635	536	1,235
Communication expenses	87	83	90	170	172	372
Consultancy and professional charges	218	185	119	402	238	538
Depreciation and amortisation expense	347	343	338	690	657	1,331
Other expenses	608	576	606	1,183	1,268	2,546
Total expenses	11,325	10,978	10,951	22,302	21,674	43,413
Profit before tax	4,880	4,716	4,812	9,597	9,271	18,938
Tax expense:						
Current tax	1,346	1,394	1,327	2,741	2,640	5,068
Deferred tax	(45)	(93)	9	(138)	(25)	52
Profit for the period	3,579	3,415	3,476	6,994	6,656	13,818
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	(2)	(35)	4	(52)	(42)
Equity instruments through other comprehensive income, net	-	-	-	-	-	(5)
<i>Items that will be reclassified subsequently to profit or loss</i>						
Fair value changes on derivatives designated as cash flow hedges, net	20	(66)	2	(46)	2	39
Fair value changes on investments, net	11	25	-	36	-	(10)
Total other comprehensive income, net of tax	37	(43)	(33)	(6)	(50)	(18)
Total comprehensive income for the period	3,616	3,372	3,443	6,988	6,606	13,800
Paid-up share capital (par value ₹5/- each fully paid)	1,148	1,148	1,148	1,148	1,148	1,148
Other Equity	66,869	66,869	59,934	66,869	59,934	66,869
Earnings per equity share (par value ₹5 /- each) *						
Basic (₹)	15.58	14.87	15.13	30.45	28.98	60.16
Diluted (₹)	15.58	14.86	15.13	30.44	28.98	60.15

* EPS is not annualized for the quarter and half year ended September 30, 2017, quarter ended June 30, 2017 and quarter and half year ended September 30, 2016.

Notes:

1. The audited interim condensed financial statements for the quarter and half-year ended September 30, 2017 have been taken on record by the Board of Directors at its meeting held on October 24, 2017. **The statutory auditors, Deloitte Haskins & Sells LLP have expressed an unqualified audit opinion.** Amounts for the quarter and half year ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP. The information presented above is extracted from the audited interim condensed financial statements. The interim condensed financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

2. Management and Board changes during the quarter ended September 30, 2017

1. On August 18, 2017 :
Dr. Vishal Sikka resigned as the Chief Executive Officer and Managing Director of the Company and subsequently resigned as the Executive Vice-Chairman of the Board with effect from August 24, 2017. The Board appointed U.B. Pravin Rao as the Interim-Chief Executive Officer and Managing Director with immediate effect. Shareholders have approved the appointment of Managing Director vide Postal Ballot concluded on October 7, 2017.

2. On August 24, 2017:
The Board appointed Nandan M. Nilekani as the Non-Executive, Non-Independent Chairman of the Board with immediate effect. Shareholders have approved the appointment vide Postal Ballot concluded on October 7, 2017.

R. Seshasayee resigned as the Chairman of the Board with immediate effect.
Ravi Venkatesan resigned from his position as the Co-Chairman of the Board and continues to be the independent member of the Board.
Prof. Jeffrey Lehman resigned as the member of the Board with immediate effect.
Prof. John Etchemendy resigned as the member of the Board with immediate effect.

3. Other matters

Appointed D. Sundaram as the Chairperson of the Audit Committee with effect from October 24, 2017.

4. Acquisition of Brilliant Basics

On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK (Brilliant Basics) a product design and customer experience innovator with experience in executing global programs. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$4 million (₹29 crore), contingent consideration of up to \$3 million (up to ₹20 crore) and an additional consideration of \$2 million (₹13 crore), referred to as retention bonus, payable to the employees of Brilliant Basics at each anniversary year over the next two years, subject to their continuous employment with the group at each anniversary.

5. Update on Capital Allocation Policy

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5/- each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (approximately \$2 billion). The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150/- per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted the Draft Letter of Offer to regulatory authorities for their comments.

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6. Information on dividends for the quarter and half-year ended September 30, 2017

The Board declared an interim dividend of ₹13/- per equity share. The record date for the payment of interim dividend is November 1, 2017. The interim dividend will be paid on November 4, 2017. The interim dividend declared in the previous year was ₹11/- per equity share.

Particulars	Quarter Ended September 30,	Quarter Ended June 30,	Quarter Ended September 30,	Half-year Ended September 30,		Year Ended March 31,
	2017	2017	2016	2017	2016	2017
Dividend per share (par value ₹5/- each)						
Interim dividend	13.00	-	11.00	13.00	11.00	11.00
Final dividend		-	-	-	-	14.75

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

Particulars	As at	
	September 30, 2017	March 31, 2017
ASSETS		
Non-current assets		
Property, plant and equipment	8,361	8,605
Capital work-in-progress	1,680	1,247
Intangible assets	-	-
Financial assets		
Investments	15,047	15,334
Loans	23	5
Other financial assets	216	216
Deferred tax assets (net)	494	346
Income tax assets (net)	5,884	5,454
Other non-current assets	844	996
Total non - current assets	32,549	32,203
Current assets		
Financial assets		
Investments	11,208	9,643
Trade receivables	12,304	10,960
Cash and cash equivalents	19,877	19,153
Loans	392	310
Other financial assets	5,708	5,403
Other current assets	2,413	2,213
Total current assets	51,902	47,682
Total assets	84,451	79,885
EQUITY AND LIABILITIES		
Equity		
Equity share capital	1,148	1,148
Other equity	69,816	66,869
Total equity	70,964	68,017
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	12	40
Other non-current liabilities	39	42
Deferred tax liabilities (net)	3	-
Total non - current liabilities	54	82
Current liabilities		
Financial liabilities		
Trade payables	687	269
Other financial liabilities	5,432	5,056
Other current liabilities	2,526	2,349
Provisions	362	350
Income tax liabilities (net)	4,426	3,762
Total current liabilities	13,433	11,786
Total equity and liabilities	84,451	79,885

The disclosure is an extract of the audited interim condensed Balance Sheet as at September 30, 2017 and March 31, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS).

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8. Segment reporting (Standalone-Audited)

Particulars	Quarter ended September 30,	Quarter ended June 30,	Quarter ended September 30,	Half-year ended September 30,		Year ended March 31,
	2017	2017	2016	2017	2016	2017
Revenue by business segment						
Financial services (FS)	4,000	3,897	3,998	7,897	7,871	15,735
Manufacturing (MFG)	1,612	1,556	1,506	3,168	2,978	6,086
Energy & utilities, communication and services (ECS)	3,782	3,654	3,510	7,437	6,851	13,999
Retail, consumer packaged goods and logistics (RCL)	2,543	2,501	2,598	5,044	5,181	10,280
Life sciences, healthcare and insurance (HILIFE)	1,903	1,862	1,736	3,765	3,364	7,065
Hi-Tech	1,198	1,155	1,275	2,352	2,545	4,901
All Other Segments	318	346	377	663	630	1,223
Total	15,356	14,971	15,000	30,326	29,420	59,289
Less: Inter-segment revenue	-	-	-	-	-	-
Net revenue from operations	15,356	14,971	15,000	30,326	29,420	59,289
Segment profit before tax and depreciation:						
Financial Services (FS)	1,073	1,070	1,064	2,143	2,090	4,291
Manufacturing (MFG)	432	414	449	845	859	1,770
Energy & utilities, communication and services (ECS)	1,106	1,101	1,114	2,208	2,136	4,355
Retail, consumer packaged goods and logistics (RCL)	795	768	816	1,563	1,586	3,159
Life sciences, healthcare and insurance (HILIFE)	570	569	500	1,140	951	2,089
Hi-Tech	331	296	365	627	706	1,354
All other segments	73	119	81	191	80	199
Total	4,380	4,337	4,389	8,717	8,408	17,217
Less: Other unallocable expenditure	349	344	340	693	662	1,341
Add: Unallocable other income	849	723	763	1,573	1,525	3,062
Profit before tax	4,880	4,716	4,812	9,597	9,271	18,938

Notes on segment information:

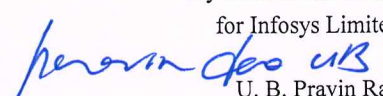
Business segments

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

Segmental capital employed

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

Bengaluru, India
October 24, 2017

By order of the Board
for Infosys Limited

U. B. Pravin Rao
Interim-Chief Executive Officer and Managing Director

Certain statements in these releases concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time-frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring Companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2017. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. In addition, please note that the date of these results is October 24, 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.



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

**TO THE BOARD OF DIRECTORS OF
INFOSYS LIMITED**

1. We have audited the accompanying Statement of Standalone Financial Results of **INFOSYS LIMITED** ("the Company"), for the quarter and half-year ended September 30, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim condensed standalone financial statements which has been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim condensed standalone financial statements.

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

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

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

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

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Deloitte Haskins & Sells LLP

- (ii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the profit, total comprehensive income and other financial information of the Company for the quarter and half-year ended September 30, 2017.

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



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

Bengaluru, October 24, 2017

INDEPENDENT AUDITORS' REPORT ON AUDIT OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") for the quarter and half-year ended September 30, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim consolidated financial statements which has been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim consolidated financial statements.

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

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

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

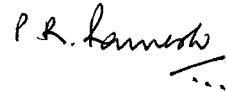
3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - a. includes the results of the subsidiaries and an associate as given in the Annexure to this report;
 - b. is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

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Deloitte Haskins & Sells LLP

- c. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the consolidated profit and total comprehensive income for the period and other financial information of the Group for the quarter and half-year ended September 30, 2017.

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



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

Bengaluru, October 24, 2017

Deloitte Haskins & Sells LLP

Annexure to Auditors' Report

List of Subsidiaries;

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

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- 47. Infosys Science Foundation
- 48. Infosys Employees' Welfare Trust
- 49. Infosys Employee Benefits Trust

List of Associate;

- 1. DWA Nova LLC

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Infosys (NYSE: INFY) announces results for the Quarter ended September 30, 2017

Bengaluru, India – October 24, 2017

1. Highlights of financial results for the quarter and half year ended September 30, 2017

Q2 revenues grew sequentially by 2.9% in USD terms; 2.2% in constant currency terms

Q2 revenues grew 5.4% year-on-year in USD terms

Q2 operating margin at 24.2%, as compared to 24.1% in Q1 18

Q2 net margins improved to 21.2%, as compared to 20.4% in Q1 18

Q2 Basic EPS was \$ 0.25, sequential growth of 7.0% and year-on-year growth of 7.3%

H1 year-on-year revenue growth at 5.7% in reported terms; 5.5% in constant currency terms

Liquid assets including cash and cash equivalents and investments were at \$6,340 million as on September 30, 2017

Utilization excluding trainees at all-time high of 84.7%

Declared interim dividend of ₹13 per share, compared to an interim dividend of ₹11 per share in FY 17

FY 18 revenue guidance at 5.5%-6.5% in constant currency. Operating margin guidance unchanged at 23%-25%

Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended September 30, 2017

- Revenues were \$2,728 million for the quarter ended September 30, 2017
QoQ growth of 2.9% in reported terms; 2.2% in constant currency terms
YoY growth of 5.4% in reported terms; 4.6% in constant currency terms
- Operating profit was \$659 million for the quarter ended September 30, 2017
QoQ growth of 3.4%; YoY growth of 2.4%
- Net profit was \$578 million for the quarter ended September 30, 2017
QoQ growth of 7.0%; YoY growth of 7.3%

Consolidated results under International Financial Reporting Standards (IFRS) for the half year ended September 30, 2017

- Revenues were \$5,379 million for the half year ended September 30, 2017
YoY growth of 5.7% in reported terms; 5.5% in constant currency terms
- Operating profit was \$1,298 million for the half year ended September 30, 2017
YoY growth of 4.1%
- Net profit was \$ 1,119 million for the half year ended September 30, 2017
YoY growth of 6.6%

“We continue to focus on executing on the theme of software enabled services and on accelerating growth of our new services portfolio.” **said U B Pravin Rao, Interim CEO and Managing Director.** “During the quarter, we responded quickly to the management and Board changes through proactive communication with all stakeholders minimizing any negative impact to the business and allowing us to deliver growth across all our large industry units.”

“Our focus on improving operational efficiencies enabled us to deliver stable margins in the quarter and at the same time provide compensation increases and higher variable payouts to our employees.” **said M. D. Ranganath, CFO.** “We have taken several steps during the quarter towards our capital allocation policy covering ₹13,000 crore share buyback, coupled with interim dividend of ₹13 per share for enhancing shareholder returns.”

2. Outlook for FY 2018

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

- Revenues are expected to grow 5.5%-6.5% in constant currency*;
- Revenues are expected to grow 6.5%-7.5% in USD terms based on the exchange rates as of September 30, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*

***Currency rates as of September 30, 2017 - AUD/USD – 0.78; Euro/USD – 1.18; GBP/USD – 1.34*

3. Update on share buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (approximately \$2 billion). The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted the Draft Letter of Offer to regulatory authorities for their comments.

4. Strategy Refresh

Over the past eight weeks, members of the management team and the Committee of Directors undertook a comprehensive strategy refresh exercise. With the objective of outlining a sharpened strategic direction, they reviewed all programs across the organization, accelerated execution plans and prioritized key areas of investments across the services and software portfolios.

An important outcome of the exercise is a reassertion that our strategic direction will continue to be driven with a portfolio of market relevant design, consulting and technology services, enabled by software. The successful execution of this strategy positions us as the partner our clients can count on to accelerate their digital transformation journey.

5. CEO search and shareholder consultation

The process of identifying the next CEO and shareholder consultation outreach have been initiated and are progressing well.

6. Review of Investigations

As previously indicated, the Chairman has conducted a review of all the external investigations into certain anonymous complaints the Company had previously received. The review covered a range of matters described below, including the acquisition of Panaya which was completed by the Company in February 2015 and the severance payments to the former CFO.

After careful consideration led by our Chairman, the Board reaffirms the previous findings of external investigations that there is no merit to the allegations of wrongdoing.

Mr. Nilekani, Chairman of the Board, said. “I believe that all stakeholders acted out of a strong passion for Infosys, wanting what they believed to be the best for the Company and to see it succeed. In light of my review of these matters, I am fully persuaded, as is the entire Board, that the conclusions of the independent investigations are correct. This Board and I are committed to the highest standards of professionalism and will deal promptly and decisively with any governance issues should they ever come up in the future.”

In certain respects, as the Board has previously noted, the severance payments to the Company's former CFO could have been better handled, and the Company has identified opportunities for improvements in processes and practices, which have been implemented. While the disclosures in this regard were timely, based on the feedback received, the Company has since December 2016 adopted a practice of disclosing the severance payment to key managerial personnel (“KMP”) at the time of their departure, making the disclosures sooner than required. Additionally, the Company has now globally benchmarked its severance pay and revised its senior management employment contracts.

As previously noted, these external investigations were comprehensive and robust. The investigation conducted by Gibson, Dunn & Crutcher and Control Risks, neither of whom had any prior dealings with Infosys, also included a review of the previous two investigations conducted by Cyril Amarchand Mangaldas (“CAM”). They concluded that CAM's two previous investigations were thorough and their findings and conclusions were reasonable and credible based on the evidence. Gibson Dunn's investigation was led by Charles Stevens and Benjamin Wagner, both Presidentially-appointed former senior prosecutors in the U.S. Department of Justice, each with several decades of experience in investigating and prosecuting fraud and business crimes. The investigation involved interviews of over 50 witnesses globally, a review of company policies, Board minutes, public filings and internal documents, the collection, search and review by Gibson Dunn attorneys of many thousands of internal emails and attachments, the use of forensic accounting experts to analyze technical and financial information, the review of media accounts and public records in multiple countries, the review of the previous investigation reports issued by CAM and supporting documentation, and other investigative measures. No limitations or restrictions were placed on the investigating team from accessing information, and the Company and the relevant directors and employees cooperated fully.

Among other things, the review reaffirmed the conclusion of the independent investigation that there was no merit to the allegations of wrongdoing with respect to the acquisition of Panaya. The review also confirmed that the Company made appropriate and timely disclosures relating to severance payments to the former CFO at the end of the quarter of his resignation, and subsequently in the Company's 20-F and Annual Report.

Unlike the practice followed in the past, the Company published the summary findings of these investigations, given the attention these matters had received. A copy of Gibson, Dunn & Crutcher's memorandum to the Audit Committee with the summary findings of the investigation is attached as an Annexure.

After careful re-consideration, the Company has concluded that publishing additional details of the investigation would inhibit the Company's ability to conduct effective investigations into any matter in the future. Confidentiality is critical to ensuring the candor and cooperation of whistleblowers and other participants in any investigative process. The precedent of releasing the full investigation reports could impair the cooperation of participants should the need for an investigation arise in the future.

Mr. Nilekani added, “As the Company moves forward to a more stable environment I am grateful to all the well-wishers of the Company, including Mr. Narayana Murthy, for their deeply held passion for Infosys. The Board

will continue to represent the interest of all the shareholders. I would also like to acknowledge the leadership role Mr. Narayana Murthy has played in building this iconic institution and in corporate governance matters. Going forward, it is our endeavour to build a trusting relationship with Mr. Murthy.”

The Board notes that the questions and scrutiny in relation to these matters were fuelled in part by the strong feelings that various stakeholders have for the Company and its success. Questions were raised by stakeholders who have a deeply held passion for Infosys. The Board responded with equal passion and good faith.

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Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

Safe Harbor

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

	September 30, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	3,575	3,489
Current investments	1,857	1,538
Trade receivables	2,056	1,900
Unbilled revenue	633	562
Prepayments and other current assets	797	749
Derivative financial instruments	1	44
Total current assets	8,919	8,282
Non-current assets		
Property, plant and equipment	1,814	1,807
Goodwill	580	563
Intangible assets	107	120
Investment in associate	-	11
Non-current investments	945	984
Deferred income tax assets	111	83
Income tax assets	956	881
Other non-current assets	119	123
Total non-current assets	4,632	4,572
Total assets	13,551	12,854
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	82	57
Derivative financial instruments	10	-
Current income tax liabilities	700	599
Client deposits	2	5
Unearned revenue	306	274
Employee benefit obligations	228	209
Provisions	64	63
Other current liabilities	1,025	954
Total current liabilities	2,417	2,161
Non-current liabilities		
Deferred income tax liabilities	29	32
Other non-current liabilities	21	24
Total liabilities	2,467	2,217
Equity		
Share capital- ₹5 (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,286,087,194 (2,285,655,150), net of 10,901,258 (11,289,514) treasury shares as of September 30, 2017 (March 31, 2017), respectively	199	199
Share premium	592	587
Retained earnings	12,571	12,190
Cash flow hedge reserve	(1)	6
Other reserves	108	-
Other components of equity	(2,385)	(2,345)
Total equity attributable to equity holders of the company	11,084	10,637
Non-controlling interests	-	-
Total equity	11,084	10,637
Total liabilities and equity	13,551	12,854

Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Six months ended September 30, 2017	Six months ended September 30, 2016
Revenues	2,728	2,587	5,379	5,088
Cost of sales	1,743	1,638	3,435	3,231
Gross profit	985	949	1,944	1,857
Operating expenses:				
Selling and marketing expenses	132	134	269	271
Administrative expenses	194	171	377	340
Total operating expenses	326	305	646	611
Operating profit	659	644	1,298	1,246
Other income, net	137	114	263	226
Share in associate's profit / (loss)	-	(1)	-	(1)
Write-down of investment in associate	-	-	(11)	-
Profit before income taxes	796	757	1,550	1,471
Income tax expense	218	218	431	421
Net profit	578	539	1,119	1,050
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	(6)	1	(9)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	-	(5)
Equity instruments through other comprehensive income, net	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Fair value changes on investments, net	2	-	6	-
Fair value changes on derivatives designated as cash flow hedge, net	3	-	(7)	-
Foreign currency translation	(107)	119	(47)	(54)
Total other comprehensive income, net of tax	(101)	113	(47)	(68)
Total comprehensive income	477	652	1,072	982
Profit attributable to:				
Owners of the Company	578	539	1,119	1,050
Non-controlling interests	-	-	-	-
	578	539	1,119	1,050
Total comprehensive income attributable to:				
Owners of the Company	477	652	1,072	982
Non-controlling interests	-	-	-	-
	477	652	1,072	982
Earnings per equity share				
Basic (\$)	0.25	0.24	0.49	0.46
Diluted (\$)	0.25	0.24	0.49	0.46
Weighted average equity shares used in computing earnings per equity share				
Basic	2,285,865,361	2,285,641,710	2,285,762,186	2,285,632,081
Diluted	2,287,526,183	2,285,949,303	2,287,882,534	2,285,875,988

NOTE:

1. The unaudited **Condensed Consolidated Balance sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months and six months ended September 30, 2017 have been taken on record at the Board meeting held on October 24, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com
3. During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is \$11 million

Infosys (NSE, BSE: INFY) announces results for the Quarter ended September 30, 2017

Bengaluru, India – October 24, 2017

1. Highlights of financial results for the quarter and half year ended September 30, 2017**Q2 revenues grew sequentially by 2.9% in USD terms; 2.2% in constant currency terms****Q2 revenues in INR terms grew by 2.9% sequentially; grew 1.5% year-on-year****Q2 operating margin at 24.2%, as compared to 24.1% in Q1 18****Q2 net margins improved to 21.2%, as compared to 20.4% in Q1 18****Q2 Basic EPS was ₹16.30, sequential growth of 7.0% and year-on-year growth of 3.3%****H1 year-on-year revenue growth at 1.6% in reported terms; 5.5% in constant currency terms****Liquid assets including cash and cash equivalents and investments were at ₹41,392 crore as on September 30, 2017****Utilization excluding trainees at all-time high of 84.7%****Declared interim dividend of ₹13 per share, compared to an interim dividend of ₹11 per share in FY 17****FY 18 revenue guidance at 5.5%-6.5% in constant currency. Operating margin guidance unchanged at 23%-25%****Financial Highlights**

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended September 30, 2017

- Revenues were ₹17,567 crore for the quarter ended September 30, 2017
QoQ growth of 2.9%; YoY growth of 1.5%
- Operating profit was ₹4,246 crore for the quarter ended September 30, 2017
QoQ growth of 3.3%; YoY decline of 1.4%
- Net profit was ₹3,726 crore for the quarter ended September 30, 2017
QoQ growth of 7.0%; YoY growth of 3.4%

Consolidated results under International Financial Reporting Standards (IFRS) for the half year ended September 30, 2017

- Revenues were ₹34,645 crore for the half year ended September 30, 2017
YoY growth of 1.6% in reported terms; 5.5% in constant currency terms
- Operating profit was ₹8,357 crore for the half year ended September 30, 2017
Flat growth yoy
- Net profit was ₹7,209 crore for the half ended September 30, 2017
YoY growth of 2.4%

“We continue to focus on executing on the theme of software enabled services and on accelerating growth of our new services portfolio.” **said U B Pravin Rao, Interim CEO and Managing Director.** “During the quarter, we responded quickly to the management and Board changes through proactive communication with all stakeholders minimizing any negative impact to the business and allowing us to deliver growth across all our large industry units.”

“Our focus on improving operational efficiencies enabled us to deliver stable margins in the quarter and at the same time provide compensation increases and higher variable payouts to our employees.” **said M. D. Ranganath, CFO.** “We have taken several steps during the quarter towards our capital allocation policy covering ₹13,000 crore share buyback, coupled with interim dividend of ₹13 per share for enhancing shareholder returns.”

2. Outlook for FY 2018

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

- Revenues are expected to grow 5.5%-6.5%% in constant currency*;
- Revenues are expected to grow 3.0%-4.0% in INR terms based on the exchange rates as of September 30, 2017**

**FY 17 constant currency rates - AUD/USD – 0.75; Euro/USD – 1.09; GBP/USD – 1.30*

***Currency rates as of September 30, 2017 – 1 US \$ = Rs. 65.29*

3. Update on share buyback

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (approximately \$2 billion). The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted the Draft Letter of Offer to regulatory authorities for their comments.

4. Strategy Refresh

Over the past eight weeks, members of the management team and the Committee of Directors undertook a comprehensive strategy refresh exercise. With the objective of outlining a sharpened strategic direction, they reviewed all programs across the organization, accelerated execution plans and prioritized key areas of investments across the services and software portfolios.

An important outcome of the exercise is a reassertion that our strategic direction will continue to be driven with a portfolio of market relevant design, consulting and technology services, enabled by software. The successful execution of this strategy positions us as the partner our clients can count on to accelerate their digital transformation journey.

5. CEO search and shareholder consultation

The process of identifying the next CEO and shareholder consultation outreach have been initiated and are progressing well.

6. Review of Investigations

As previously indicated, the Chairman has conducted a review of all the external investigations into certain anonymous complaints the Company had previously received. The review covered a range of matters described below, including the acquisition of Panaya which was completed by the Company in February 2015 and the severance payments to the former CFO.

After careful consideration led by our Chairman, the Board reaffirms the previous findings of external investigations that there is no merit to the allegations of wrongdoing.

Mr. Nilekani, Chairman of the Board, said, “I believe that all stakeholders acted out of a strong passion for Infosys, wanting what they believed to be the best for the Company and to see it succeed. In light of my review of these matters, I am fully persuaded, as is the entire Board, that the conclusions of the independent investigations are correct. This Board and I are committed to the highest standards of professionalism and will deal promptly and decisively with any governance issues should they ever come up in the future.”

In certain respects, as the Board has previously noted, the severance payments to the Company's former CFO could have been better handled, and the Company has identified opportunities for improvements in processes and practices, which have been implemented. While the disclosures in this regard were timely, based on the feedback received, the Company has since December 2016 adopted a practice of disclosing the severance payment to key managerial personnel (“KMP”) at the time of their departure, making the disclosures sooner than required. Additionally, the Company has now globally benchmarked its severance pay and revised its senior management employment contracts.

As previously noted, these external investigations were comprehensive and robust. The investigation conducted by Gibson, Dunn & Crutcher and Control Risks, neither of whom had any prior dealings with Infosys, also included a review of the previous two investigations conducted by Cyril Amarchand Mangaldas (“CAM”). They concluded that CAM's two previous investigations were thorough and their findings and conclusions were reasonable and credible based on the evidence. Gibson Dunn's investigation was led by Charles Stevens and Benjamin Wagner, both Presidentially-appointed former senior prosecutors in the U.S. Department of Justice, each with several decades of experience in investigating and prosecuting fraud and business crimes. The investigation involved interviews of over 50 witnesses globally, a review of company policies, Board minutes, public filings and internal documents, the collection, search and review by Gibson Dunn attorneys of many thousands of internal emails and attachments, the use of forensic accounting experts to analyze technical and financial information, the review of media accounts and public records in multiple countries, the review of the previous investigation reports issued by CAM and supporting documentation, and other investigative measures. No limitations or restrictions were placed on the investigating team from accessing information, and the Company and the relevant directors and employees cooperated fully.

Among other things, the review reaffirmed the conclusion of the independent investigation that there was no merit to the allegations of wrongdoing with respect to the acquisition of Panaya. The review also confirmed that the Company made appropriate and timely disclosures relating to severance payments to the former CFO at the end of the quarter of his resignation, and subsequently in the Company's 20-F and Annual Report.

Unlike the practice followed in the past, the Company published the summary findings of these investigations, given the attention these matters had received. A copy of Gibson, Dunn & Crutcher's memorandum to the Audit Committee with the summary findings of the investigation is attached as an Annexure.

After careful re-consideration, the Company has concluded that publishing additional details of the investigation would inhibit the Company's ability to conduct effective investigations into any matter in the future. Confidentiality is critical to ensuring the candor and cooperation of whistleblowers and other participants in any investigative process. The precedent of releasing the full investigation reports could impair the cooperation of participants should the need for an investigation arise in the future.

Mr. Nilekani added, “As the Company moves forward to a more stable environment I am grateful to all the well-wishers of the Company, including Mr. Narayana Murthy, for their deeply held passion for Infosys. The Board

will continue to represent the interest of all the shareholders. I would also like to acknowledge the leadership role Mr. Narayana Murthy has played in building this iconic institution and in corporate governance matters. Going forward, it is our endeavour to build a trusting relationship with Mr. Murthy.”

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About Infosys Ltd.

Infosys is a global leader in technology services and consulting. We enable clients in 45 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help our clients find the right problems to solve, and to solve these effectively. Our team of 198,000+ 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 mentioned in this release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2017. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. 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)

	September 30, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	23,339	22,625
Current investments	12,122	9,970
Trade receivables	13,423	12,322
Unbilled revenue	4,136	3,648
Prepayments and other current assets	5,206	4,856
Derivative financial instruments	9	284
Total current assets	58,235	53,705
Non-current assets		
Property, plant and equipment	11,846	11,716
Goodwill	3,788	3,652
Intangible assets	700	776
Investment in associate	-	71
Non-current investments	6,169	6,382
Deferred income tax assets	724	540
Income tax assets	6,239	5,716
Other non-current assets	777	797
Total non-current assets	30,243	29,650
Total assets	88,478	83,355
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	538	367
Derivative financial instruments	65	2
Current income tax liabilities	4,570	3,885
Client deposits	12	32
Unearned revenue	1,998	1,777
Employee benefit obligations	1,491	1,359
Provisions	417	405
Other current liabilities	6,695	6,186
Total current liabilities	15,786	14,013
Non-current liabilities		
Deferred income tax liabilities	188	207
Other non-current liabilities	134	153
Total liabilities	16,108	14,373
Equity		
Share capital- ₹5 par value 2,40,00,00,000 (2,40,00,00,000) equity shares authorized, issued and outstanding 2,28,60,87,194 (2,28,56,55,150), net of 1,09,01,258 (1,12,89,514) treasury shares, as of September 30, 2017 (March 31, 2017), respectively	1,144	1,144
Share premium	2,392	2,356
Retained earnings	67,503	65,056
Cash flow hedge reserves	(7)	39
Other reserves	702	-
Other components of equity	636	387
Total equity attributable to equity holders of the company	72,370	68,982
Non-controlling interests	-	-
Total equity	72,370	68,982
Total liabilities and equity	88,478	83,355

Infosys Limited and subsidiaries

Condensed Consolidated Statements of Comprehensive Income

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

	Three months ended September 30, 2017	Three months ended September 30, 2016	Six months ended September 30, 2017	Six months ended September 30, 2016
Revenues	17,567	17,310	34,645	34,091
Cost of sales	11,227	10,962	22,126	21,643
Gross profit	6,340	6,348	12,519	12,448
Operating expenses:				
Selling and marketing expenses	846	897	1,735	1,817
Administrative expenses	1,248	1,142	2,427	2,276
Total operating expenses	2,094	2,039	4,162	4,093
Operating profit	4,246	4,309	8,357	8,355
Other income, net	883	760	1,697	1,513
Share in associate's profit/(loss)	-	(3)	-	(5)
Write-down of investment in associate	-	-	(71)	-
Profit before income taxes	5,129	5,066	9,983	9,863
Income tax expense	1,403	1,460	2,774	2,822
Net profit	3,726	3,606	7,209	7,041
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	6	(40)	3	(57)
Cumulative impact on reversal of unrealized gain on quoted debt securities on adoption of IFRS 9	-	-	-	(35)
Equity instruments through other comprehensive income, net	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Fair value changes on derivatives designated as cash flow hedge, net	20	2	(46)	2
Exchange differences on translation of foreign operations	100	(51)	207	(13)
Fair value changes on investments, net	12	-	39	-
Total other comprehensive income, net of tax	138	(89)	203	(103)
Total comprehensive income	3,864	3,517	7,412	6,938
Profit attributable to:				
Owners of the Company	3,726	3,606	7,209	7,041
Non-controlling interests	-	-	-	-
	3,726	3,606	7,209	7,041
Total comprehensive income attributable to:				
Owners of the Company	3,864	3,517	7,412	6,938
Non-controlling interests	-	-	-	-
	3,864	3,517	7,412	6,938
Earnings per equity share				
Basic (₹)	16.30	15.77	31.54	30.81
Diluted (₹)	16.29	15.77	31.51	30.80
Weighted average equity shares used in computing earnings per equity share				
Basic	2,28,58,65,361	2,28,56,41,710	2,28,57,62,186	2,28,56,32,081
Diluted	2,28,75,26,183	2,28,59,49,303	2,28,78,82,534	2,28,58,75,988

NOTE:

1. The audited **Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months and six months ended September 30, 2017 have been taken on record at the Board meeting held on October 24, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com
3. During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is ₹71 crore

Memorandum

To: Infosys Audit Committee

From: Charles J. Stevens
Benjamin Wagner

Date: June 19, 2017

Re: Audit Committee's Investigation of 2017 Whistleblower Allegations --
Summary

In March 2017, the Audit Committee of the Board of Directors of Infosys Limited retained Gibson Dunn and Control Risks ("the Investigating Firms") to conduct an internal investigation into allegations in two anonymous whistleblower complaints made to the Securities and Exchange Board of India on February 12 and February 19, 2017 ("the Complaints"). In brief, the Complaints alleged that:

- there were improprieties in connection with the Company's acquisitions of Panaya, Inc. and Skava Systems Private Ltd. in 2015;
- the CEO requested that improper deals be made with customers;
- the Mergers and Acquisitions team acted without securing proper approvals; and
- the CEO received inappropriate compensation and incurred excessive expenses relating to travel, security and the Palo Alto office.

The Complaints also included allegations relating to the departure of the former CFO that were previously investigated by the Indian law firm Cyril Amarchand Mangaldas ("CAM") in 2015 and 2016, and questioning the findings and conclusions in the CAM reports in those investigations.

Gibson Dunn is an international law firm of 1,300 lawyers in 20 offices around the world, which is recognized for its expertise in conducting internal investigations. Gibson Dunn's investigation team consisted of seven attorneys in its California and Singapore offices, led by Charles Stevens and Benjamin Wagner. Mr. Stevens and Mr. Wagner were both Presidentially-appointed senior prosecutors in the U.S. Department of Justice, with decades of experience in investigating and prosecuting fraud and business crimes. Mr. Stevens was appointed by President Clinton, and Mr. Wagner by President Obama. Control Risks is an independent, global risk consultancy specializing in expert analysis and in-depth investigations. Control Risks' efforts were led by Steve Blum and Ben Cohen, who are both Certified Public Accountants and Certified Fraud Examiners with significant experience in corporate compliance, forensic accounting, and fraud. Their efforts were supported by their firm's Business Intelligence Practice Group as well as other colleagues with expertise in transaction valuations and computer forensic analysis.

June 19, 2017

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As we described to you in our briefing to the Audit Committee, the Investigating Firms conducted a detailed and extensive independent investigation into the new allegations raised in the February 2017 whistleblower Complaints. The Investigating Firms also reviewed the two previous investigations completed by CAM in 2016, and investigated several matters bearing on the adequacy of those investigations. The investigation involved interviews of over 50 witnesses in India, the United States, and elsewhere, the review of company policies, Board minutes, public filings and internal documents, the collection, search and review by Gibson Dunn attorneys of many thousands of internal emails and attachments, the use of forensic accounting experts to analyze technical and financial information, the review of public filings and media accounts in multiple countries, the review of the CAM reports and supporting documentation, and other investigative measures. No limitations or restrictions were placed on our access to information, and the company and its directors and employees cooperated fully.

As described in detail during our discussion with the Audit Committee, we found no evidence whatsoever to support any of the new allegations in the Complaints regarding wrongdoing by the company or its directors and employees, and those allegations were rebutted by substantial and credible evidence.

- We found no evidence supporting the whistleblower's allegations regarding the acquisitions – there were no conflicts of interest or kickbacks, required approvals for the acquisitions were obtained, thorough due diligence was conducted, the valuations of the target companies done by an outside financial advisor were reasonable, and the purchase prices were within the range of values determined by that advisor.
- We found no evidence of inappropriate contracting.
- We found no evidence that the Mergers and Acquisitions team failed to obtain appropriate approvals.
- We found no evidence that the CEO received excessive variable compensation or incurred unreasonable expenses for security, travel and the Palo Alto office.

We also concluded that CAM's two previous investigations were thorough, and that their findings and conclusions were reasonable and credible based on the evidence.

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In US \$ million, except share data

Particulars	Sep 30,		Growth % Q2 18 over Q2 17	Jun 30, 2017	Growth % Q2 18 over Q1 18
	2017	2016			
Revenues	2,728	2,587	5.4	2,651	2.9
Cost of sales	1,743	1,638	6.4	1,692	3.0
Gross Profit	985	949	3.8	959	2.7
Operating Expenses:					
<i>Selling and marketing expenses</i>	132	134	(1.5)	138	(4.3)
<i>Administrative expenses</i>	194	171	13.5	183	6.0
Total Operating Expenses	326	305	6.9	321	1.6
Operating Profit	659	644	2.4	638	3.4
Other Income, net	137	114	20.2	127	7.9
Share in associate's profit/(loss)	-	(1)	-	-	-
Write-down of investment in associate	-	-	-	(11)	-
Profit before income taxes	796	757	5.2	754	5.6
Income tax expense	218	218	0.0	213	2.3
Net Profit	578	539	7.3	541	7.0
Earnings per equity share					
Basic (\$)	0.25	0.24	7.3	0.24	7.0
Diluted (\$)	0.25	0.24	7.2	0.24	7.0

Note: During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit was \$11 million.

Statement of Comprehensive Income for six months ended,

(As per IFRS)

In US \$ million, except share data

Particulars	Sep 30,		Growth %
	2017	2016	
Revenues	5,379	5,088	5.7
Cost of sales	3,435	3,231	6.3
Gross Profit	1,944	1,857	4.7
Operating Expenses:			
<i>Selling and marketing expenses</i>	269	271	(0.7)
<i>Administrative expenses</i>	377	340	10.9
Total Operating Expenses	646	611	5.7
Operating Profit	1,298	1,246	4.1
Other Income, net	263	226	16.4
Share in associate's profit/(loss)	-	(1)	-
Write-down of investment in associate	(11)	-	-
Profit before income taxes	1,550	1,471	5.4
Income tax expense	431	421	2.4
Net Profit	1,119	1,050	6.6
Earnings per equity share			
Basic (\$)	0.49	0.46	6.6
Diluted (\$)	0.49	0.46	6.5

Note: During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on H1 18 net profit is \$11 million.

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In ₹ crore, except share data

Particulars	Sep 30,		Growth % Q2 18 over Q2 17	Jun 30, 2017	Growth % Q2 18 over Q1 18
	2017	2016			
Revenues	17,567	17,310	1.5	17,078	2.9
Cost of sales	11,227	10,962	2.4	10,900	3.0
Gross Profit	6,340	6,348	(0.1)	6,178	2.6
Operating Expenses:					
<i>Selling and marketing expenses</i>	846	897	(5.7)	888	(4.7)
<i>Administrative expenses</i>	1,248	1,142	9.3	1,179	5.9
Total Operating Expenses	2,094	2,039	2.7	2,067	1.3
Operating Profit	4,246	4,309	(1.4)	4,111	3.3
Other Income, net	883	760	16.2	814	8.5
Share in associate's profit/(loss)	-	(3)	-	-	-
Write-down of investment in associate	-	-	-	(71)	-
Profit before income taxes	5,129	5,066	1.2	4,854	5.7
Income tax expense	1,403	1,460	(3.9)	1,371	2.3
Net Profit	3,726	3,606	3.4	3,483	7.0
Earnings per equity share					
Basic (₹)	16.30	15.77	3.3	15.24	7.0
Diluted (₹)	16.29	15.77	3.3	15.23	7.0

Note: During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit was ₹71 crore.

Statement of Comprehensive Income for six months ended,

(As per IFRS)

In ₹ crore, except share data

Particulars	Sep 30,		Growth %
	2017	2016	
Revenues	34,645	34,091	1.6
Cost of sales	22,126	21,643	2.2
Gross Profit	12,519	12,448	0.6
Operating Expenses:			
<i>Selling and marketing expenses</i>	1,735	1,817	(4.5)
<i>Administrative expenses</i>	2,427	2,276	6.6
Total Operating Expenses	4,162	4,093	1.7
Operating Profit	8,357	8,355	0.0
Other Income, net	1,697	1,513	12.2
Share in associate's profit/(loss)	-	(5)	-
Write-down of investment in associate	(71)	-	-
Profit before income taxes	9,983	9,863	1.2
Income tax expense	2,774	2,822	(1.7)
Net Profit	7,209	7,041	2.4
Earnings per equity share			
Basic (₹)	31.54	30.81	2.4
Diluted (₹)	31.51	30.80	2.3

Note: During the quarter ended Jun 30, 2017, the Company had written down the entire carrying value of the investment in its associate DWA Nova LLC, an Infosys Innovation Fund Investment. The impact of write down on H1 18 net profit is ₹71 crore.

Revenues by Client Geography

(In %)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
North America	60.6	61.1	61.5	61.9
Europe	23.2	22.4	22.5	22.5
India	3.3	3.6	3.4	3.2
Rest of the world	12.9	12.9	12.6	12.4
Total	100.0	100.0	100.0	100.0

Revenues by Service Offering

(in %)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Business IT Services	62.3	62.0	62.8	62.3
Application Development	15.6	15.4	15.6	15.2
Application Maintenance	16.0	16.7	18.1	17.9
Infrastructure Management Services	9.0	8.4	8.4	8.4
Testing Services	9.4	9.3	9.2	9.1
Product Engineering Services	4.1	4.1	3.7	3.8
Business Process Management	5.1	5.0	4.9	5.0
Others	3.1	3.1	2.9	2.9
Consulting, Package Implementation & Others	32.5	32.6	32.1	32.3
Products and Platforms	5.2	5.4	5.1	5.4
Total	100.0	100.0	100.0	100.0

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

(in %)

	Q2 18	Q1 18
New Services *	9.4	8.3
New Software**	1.6	1.6

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

** New Software include Edge, NIA, Panaya, Skava

Revenues by Project Type *

(in %)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Fixed Price	50.4	49.3	47.1	48.0
Time & Materials	49.6	50.7	52.9	52.0
Total	100.0	100.0	100.0	100.0

* Excluding products

Revenues by Client Industry

(in %)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Banking & Financial Services, Insurance	33.4	33.3	33.1	33.2
Banking & financial services	27.0	27.1	27.4	27.3
Insurance	6.4	6.2	5.7	5.9
Manufacturing & Hi-Tech	22.0	22.2	22.5	22.6
Retail & Life Sciences	22.6	22.7	23.5	23.4
Retail & CPG	13.8	14.2	14.9	14.7
Transport & Logistics	2.0	1.9	1.9	2.0
Life Sciences	4.8	4.6	4.5	4.6
Healthcare	2.0	2.0	2.2	2.1
Energy, Utilities, Communications & Services	22.0	21.8	20.9	20.8
Energy & Utilities	5.5	5.2	4.8	4.9
Telecom	10.4	10.4	9.4	9.4
Others	6.1	6.2	6.7	6.5
Total	100.0	100.0	100.0	100.0

Client Data

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Number of Clients				
Active	1,173	1,164	1,136	1,162
Added during the period (gross)	72	59	78	321
Number of million dollar clients*				
1 Million dollar +	620	606	577	598
5 Million dollar +	286	279	277	282
10 Million dollar +	186	190	186	189
25 Million dollar +	100	97	89	91
50 Million dollar +	55	56	54	56
75 Million dollar +	31	31	30	31
100 Million dollar +	19	18	18	19
Client contribution to revenues				
Top client	3.4%	3.3%	3.5%	3.4%
Top 10 clients	19.5%	20.0%	21.8%	21.0%
Top 25 clients	36.0%	36.0%	37.0%	36.7%
Repeat business	98.7%	99.4%	97.5%	97.3%
Days Sales Outstanding	71	68	64	68

*LTM (Last twelve months) Revenues

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Effort				
Onsite	29.4	30.1	29.7	29.8
Offshore	70.6	69.9	70.3	70.2
Revenues				
Onsite	55.6	56.6	57.0	56.8
Offshore	44.4	43.4	43.0	43.2
Utilization				
Including trainees	81.8	80.2	77.7	77.6
Excluding trainees	84.7	84.0	82.5	81.7

Person Months Data - Consolidated IT Services

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Billed – Onsite	111,930	112,748	107,967	431,824
– Offshore	269,202	262,338	256,041	1,015,978
TOTAL	381,132	375,086	364,008	1,447,802
Non Billable	69,033	71,463	77,162	323,638
Trainees	15,623	20,897	27,408	95,310
Sales & Support	27,031	27,152	29,475	114,707
TOTAL	492,819	494,598	498,053	1,981,457

Effort and Revenues - Consolidated IT Services

Particulars	Sep 30,		Growth % Q2 18 over Q2 17	Jun 30, 2017	Growth % Q2 18 over Q1 18
	2017	2016			
Effort - (Person months)					
Onsite	111,930	107,967	3.7	112,748	(0.7)
Offshore	269,202	256,041	5.1	262,338	2.6
Total	381,132	364,008	4.7	375,086	1.6
Revenues – (\$ million)					
Onsite	1,374.40	1,338.48	2.7	1,358.19	1.2
Offshore	1,098.68	1,007.99	9.0	1,043.40	5.3
Total	2,473.08	2,346.46	5.4	2,401.59	3.0

Revenue per Employee

(In US \$ K)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Revenue per Employee - Consolidated	52.7	51.9	51.0	51.4

Employee Metrics

(Nos.)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Total employees	1,98,440	1,98,553	1,99,829	2,00,364
S/W professionals	1,86,806	1,86,882	1,87,595	1,88,665
<i>Billable</i>	1,80,397	1,78,494	1,76,334	1,78,474
<i>Banking product group</i>	4,498	4,770	4,958	4,753
<i>Trainees</i>	1,911	3,618	6,303	5,438
Sales & Support	11,634	11,671	12,234	11,699
Gross addition	10,514	8,645	12,717	44,235
Attrition	10,627	10,456	9,938	37,915
Net addition	(113)	(1,811)	2,779	6,320
Attrition % (Annualized Standalone)	17.2%	16.9%	15.7%	15.0%
Attrition % (Annualized Consolidated)	21.4%	21.0%	20.0%	19.2%

Rupee Dollar Rate (₹)

	Quarter ended			Year Ended
	Sep 30, 2017	Jun 30, 2017	Sep 30, 2016	Mar 31, 2017
Period closing rate	65.29	64.58	66.62	64.85
Period average rate	64.39	64.41	66.91	67.11

Constant Currency Reporting

Reported revenues	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17
Revenues (\$ mn)	2,728	2,651	2,569	2,551	2,587
Sequential growth (%)	2.9	3.2	0.7	(1.4)	3.5
YoY growth (%)	5.4	6.0	5.0	6.0	8.2

Constant currency – Q o Q	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17
Revenues (\$ mn)	2,702	2,628	2,552	2,579	2,599
Sequential growth (%)	2.2	2.7	0.0	(0.3)	3.9

Constant currency – Y o Y	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17
Revenues (\$ mn)	2,707	2,659	2,576	2,582	2,605
YoY growth (%)	4.6	6.3	5.3	7.3	8.9

Notes:

Basis of computation

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

Average rate of USD	Q2 18	Q1 18	FY 17	Q4 17	Q3 17	Q2 17
AUD	0.79	0.75	0.75	0.76	0.74	0.76
EUR	1.18	1.11	1.09	1.07	1.07	1.12
GBP	1.32	1.28	1.30	1.25	1.23	1.31

3. Proportion of revenues from major global currencies:

Revenue by currency (%)	Q2 18	Q1 18	FY 17	Q4 17	Q3 17	Q2 17
AUD	7.9	7.8	7.3	7.3	7.1	7.5
EUR	10.8	10.1	9.6	9.5	10.0	9.6
GBP	5.3	5.4	5.8	5.3	5.1	6.0

Q2 2018

Geographical segment – growth

North America grew by 2.0% sequentially; and 1.9% in constant currency

Europe grew by 6.6% sequentially; and 4.1% in constant currency

India declined by 5.2% sequentially; and 5.1% in constant currency

Rest of the world grew by 2.9% sequentially; and 2.3% in constant currency

Industry segment – growth

FSI grew by 3.0% sequentially; and 2.6% in constant currency

MFG & Hi-Tech grew by 2.0% sequentially; and 1.2% in constant currency

RCL grew by 2.6% sequentially; and 1.7% in constant currency

ECS grew by 3.9% sequentially; and 3.0% in constant currency

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

	Note	September 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,575	3,489
Current investments	2.2	1,857	1,538
Trade receivables		2,056	1,900
Unbilled revenue		633	562
Prepayments and other current assets	2.4	797	749
Derivative financial instruments	2.3	1	44
Total current assets		8,919	8,282
Non-current assets			
Property, plant and equipment	2.7	1,814	1,807
Goodwill	2.8	580	563
Intangible assets		107	120
Investment in associate		-	11
Non-current investments	2.2	945	984
Deferred income tax assets		111	83
Income tax assets		956	881
Other non-current assets	2.4	119	123
Total Non-current assets		4,632	4,572
Total assets		13,551	12,854
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		82	57
Derivative financial instruments	2.3	10	-
Current income tax liabilities		700	599
Client deposits		2	5
Unearned revenue		306	274
Employee benefit obligations		228	209
Provisions	2.6	64	63
Other current liabilities	2.5	1,025	954
Total current liabilities		2,417	2,161
Non-current liabilities			
Deferred income tax liabilities		29	32
Other non-current liabilities	2.5	21	24
Total liabilities		2,467	2,217
Equity			
Share capital - ₹5 (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,286,087,194 (2,285,655,150) net of 10,901,258 (11,289,514) treasury shares, as of September 30, 2017 (March 31, 2017), respectively		199	199
Share premium		592	587
Retained earnings		12,571	12,190
Cash flow hedge reserve		(1)	6
Other reserves		108	-
Other components of equity		(2,385)	(2,345)
Total equity attributable to equity holders of the company		11,084	10,637
Non-controlling interests		-	-
Total equity		11,084	10,637
Total liabilities and equity		13,551	12,854

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

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

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Unaudited Condensed Consolidated Statements of Comprehensive Income

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

	Note	Three months ended September 30,		Six months ended September 30,	
		2017	2016	2017	2016
Revenues		2,728	2,587	5,379	5,088
Cost of sales	2.15	1,743	1,638	3,435	3,231
Gross profit		985	949	1,944	1,857
Operating expenses:					
Selling and marketing expenses	2.15	132	134	269	271
Administrative expenses	2.15	194	171	377	340
Total operating expenses		326	305	646	611
Operating profit		659	644	1,298	1,246
Other income, net		137	114	263	226
Share in associate's profit / (loss)		-	(1)	-	(1)
Write-down of investment in associate		-	-	(11)	-
Profit before income taxes		796	757	1,550	1,471
Income tax expense	2.11	218	218	431	421
Net profit		578	539	1,119	1,050
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	(6)	1	(9)
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, net		-	-	-	-
		1	(6)	1	(14)
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Fair valuation of investments, net	2.2	2	-	6	-
Fair value changes on derivatives designated as cash flow hedge, net		3	-	(7)	-
Foreign currency translation		(107)	119	(47)	(54)
		(102)	119	(48)	(54)
Total other comprehensive income, net of tax		(101)	113	(47)	(68)
Total comprehensive income		477	652	1,072	982
Profit attributable to:					
Owners of the company		578	539	1,119	1,050
Non-controlling interests		-	-	-	-
		578	539	1,119	1,050
Total comprehensive income attributable to:					
Owners of the company		477	652	1,072	982
Non-controlling interests		-	-	-	-
		477	652	1,072	982
Earnings per equity share					
Basic (\$)		0.25	0.24	0.49	0.46
Diluted (\$)		0.25	0.24	0.49	0.46
Weighted average equity shares used in computing earnings per equity share	2.12				
Basic		2,285,865,361	2,285,641,710	2,285,762,186	2,285,632,081
Diluted		2,287,526,183	2,285,949,303	2,287,882,534	2,285,875,988

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

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

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and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statements of Changes in Equity

(Dollars in millions except equity share data)

	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Cash flow hedge reserve	Other components of equity	Total equity attributable to equity holders of the company
Balance as of April 1, 2016	2,285,621,088	199	570	11,083	-	-	(2,528)	9,324
Changes in equity for the six months ended September 30, 2016								
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 ⁽³⁾	-	-	-	-	-	-	(5)	(5)
Shares issued on exercise of employee stock options (refer to note 2.10)	30,642	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(82)	82	-	-	-
Transfer from other reserves on utilization	-	-	-	82	(82)	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	4	-	-	-	-	4
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	(9)	(9)
Dividends (including corporate dividend tax)	-	-	-	(580)	-	-	-	(580)
Net profit	-	-	-	1,050	-	-	-	1,050
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(54)	(54)
Balance as of September 30, 2016	2,285,651,730	199	574	11,553	-	-	(2,596)	9,730
Balance as of April 1, 2017	2,285,655,150	199	587	12,190	-	6	(2,345)	10,637
Changes in equity for the six months ended September 30, 2017								
Shares issued on exercise of employee stock options (refer to note 2.10)	432,044	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(149)	149	-	-	-
Transfer from other reserves on utilization	-	-	-	41	(41)	-	-	-
Employee stock compensation expense (Refer to note 2.10)	-	-	5	-	-	-	-	5
Transfer on account of options not exercised	-	-	-	-	-	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net of taxes (Refer to note 2.3)	-	-	-	-	-	(7)	-	(7)
Equity instruments through other comprehensive income, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	-	-
Fair value changes on investments, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	6	6
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	-	1	1
Dividends (including corporate dividend tax)	-	-	-	(630)	-	-	-	(630)
Net profit	-	-	-	1,119	-	-	-	1,119
Foreign currency translation	-	-	-	-	-	-	(47)	(47)
Balance as of September 30, 2017	2,286,087,194	199	592	12,571	108	(1)	(2,385)	11,084

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

⁽¹⁾ excludes treasury shares of 10,901,258 as of September 30, 2017, 11,289,514 as of April 1, 2017, 11,292,934 as of September 30, 2016 and 11,323,576 as of April 1, 2016, held by consolidated trust.

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

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

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

Nandan M. Nilekani
Chairman

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Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(Dollars in millions)

	Note	Six months ended September 30,	
		2017	2016
Operating activities:			
Net Profit		1,119	1,050
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortisation	2.15	141	123
Interest and dividend income		(73)	(14)
Income tax expense	2.11	431	421
Effect of exchange rate changes on assets and liabilities		(2)	4
Impairment loss on financial assets		6	6
Other adjustments		(1)	31
Changes in working capital			
Trade receivables and unbilled revenue		(251)	(170)
Prepayments and other assets		(7)	(94)
Trade payables		25	(12)
Client deposits		(3)	(3)
Unearned revenue		34	22
Other liabilities and provisions		102	14
Cash generated from operations		1,521	1,378
Income taxes paid		(436)	(373)
Net cash provided by operating activities		1,085	1,005
Investing activities:			
Expenditure on property, plant and equipment, net of sale proceeds		(149)	(219)
Loans to employees		3	6
Deposits placed with corporation		(3)	(13)
Interest and dividend received		34	12
Payment for acquisition of business, net of cash acquired	2.9	(4)	-
Payment of contingent consideration pertaining to acquisition of business		(5)	(5)
Investment in equity and preference securities		(2)	(8)
Investment in others		(2)	(1)
Investment in quoted debt securities		(16)	(25)
Redemption of quoted debt securities		1	1
Investment in certificate of deposits		(66)	-
Redemption of certificate of deposits		275	-
Investment in liquid mutual fund units and fixed maturity plan securities		(4,000)	(3,015)
Redemption of liquid mutual fund units and fixed maturity plan securities		3,581	2,708
Net cash used in investing activities		(353)	(559)
Financing activities:			
Payment of dividend (including corporate dividend tax)		(630)	(579)
Net cash used in financing activities		(630)	(579)
Effect of exchange rate changes on cash and cash equivalents		(16)	(39)
Net increase / (decrease) in cash and cash equivalents		102	(133)
Cash and cash equivalents at the beginning of the period	2.1	3,489	4,935
Cash and cash equivalents at the end of the period	2.1	3,575	4,763
Supplementary information:			
Restricted cash balance	2.1	85	78

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

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

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D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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

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

The Group's unaudited condensed consolidated interim financial statements are authorized for issue by the company's Board of Directors on October 24, 2017.

1.2 Basis of preparation of financial statements

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements and related notes included in the company's Annual Report on Form 20-F for the year ended March 31, 2017. Accounting policies have been applied consistently to all periods presented in these unaudited 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 this statement added up to the figures reported for the previous quarters might not always add up to the year-to-date figures reported in this statement

1.3 Basis of consolidation

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

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

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

1.4 Use of estimates

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

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

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

e. Impairment of Goodwill

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

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

1.6 Revenue recognition

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

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

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

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

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

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

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

1.7 Property, plant and equipment

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

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

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.

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 as hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.9.3 Derecognition of financial instruments

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

1.10 Fair value of financial instruments

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

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

1.11 Impairment

a. Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be 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 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 not reclassified to profit and loss in subsequent period. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profits in the statement of comprehensive income.

1.12.2 Superannuation

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

1.12.3 Provident fund

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

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

1.12.4 Compensated absences

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

1.13 Share - based compensation

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

Amendment to IFRS 2:

Effective April 1, 2017, the company has early adopted amendment to IFRS 2 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of the amendment did not have any material effect on the consolidated financial statements.

1.14 Earnings per equity share

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

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

1.15 Cash Flow Statement

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

Amendment to IAS 7:

Effective April 1, 2017, the company adopted the amendment to IAS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the consolidated financial statements.

1.16 Recent accounting pronouncements

1.16.1 Standards issued but not yet effective

IFRS 15 Revenue from Contract with Customers: In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2018, though early adoption is permitted.

The Group does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented. The group derives revenues primarily from software development and related services and from the licensing of software products and is currently evaluating the effect of IFRS 15 on its consolidated financial statements and related disclosures.

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

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

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

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

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives

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

2. Notes to the Condensed Consolidated Interim Financial Statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	(Dollars in millions)	
	As of	
	September 30, 2017	March 31, 2017
Cash and bank deposits	2,232	2,296
Deposits with financial institutions	1,343	1,193
	3,575	3,489

Cash and cash equivalents as of September 30, 2017 and March 31, 2017 include restricted cash and bank balances of \$85 million and \$88 million, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents :

	(Dollars in millions)	
	As of	
	September 30, 2017	March 31, 2017
Current accounts		
Banamex Bank, Mexico	1	-
Banamex Bank, Mexico (U.S. Dollar account)	-	1
Bank of America, Mexico	12	8
Bank of America, USA	157	159
Bank Zachodni WBK S.A, Poland	2	1
Bank Leumi, Israel (US Dollar account)	1	-
Bank Leumi, Israel	1	2
BNP Paribas Bank, Norway	15	3
China Merchants Bank, China	1	1
Citibank N.A, China	16	10
Citibank N.A., China (U.S. Dollar account)	5	2
Citibank N.A., Costa Rica	1	1
Citibank N.A., Australia	8	3
Citibank N.A., Brazil	3	5
Citibank N.A., Dubai	1	-
Citibank N.A., Hungary	1	-
Citibank N.A., Japan	3	2
Citibank N.A., New Zealand	3	2
Citibank N.A., Singapore	1	-
Citibank N.A., South Africa	3	2
Citibank N.A., USA	8	12
Commerzbank, Germany	8	3
Danske Bank, Sweden	1	-
Deutsche Bank, India	3	2
Deutsche Bank, Philippines	3	1
Deutsche Bank, Philippines (U.S. Dollar account)	1	1
Deutsche Bank, Poland	13	2
Deutsche Bank, Poland (Euro account)	1	1
Deutsche Bank, EEFC (Australian Dollar account)	2	6
Deutsche Bank, EEFC (Euro account)	5	4
Deutsche Bank, EEFC (U.S. Dollar account)	7	12
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	3	2
Deutsche Bank, Belgium	10	2
Deutsche Bank, Malaysia	1	1
Deutsche Bank, Czech Republic	5	1
Deutsche Bank, Czech Republic (Euro account)	1	1
Deutsche Bank, Czech Republic (U.S. Dollar account)	1	5
Deutsche Bank, France	2	1
Deutsche Bank, Germany	8	8
Deutsche Bank, Netherlands	4	-
Deutsche Bank, Russia (U.S. Dollar account)	1	-
Deutsche Bank, Singapore	1	1
Deutsche Bank, Switzerland	7	1
Deutsche Bank, United Kingdom	27	4
Deutsche Bank, USA	3	2
HSBC Bank, United Kingdom	1	-
ICICI Bank, India	25	8
ICICI Bank, EEFC (U.S. Dollar account)	16	1
ICICI Bank - Unpaid dividend account	2	2
Nordbanken, Sweden	5	5
Punjab National Bank, India	2	1
Raiffeisen Bank, Czech Republic	1	1
Raiffeisen Bank, Romania	1	1
Royal Bank of Canada, Canada	24	13

State Bank of India, India	8	1
Silicon Valley Bank, USA	1	1
Silicon Valley Bank, (Euro account)	4	3
Silicon Valley Bank, (United Kingdom Pound Sterling account)	1	-
Splitska Banka D.D., Société Générale Group, Croatia	1	-
Union Bank of Switzerland AG, (Euro account)	-	1
Wells Fargo Bank N.A., USA	6	5
Yes Bank, India	2	-
	461	318
Deposit accounts		
Axis Bank	-	181
Bank BGZ BNP Paribas S.A	20	28
Barclays Bank	126	127
Canara Bank	40	40
Citibank	26	26
Deutsche Bank, Poland	11	11
HDFC Bank	541	72
HSBC Bank	76	77
ICICI Bank	651	751
IDBI Bank	-	270
IDFC Bank	31	31
IndusInd Bank	-	29
Kotak Mahindra Bank Limited	37	83
South Indian Bank	69	69
Standard Chartered Bank	40	77
Syndicate Bank	-	8
Yes Bank	103	98
	1,771	1,978
Deposits with financial institutions		
HDFC Limited, India	1,235	1,085
LIC Housing Finance Limited	108	108
	1,343	1,193
Total	3,575	3,489

2.2 Investments

The carrying value of investments are as follows:

(Dollars in millions)		
	As of	
	September 30, 2017	March 31, 2017
(i) Current		
Amortised cost		
Quoted debt securities:		
Cost	1	2
Fair value through profit and loss		
Liquid Mutual funds		
Fair value	709	278
Fixed maturity plan securities		
Fair Value	24	23
Fair Value through Other comprehensive income		
Quoted debt securities		
Fair value	75	16
Certificate of deposits		
Fair value	1,044	1,219
Unquoted equity and preference securities		
Fair value	4	-
	1,857	1,538
(ii) Non-current		
Amortised cost		
Quoted debt securities		
Cost	290	293
Fair value through Other comprehensive income		
Quoted debt securities		
Fair value	558	597
Unquoted equity and preference securities		
Fair value	24	25
Fair value through profit and loss		
Unquoted convertible promissory note		
Fair value	2	1
Fixed maturity plan securities		
Fair Value	64	63
Others		
Fair value	7	5
	945	984
Total investments	2,802	2,522
Investment carried at amortized cost	291	295
Investments carried at fair value through other comprehensive income	1,705	1,857
Investments carried at fair value through profit and loss	806	370

Liquid Mutual fund:

The fair value of liquid mutual funds as of September 30, 2017 was \$709 million and as of March 31, 2017 was \$278 million. The fair value is based on quoted prices.

Fixed maturity plan securities:

The fair value of fixed maturity plan securities as of September 30, 2017 is \$88 million and as of March 31, 2017 was \$86 million. The fair value is based on market observable inputs.

Quoted debt securities carried at amortised cost:

Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organisations. The fair value of quoted debt securities (including interest accrued) as on September 30, 2017 and March 31, 2017 was \$338 million and \$334 million, respectively. The fair value is based on the quoted prices and market observable inputs.

Quoted debt securities fair valued through other comprehensive income:

Investment in quoted debt securities represents investments made in non-convertible debentures issued by government aided institutions. The fair value of non-convertible debentures (including interest accrued) as of September 30, 2017 was \$633 million and as of March 31, 2017 was \$613 million. The fair value is based on quoted prices and market observable inputs. The unrealised gain of \$2 million, net of taxes of less than \$1 million has been recognized in other comprehensive income for the three months ended September 30, 2017. The unrealised gain of \$6 million, net of taxes of less than \$1 million has been recognized in other comprehensive income for the six months ended September 30, 2017.

Certificate of deposits:

The fair value of certificate of deposits as of September 30, 2017 was \$1,044 million and as of March 31, 2017 was \$1,219 million. The fair value is based on market observable inputs. The unrealised gain of less than \$1 million, net of taxes of less than \$1 million, has been recognized in other comprehensive income for the three months and six months ended September 30, 2017.

Unquoted equity, preference and other investments

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

2.3 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2017 were as follows:

(Dollars in millions)

	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	3,575	-	-	-	-	3,575	3,575
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	709	-	-	709	709
Fixed maturity plan securities	-	-	88	-	-	88	88
Quoted debt securities	291	-	-	-	633	924	971 ⁽¹⁾
Certificate of deposits	-	-	-	-	1,044	1,044	1,044
Unquoted equity and preference securities:	-	-	-	28	-	28	28
Unquoted investment others	-	-	7	-	-	7	7
Unquoted convertible promissory note	-	-	2	-	-	2	2
Trade receivables	2,056	-	-	-	-	2,056	2,056
Unbilled revenue	633	-	-	-	-	633	633
Prepayments and other assets (Refer to Note 2.4)	444	-	-	-	-	444	432 ⁽²⁾
Derivative financial instruments	-	-	-	-	1	1	1
Total	6,999	-	806	28	1,678	9,511	
Liabilities:							
Trade payables	82	-	-	-	-	82	82
Derivative financial instruments	-	-	8	-	2	10	10
Client deposits	2	-	-	-	-	2	2
Other liabilities including contingent consideration (Refer to note 2.5)	838	-	9	-	-	847	847
Total	922	-	17	-	2	941	

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost

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

(Dollars in millions)

	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	3,489	-	-	-	-	3,489	3,489
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	278	-	-	278	278
Fixed maturity plan securities	-	-	86	-	-	86	86
Quoted debt securities	295	-	-	-	613	908	947 ⁽¹⁾
Certificate of deposits	-	-	-	-	1,219	1,219	1,219
Unquoted equity and preference securities	-	-	-	25	-	25	25
Unquoted investment others	-	-	5	-	-	5	5
Unquoted convertible promissory note	-	-	1	-	-	1	1
Trade receivables	1,900	-	-	-	-	1,900	1,900
Unbilled revenue	562	-	-	-	-	562	562
Prepayments and other assets (Refer to Note 2.4)	410	-	-	-	-	410	397 ⁽²⁾
Derivative financial instruments	-	-	36	-	8	44	44
Total	6,656	-	406	25	1,840	8,927	
Liabilities:							
Trade payables	57	-	-	-	-	57	57
Derivative financial instruments	-	-	-	-	-	-	-
Client deposits	5	-	-	-	-	5	5
Other liabilities including contingent consideration (Refer to note 2.5)	763	-	13	-	-	776	776
Total	825	-	13	-	-	838	

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

⁽²⁾ Excludes interest accrued on quoted debt securities carried at amortized cost

Fair value hierarchy

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

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

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

Fair value hierarchy of assets and liabilities as of September 30, 2017:

(Dollars in millions)

	As of September 30, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	709	709	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	88	-	88	-
Investments in quoted debt securities (Refer to Note 2.2)	971	860	111	-
Investments in certificate of deposit (Refer to Note 2.2)	1,044	-	1,044	-
Investments in equity and preference securities (Refer to Note 2.2)	28	-	-	28
Investments in unquoted investments others (Refer to Note 2.2)	7	-	-	7
Investments in unquoted convertible promissory note (Refer to Note 2.2)	2	-	-	2
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	1	-	1	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	10	-	10	-
Liability towards contingent consideration (Refer to note 2.5)*	9	-	-	9

*Discounted \$7 million at 14.1% and \$3 million at 10%

During the six months ended September 30, 2017, quoted debt securities of \$277 million were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on Quoted price.

Fair value hierarchy of assets and liabilities as of March 31, 2017:

(Dollars in millions)

	As of March 31, 2017	Fair value measurement at end of the reporting period / year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	278	278	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	86	-	86	-
Investments in quoted debt securities (Refer to Note 2.2)	947	565	382	-
Investments in certificate of deposit (Refer to Note 2.2)	1,219	-	1,219	-
Investments in equity and preference securities (Refer to Note 2.2)	25	-	-	25
Investments in unquoted investments others (Refer to Note 2.2)	5	-	-	5
Investments in unquoted convertible promissory note (Refer to Note 2.2)	1	-	-	1
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	44	-	44	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	-	-	-	-
Liability towards contingent consideration (Refer to Note 2.5)*	13	-	-	13

*Discounted \$14 million at 14.2%.

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

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

Income from financial assets or liabilities is as follows:

(Dollars in millions)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income on financial assets carried at amortized cost	63	96	129	193
Interest income on financial assets fair valued through other comprehensive income	31	-	62	-
Dividend income on investments carried at fair value through profit or loss	-	1	-	4
Gain / (loss) on investments carried at fair value through profit or loss	13	-	24	-
	107	97	215	197

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyses foreign currency risk from financial instruments as of September 30, 2017:

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	213	41	31	29	161	475
Trade receivables	1,371	224	122	110	118	1,945
Unbilled revenue	346	80	51	27	55	559
Other assets	47	7	5	2	14	75
Trade payables	(31)	(8)	(12)	(3)	(10)	(64)
Client deposits	(1)	(1)	-	-	-	(2)
Accrued expenses	(205)	(34)	(26)	(7)	(19)	(291)
Employee benefit obligation	(88)	(15)	(5)	(28)	(23)	(159)
Other liabilities	(100)	(17)	(11)	(2)	(41)	(171)
Net assets / (liabilities)	1,552	277	155	128	255	2,367

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

(Dollars in millions)

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	206	20	6	28	108	368
Trade receivables	1,287	192	119	87	108	1,793
Unbilled revenue	376	68	50	19	47	560
Other assets	65	15	7	6	15	108
Trade payables	(18)	(5)	(2)	(1)	(24)	(50)
Client deposits	(2)	-	(2)	-	(1)	(5)
Accrued expenses	(147)	(33)	(22)	(6)	(23)	(231)
Employee benefit obligation	(86)	(13)	(3)	(23)	(19)	(144)
Other liabilities	(94)	(17)	(5)	(3)	(42)	(161)
Net assets / (liabilities)	1,587	227	148	107	169	2,238

For the three months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the Group's incremental operating margins by approximately 0.49% and 0.51%, respectively.

For the six months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the Group's incremental operating margins by approximately 0.49% and 0.50%, respectively.

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

Derivative financial instruments

The 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	
	September 30, 2017	March 31, 2017
Derivatives designated as cash flow hedges		
Forward contracts		
In Euro	-	95
In United Kingdom Pound Sterling	15	40
In Australian dollars	-	130
Options contracts		
In Euro	45	40
In United Kingdom Pound Sterling	5	-
In Australian dollars	65	-
Other derivatives		
Forward contracts		
In U.S. Dollars	695	526
In Euro	96	114
In United Kingdom Pound Sterling	81	75
In Australian dollars	23	35
In Swiss Franc	16	10
In Singapore dollars	5	5
In Swedish Krona	50	50
In New Zealand dollars	21	-
In Canadian dollars	19	-
In Japanese Yen	550	-
In Norwegian Krone	39	-
Options contracts		
In U.S. Dollars	200	195
In Euro	50	25
In United Kingdom Pound Sterling	20	30
In Canadian dollars	-	13

The Group recognized a net loss of \$11 million and net gain of \$26 million for the three months ended September 30, 2017 and September 30, 2016, respectively. The group recognized a net loss of \$7 million and a net gain \$33 million for the six months ended September 30, 2017 and September 30, 2017, respectively on derivative financial instruments, which are included in 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:

	<i>(Dollars in millions)</i>	
	As of	
	September 30, 2017	March 31, 2017
Not later than one month	523	355
Later than one month and not later than three months	631	666
Later than three months and not later than one year	264	329
	1,418	1,350

During the six months ended September 30, 2017, the Group has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of comprehensive income 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 six months ended September 30, 2017:

	<i>(Dollars in millions)</i>			
	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Balance at the beginning of the period	(4)	-	6	-
Gain / (Loss) recognised in other comprehensive income during the period	(8)	-	(14)	-
Amount reclassified to revenue during the period	12	-	5	-
Tax impact on above	(1)	-	2	-
Balance at the end of the period	(1)	-	(1)	-

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:

	<i>(Dollars in millions)</i>			
	As of			
	September 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	2	(11)	44	-
Amount set off	(1)	1	-	-
Net amount presented in balance sheet	1	(10)	44	-

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to \$2,056 million and \$1,900 million as of September 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to \$633 million and \$562 million as of September 30, 2017 and March 31, 2017, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IFRS 9, the Group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

	<i>(In %)</i>			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from top customer	3.4	3.5	3.4	3.5
Revenue from top ten customers	19.5	21.8	19.7	22.0

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended September 30, 2017 and three months ended September 30, 2016 was \$6 million and \$4 million respectively. The allowance for lifetime expected credit loss on customer balances for the six months ended September 30, 2017 and six months ended September 30, 2016 was \$6 million each.

	<i>(Dollars in millions)</i>			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Balance at the beginning	63	45	63	44
Translation differences	-	-	-	(1)
Impairment loss recognized/(reversed)	6	4	6	6
Write offs	-	-	-	-
Balance at the end	69	49	69	49

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

	<i>(Dollars in millions except otherwise stated)</i>	
	As of	
	September 30, 2017	March 31, 2017
Trade receivables	2,056	1,900
Unbilled revenues	633	562
Days Sales Outstanding- DSO (days)	71	68

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

Liquidity risk

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

As of September 30, 2017, the Group had a working capital of \$6,502 million including cash and cash equivalents of \$3,575 million and current investments of \$1,857 million. As of March 31, 2017, the Group had a working capital of \$6,121 million including cash and cash equivalents of \$3,489 million and current investments of \$1,538 million.

As of September 30, 2017 and March 31, 2017, the outstanding employee benefit obligations were \$228 million and \$209 million, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of September 30, 2017:

<i>(Dollars in millions)</i>					
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	82	-	-	-	82
Client deposits	2	-	-	-	2
Other liabilities (excluding liability towards contingent consideration - Refer to Note 2.5)	832	6	-	-	838
Liability towards contingent consideration on an undiscounted basis -Refer to Note 2.5	8	1	1	-	10

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

<i>(Dollars in millions)</i>					
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	57	-	-	-	57
Client deposits	5	-	-	-	5
Other liabilities (excluding liability towards acquisition - Refer to Note 2.5)	758	5	-	-	763
Liability towards acquisitions on an undiscounted basis (Refer to Note 2.5)	7	7	-	-	14

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

<i>(Dollars in millions)</i>		
	As of	
	September 30, 2017	March 31, 2017
Current		
Rental deposits	3	1
Security deposits	1	2
Loans to employees	37	42
Prepaid expenses ⁽¹⁾	78	68
Interest accrued and not due	114	89
Withholding taxes and others ⁽¹⁾	301	291
Advance payments to vendors for supply of goods ⁽¹⁾	17	20
Deposit with corporations	220	218
Deferred contract cost ⁽¹⁾	11	12
Other assets	15	6
	797	749
Non-current		
Loans to employees	6	5
Security deposits	14	13
Deposit with corporations	8	7
Prepaid gratuity ⁽¹⁾	5	12
Prepaid expenses ⁽¹⁾	19	15
Deferred contract cost ⁽¹⁾	41	44
Rental Deposits	26	27
	119	123
	916	872
Financial assets in prepayments and other assets	444	410

⁽¹⁾ Non financial assets

Withholding taxes and others primarily consist of input tax credits. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront costs incurred for the contract and are 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:

<i>(Dollars in millions)</i>		
	As of	
	September 30, 2017	March 31, 2017
Current		
Accrued compensation to employees	319	290
Accrued expenses	452	399
Withholding taxes and others ⁽¹⁾	184	189
Retainage	28	34
Liabilities of controlled trusts	21	22
Liability towards contingent consideration (Refer to note 2.9)	7	7
Deferred rent ⁽¹⁾	2	-
Others	12	13
	1,025	954
Non-Current		
Liability towards contingent consideration (Refer to note 2.9)	2	6
Accrued compensation to employees	6	5
Deferred income - government grant on land use rights ⁽¹⁾	7	6
Deferred income ⁽¹⁾	6	7
	21	24
	1,046	978
Financial liabilities included in other liabilities	847	776
Financial liability towards contingent consideration on an undiscounted basis (Refer to Note 2.9)	10	14

⁽¹⁾ Non financial liabilities

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

2.6 Provisions

Provisions comprise the following:

<i>(Dollars in millions)</i>		
	As of	
	September 30, 2017	March 31, 2017
Provision for post sales client support and other provisions	64	63
	64	63

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

<i>(Dollars in millions)</i>		
	Three months ended September 30, 2017	Six months ended September 30, 2017
Balance at the beginning	63	63
Translation differences	-	-
Provision recognized/(reversed)	4	6
Provision utilized	(3)	(5)
Balance at the end	64	64

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

As of September 30, 2017 and March 31, 2017, claims against the company, not acknowledged as debts, net of amounts paid (excluding demands from Indian income tax authorities- Refer to Note 2.11) amounted to \$46 million (₹301 crore), each.

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 September 30, 2017:

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of July 1, 2017	273	1,136	477	724	269	5	2,884
Additions	-	8	9	11	6	-	34
Deletions	-	-	(2)	(4)	(2)	-	(8)
Translation difference	(2)	(10)	(4)	(7)	(3)	-	(26)
Gross carrying value as of September 30, 2017	271	1,134	480	724	270	5	2,884
Accumulated depreciation as of July 1, 2017	(4)	(388)	(318)	(495)	(179)	(3)	(1,387)
Depreciation	-	(11)	(15)	(28)	(9)	-	(63)
Accumulated depreciation on deletions	-	-	2	4	2	-	8
Translation difference	-	4	3	6	1	-	14
Accumulated depreciation as of September 30, 2017	(4)	(395)	(328)	(513)	(185)	(3)	(1,428)
Capital work-in progress as of September 30, 2017							358
Carrying value as of September 30, 2017	267	739	152	211	85	2	1,814
Capital work-in progress as of July 1, 2017							337
Carrying value as of July 1, 2017	269	748	159	229	90	2	1,834

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2016:

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of July 1, 2016	241	942	408	628	221	5	2,445
Additions	2	10	19	41	13	1	86
Deletions	-	-	(2)	(3)	(1)	-	(6)
Translation difference	3	13	6	8	4	(1)	33
Gross carrying value as of September 30, 2016	246	965	431	674	237	5	2,558
Accumulated depreciation as of July 1, 2016	(3)	(334)	(251)	(410)	(152)	(3)	(1,153)
Depreciation	-	(9)	(15)	(27)	(7)	-	(58)
Accumulated depreciation on deletions	-	-	2	3	1	-	6
Translation difference	(1)	(5)	(3)	(5)	(3)	-	(17)
Accumulated depreciation as of September 30, 2016	(4)	(348)	(267)	(439)	(161)	(3)	(1,222)
Capital work-in progress as of September 30, 2016							345
Carrying value as of September 30, 2016	242	617	164	235	76	2	1,681
Capital work-in progress as of July 1, 2016							332
Carrying value as of July 1, 2016	238	608	157	218	69	2	1,624

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2017:

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2017	272	1,123	466	700	261	5	2,827
Additions	-	16	18	36	12	-	82
Deletions	-	-	(2)	(9)	(2)	-	(13)
Translation difference	(1)	(5)	(2)	(3)	(1)	-	(12)
Gross carrying value as of September 30, 2017	271	1,134	480	724	270	5	2,884
Accumulated depreciation as of April 1, 2017	(4)	(376)	(301)	(471)	(168)	(3)	(1,323)
Depreciation	-	(21)	(31)	(54)	(19)	-	(125)
Accumulated depreciation on deletions	-	-	2	9	2	-	13
Translation difference	-	2	2	3	-	-	7
Accumulated depreciation as of September 30, 2017	(4)	(395)	(328)	(513)	(185)	(3)	(1,428)
Capital work-in progress as of September 30, 2017							358
Carrying value as of September 30, 2017	267	739	152	211	85	2	1,814
Capital work-in progress as of April 1, 2017							303
Carrying value as of April 1, 2017	268	747	165	229	93	2	1,807

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 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	3	15	43	68	21	1	151
Deletions	-	-	(2)	(5)	(1)	-	(8)
Translation difference	(1)	(5)	(2)	(4)	(1)	-	(13)
Gross carrying value as of September 30, 2016	246	965	431	674	237	5	2,558
Accumulated depreciation as of April 1, 2016	(3)	(332)	(243)	(395)	(149)	(3)	(1,125)
Depreciation	-	(17)	(28)	(51)	(14)	-	(110)
Accumulated depreciation on deletions	-	-	2	5	1	-	8
Translation difference	(1)	1	2	2	1	-	5
Accumulated depreciation as of September 30, 2016	(4)	(348)	(267)	(439)	(161)	(3)	(1,222)
Capital work-in progress as of September 30, 2016							345
Carrying value as of September 30, 2016	242	617	164	235	76	2	1,681
Capital work-in progress as of April 1, 2016							286
Carrying value as of April 1, 2016	241	623	149	220	69	1	1,589

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

	(Dollars in millions)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2016	244	955	392	615	218	4	2,428
Additions	22	147	73	120	57	1	420
Deletions	-	-	(8)	(47)	(17)	(1)	(73)
Translation difference	6	21	9	12	3	1	52
Gross carrying value as of March 31, 2017	272	1,123	466	700	261	5	2,827
Accumulated depreciation as of April 1, 2016	(3)	(332)	(243)	(395)	(149)	(3)	(1,125)
Depreciation	(1)	(35)	(57)	(101)	(31)	(1)	(226)
Accumulated depreciation on deletions	-	-	5	34	14	1	54
Translation difference	-	(9)	(6)	(9)	(2)	-	(26)
Accumulated depreciation as of March 31, 2017	(4)	(376)	(301)	(471)	(168)	(3)	(1,323)
Capital work-in progress as of March 31, 2017							303
Carrying value as of March 31, 2017	268	747	165	229	93	2	1,807
Capital work-in progress as of April 1, 2016							286
Carrying value as of April 1, 2016	241	623	149	220	69	1	1,589

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

Carrying value of land includes \$98 million and \$99 million as of September 30, 2017 and March 31, 2017, respectively, towards amounts paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to purchase or renew the properties on expiry of the lease period.

The contractual commitments for capital expenditure were \$91 million and \$177 million as of September 30, 2017 and March 31, 2017, respectively.

2.8 Goodwill

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

	(Dollars in millions)	
	As of	
	September 30, 2017	March 31, 2017
Carrying value at the beginning	563	568
Goodwill on Brilliant Basics acquisition (Refer to note 2.9)	5	-
Translation differences	12	(5)
Carrying value at the end	580	563

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

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

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

The entire goodwill relating to Infosys 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 CGUs which are represented by a majority of the entity's operating segment.

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

The goodwill relating to Brilliant Basics acquisition will be allocated across segments.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	In %
	As of March 31, 2017
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.4

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

2.9 Business combination

Noah Consulting LLC

On November 16, 2015, Infosys acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million, contingent consideration of upto \$5 million and an additional consideration of upto \$32 million, referred to as retention bonus payable to the employees of Noah at each anniversary year following the acquisition date for the next three years, subject to their continuous employment with the group at each anniversary. During the year ended March 31, 2016 based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ended December 31, 2016, the entire contingent consideration has been reversed in the consolidated statement of comprehensive income.

The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. For the three months ended September 30, 2017 and September 30, 2016, a post-acquisition employee remuneration expense of \$2 million and \$4 million has been recorded in the statement of comprehensive income. For the six months ended September 30, 2017 and September 30, 2016, a post-acquisition employee remuneration expense of \$4 million and \$9 million has been recorded in the statement of comprehensive income.

Proposed business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the company has entered into a business transfer agreement to transfer the business for a consideration of \$41 million with effect from October 25, 2017. The transfer of assets and liabilities between entities under common control will be accounted for at carrying values and will 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.

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 six months ended September 30, 2017 contingent consideration of \$7 million was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of September 30, 2017 and March 31, 2017 is \$7 million and \$14 million on an undiscounted basis.

Brilliant Basics Holdings Limited.

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

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

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

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

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

<i>(Dollars in millions)</i>			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets ^(*)	–	–	–
Intangible assets - customer relationships	–	2	2
Deferred tax liabilities on intangible assets	–	–	–
	<u>-</u>	<u>2</u>	<u>2</u>
Goodwill			5
Total purchase price			<u>7</u>

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

The goodwill is not tax deductible.

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

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

<i>(Dollars in millions)</i>	
Component	Consideration settled
Cash paid	4
Fair value of contingent consideration	<u>3</u>
Total purchase price	<u>7</u>

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

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 24,038,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 17,038,883 equity shares will be issued as RSUs at par value and 7,000,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

Controlled trust holds 10,901,258 and 11,289,514 shares as of September 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

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

Stock incentives granted to COO:

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

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

On November 1, 2016, 247,250 RSUs and 502,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

During the six months ended September 30, 2017, two of the KMPs have resigned (Refer to note 2.13 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded a reversal of employee stock compensation expense of \$5 million and \$3 million, respectively, towards KMPs during the three months and six months ended September 30, 2017. The employee stock compensation expense recorded was \$1 million and \$2 million during the three months and six months ended September 30, 2016 respectively.

Stock incentive granted to other employees:

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

The Company has recorded an employee stock compensation expense of \$4 million and \$8 million, respectively during the three months and six months ended September 30, 2017 towards employees other than KMPs (employee stock compensation cost of \$2 million each for the three months and six months ended September 30, 2016)

Total stock compensation expense

The company recorded a reversal of employee stock compensation expense of \$1 million for the three months ended September 30, 2017 and recorded an employee stock compensation cost of \$5 million for the six months ended September 30, 2017 (employee stock compensation cost of \$3 million and \$4 million for the three months and six months ended September 30, 2016). This comprises expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for each of the three months and six months ended September 30, 2017 and September 30, 2016 was less than \$1 million. As of September 30, 2017 and March 31, 2017 80,793 and 106,845 incentive units were outstanding (net of forfeitures).

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and six months ended September 30, 2017 is set out below:

Particulars	Three months ended September 30, 2017		Six months ended September 30, 2017	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan: RSU				
Outstanding at the beginning	3,226,005	0.08	2,961,373	0.08
Granted	58,150	0.08	392,714	0.08
Exercised	407,232	0.08	432,044	0.08
Forfeited and expired	637,082	0.08	682,202	0.08
Outstanding at the end	2,239,841	0.08	2,239,841	0.08
Exercisable at the end	31,624	0.08	31,624	0.08
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,644,775	15	1,197,650	15
Granted	44,450	16	491,575	15
Exercised	-	-	-	-
Forfeited and expired	498,275	15	498,275	15
Outstanding at the end	1,190,950	15	1,190,950	15
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 six months ended September 30, 2016 is set out below:

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (\$)	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan: RSU				
Outstanding at the beginning	209,099	0.07	221,505	0.07
Granted	1,904,315	0.07	1,904,315	0.07
Forfeited and expired	22,770	0.07	22,770	0.07
Exercised	18,236	0.07	30,642	0.07
Outstanding at the end	2,072,408	0.07	2,072,408	0.07
Exercisable at the end	-	-	-	-

During each of the three months and six months ended September 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was \$15.

During the three months and six months ended September 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was \$15 and \$16, respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of September 30, 2017:

Range of exercise prices per share (\$)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (\$)
2015 Plan:			
0 - 0.08 (RSU)	2,239,841	1.74	0.08
13 - 17 (ESOP)	1,190,950	6.66	15
	3,430,791	3.47	5

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

Range of exercise prices per share (\$)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (\$)
2015 Plan:			
0 - 0.07 (RSU)	2,961,373	1.88	0.07
13 - 17 (ESOP)	1,197,650	7.09	15.83
	4,159,023	3.38	4.61

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

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

Particulars	For options granted in			
	Fiscal 2017- Equity Shares- RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / (\$- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ (\$- ADS)	5.00	998	0.07	15.26
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6- 7	6- 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	1,002	285	14.84	3.46

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

2.11 Income taxes

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

(Dollars in millions)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Current taxes				
Domestic taxes	173	165	340	328
Foreign taxes	56	54	121	110
	229	219	461	438
Deferred taxes				
Domestic taxes	(7)	-	(20)	(5)
Foreign taxes	(4)	(1)	(10)	(12)
	(11)	(1)	(30)	(17)
Income tax expense	218	218	431	421

Income tax expense for the three months ended September 30, 2017 and September 30, 2016 includes reversal (net of provisions) of \$21 million and \$2 million, respectively, pertaining to prior periods.

Income tax expense for the six months ended September 30, 2017 and September 30, 2016 includes reversal (net of provisions) of \$23 million and \$1 million, respectively, pertaining to prior periods.

Entire deferred income tax for the three months and six months ended September 30, 2017 and September 30, 2016 relates to origination and reversal of temporary differences.

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

(Dollars in millions)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Profit before income taxes	796	757	1,550	1,471
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	276	262	537	509
Tax effect due to non-taxable income for Indian tax purposes	(82)	(78)	(175)	(150)
Overseas taxes	32	34	67	62
Tax provision (reversals), overseas and domestic	(21)	(2)	(23)	(1)
Effect of differential overseas tax rates	(1)	2	1	2
Effect of exempt non operating income	(2)	(3)	(5)	(7)
Effect of unrecognized deferred tax assets	6	8	17	8
Effect of non-deductible expenses	6	(1)	11	4
Others	4	(4)	1	(6)
Income tax expense	218	218	431	421

The applicable Indian statutory tax rates for each of fiscal 2018 and fiscal 2017 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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-investment Reserve out of the profit for the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

As of September 30, 2017, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of \$737 million (₹4,809 crore) amounted to \$232 million (₹1,515 crore).

As of March 31, 2017, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of \$722 million (₹4,682 crore) amounted to \$262 million (₹1,696 crore).

Claims against the Company not acknowledged as debts as on September 30, 2017 include demands from the Indian Income tax authorities for payment of tax including interest for fiscals 2007 to 2013. The tax demands are mainly on account of disallowance of portion of deduction claimed u/s 10A in respect of export turnover, disallowance of portion of profits earned from outside India and profits earned from SEZ units under section 10AA of the Income Tax Act. The above matters are pending before various Appellate Authorities.

The Company is contesting the demands and the management including its tax advisors believe that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

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 September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	2,285,865,361	2,285,641,710	2,285,762,186	2,285,632,081
Effect of dilutive common equivalent shares - share options outstanding	1,660,822	307,593	2,120,348	243,907
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	2,287,526,183	2,285,949,303	2,287,882,534	2,285,875,988

⁽¹⁾ excludes treasury shares

For the three and six months ended September 30, 2017, 190,454 and 187,880 number of options to purchase equity shares had an anti-dilutive effect respectively. For the three months and six months ended September 30, 2016, there were no outstanding option to purchase equity shares which had an anti-dilutive effect.

2.13 Related party transactions

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

Changes in Key management personnel

The following were the changes in key management personnel:-

- Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
- D. Sundaram appointed as Independent director effective July 14, 2017
- U. B. Pravin Rao, Chief Operating Officer, appointed as Interim-Chief Executive Officer and Managing Director effective August 18, 2017
- R. Seshasayee, Chairman, resigned effective August 24, 2017
- Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
- Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
- Prof. John Etchemendy, Independent director resigned effective August 24, 2017
- Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
- Sandeep Dadlani, President, resigned effective July 14, 2017
- Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

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

	(Dollars in millions)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	(2)	2	2	5
Commission and other benefits to non-executive/ independent directors	1	1	1	1
Total	(1)	3	3	6

⁽¹⁾ Included a reversal of stock compensation cost of \$5 million recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.10)

⁽²⁾ Total employee stock compensation expense for the three months and six months ended September 30, 2017 includes a reversal of \$5 million and \$3 million, respectively towards key managerial personnel. For the three months and six months ended September 30, 2016, an employee stock compensation expense of \$1 million and \$2 million, respectively, was recorded towards key managerial personnel. (Refer to note 2.10)

Investment in Associate

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

2.14 Segment Reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "management approach" as defined in IFRS 8, the Chief Operating Decision Maker (CODM) evaluates the group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for "all other segments" represents revenue generated by IPS and revenue generated from customers located in India, Japan and China. Allocated expenses of segments include expenses incurred for rendering services from the Company's offshore software development 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 September 30, 2017 and September 30, 2016

(Dollars in millions)

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	733	297	640	426	357	195	80	2,728
	700	277	578	423	312	200	97	2,587
Identifiable operating expenses	370	160	322	206	182	102	49	1,391
	355	144	278	203	158	103	56	1,297
Allocated expenses	155	67	145	96	81	44	19	607
	152	63	132	97	71	46	22	583
Segment profit	208	70	173	124	94	49	12	730
	193	70	168	123	83	51	19	707
Unallocable expenses								71
								63
Operating profit								659
								644
Other income, net								137
								114
Share in associate's profit / (loss)								-
								(1)
Profit before Income taxes								796
								757
Income tax expense								218
								218
Net profit								578
								539
Depreciation and amortisation								71
								63
Non-cash expenses other than depreciation and amortisation								-
								-

Six months ended September 30, 2017 and September 30, 2016

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	1,446	587	1,254	844	694	387	167	5,379
	1,378	552	1,132	850	611	397	168	5,088
Identifiable operating expenses	727	316	628	407	348	207	97	2,730
	688	285	540	408	307	205	108	2,541
Allocated expenses	310	134	287	193	159	89	38	1,210
	308	130	266	199	143	93	39	1,178
Segment profit	409	137	339	244	187	91	32	1,439
	382	137	326	243	161	99	21	1,369
Unallocable expenses								141
								123
Operating profit								1,298
								1,246
Other income, net								263
								226
Share in associate's profit / (loss)								-
								(1)
Write-down of investment in associate								(11)
								-
Profit before Income taxes								1,550
								1,471
Income tax expense								431
								421
Net profit								1,119
								1,050
Depreciation and amortisation								141
								123
Non-cash expenses other than depreciation and amortisation								-
								-

2.14.2 Geographic Segments

Three months ended September 30, 2017 and September 30, 2016

	(Dollars in millions)				
	North America	Europe	India	Rest of the World	Total
Revenues	1,653	634	89	352	2,728
	1,590	582	88	327	2,587
Identifiable operating expenses	857	325	40	169	1,391
	814	292	37	154	1,297
Allocated expenses	373	143	17	74	607
	362	132	19	70	583
Segment profit	423	166	32	109	730
	414	158	32	103	707
Unallocable expenses					71
					63
Operating profit					659
					644
Other income, net					137
					114
Share in associate's profit / (loss)					-
					(1)
Profit before Income taxes					796
					757
Income Tax expense					218
					218
Net profit					578
					539
Depreciation and amortisation					71
					63
Non-cash expenses other than depreciation and amortisation					-
					-

Six months ended September 30, 2017 and September 30, 2016

	(Dollars in millions)				
	North America	Europe	India	Rest of the World	Total
Revenues	3,274	1,229	183	693	5,379
	3,140	1,159	156	633	5,088
Identifiable operating expenses	1,698	634	72	326	2,730
	1,609	568	74	290	2,541
Allocated expenses	748	280	35	147	1,210
	735	271	33	139	1,178
Segment profit	828	315	76	220	1,439
	796	320	49	204	1,369
Unallocable expenses					141
					123
Operating profit					1,298
					1,246
Other income, net					263
					226
Share in associate's profit / (loss)					-
					(1)
Write-down of investment in associate					(11)
					-
Profit before Income taxes					1,550
					1,471
Income Tax expense					431
					421
Net profit					1,119
					1,050
Depreciation and amortisation					141
					123
Non-cash expenses other than depreciation and amortisation					-
					-

2.14.3 Significant clients

No client individually accounted for more than 10% of the revenues for the three months and six months ended September 30, 2017 and September 30, 2016, respectively

2.15 Break-up of expenses

Cost of sales

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	1,333	1,280	2,626	2,515
Depreciation and amortisation	71	63	141	123
Travelling costs	55	58	115	142
Cost of technical sub-contractors	169	140	334	277
Cost of software packages for own use	34	28	68	55
Third party items bought for service delivery to clients	42	29	76	43
Operating lease payments	13	12	25	23
Consultancy and professional charges	2	1	4	2
Communication costs	9	9	18	17
Repairs and maintenance	11	13	22	24
Provision for post-sales client support	4	4	5	8
Others	-	1	1	2
Total	1,743	1,638	3,435	3,231

Sales and marketing expenses

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	102	103	205	202
Travelling costs	11	12	23	27
Branding and marketing	11	12	25	30
Operating lease payments	3	3	6	5
Consultancy and professional charges	3	2	5	4
Communication costs	1	1	2	1
Others	1	1	3	2
Total	132	134	269	271

Administrative expenses

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	57	59	114	109
Consultancy and professional charges	37	23	71	48
Repairs and maintenance	30	33	65	70
Power and fuel	8	9	16	18
Communication costs	10	10	20	20
Travelling costs	9	8	18	18
Rates and taxes	12	6	19	12
Operating lease payments	6	4	11	7
Insurance charges	2	2	4	4
Impairment loss recognised/(reversed) on financial assets	6	4	6	7
Commission to non-whole time directors	-	1	1	1
Contributions towards Corporate Social Responsibility	9	8	16	15
Others	8	4	16	11
Total	194	171	377	340

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

The amount of per share dividend recognized as distributions to equity shareholders for the six months ended September 30, 2017 and September 30, 2016 was \$0.23/- per equity share (₹14.75/- per equity share) and \$0.22/- per equity share (₹14.25/- per equity share)

The Board of Directors, in their meeting on October 24 2017, declared an interim dividend of approximately \$0.20/- per equity share (₹13/- per equity share), which would result in a net cash outflow of approximately \$522 million, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

2.17 Capital allocation policy

The Board, in its meeting on April 13, 2017, reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term:

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes dividend distribution tax.

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

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore (approximately \$2 billion). The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted Draft Letter of Offer to regulatory authorities for their comments.

2.18 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/- each. 10,901,258 and 11,289,514 shares were held by controlled trust, as of September 30, 2017 and March 31, 2017, respectively.

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. Amounts have been utilized for bonus issue from share premium account.

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

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries
(In ₹ crore except equity share data)

Condensed Consolidated Balance Sheets as of	Note	September 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	23,339	22,625
Current investments	2.2	12,122	9,970
Trade receivables		13,423	12,322
Unbilled revenue		4,136	3,648
Prepayments and other current assets	2.4	5,206	4,856
Derivative financial instruments	2.3	9	284
Total current assets		58,235	53,705
Non-current assets			
Property, plant and equipment	2.7	11,846	11,716
Goodwill	2.8	3,788	3,652
Intangible assets		700	776
Investment in associate	2.13	-	71
Non-current investments	2.2	6,169	6,382
Deferred income tax assets		724	540
Income tax assets		6,239	5,716
Other non-current assets	2.4	777	797
Total non-current assets		30,243	29,650
Total assets		88,478	83,355
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		538	367
Derivative financial instruments	2.3	65	2
Current income tax liabilities		4,570	3,885
Client deposits		12	32
Unearned revenue		1,998	1,777
Employee benefit obligations		1,491	1,359
Provisions	2.6	417	405
Other current liabilities	2.5	6,695	6,186
Total current liabilities		15,786	14,013
Non-current liabilities			
Deferred income tax liabilities		188	207
Other non-current liabilities	2.5	134	153
Total liabilities		16,108	14,373
Equity			
Share capital - ₹5 par value 2,40,00,00,000 (2,40,00,00,000) equity shares authorized, issued and outstanding 2,28,60,87,194 (2,28,56,55,150), net of 1,09,01,258 (1,12,89,514) treasury shares as of September 30, 2017 (March 31, 2017), respectively		1,144	1,144
Share premium		2,392	2,356
Retained earnings		67,503	65,056
Cash flow hedge reserves		(7)	39
Other reserves		702	-
Other components of equity		636	387
Total equity attributable to equity holders of the Company		72,370	68,982
Non-controlling interests		-	-
Total equity		72,370	68,982
Total liabilities and equity		88,478	83,355

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

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

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries
(In ₹ crore except equity share and per equity share data)

Condensed Consolidated Statement of Comprehensive Income		Three months ended September 30,		Six months ended September 30,	
	Note	2017	2016	2017	2016
Revenues		17,567	17,310	34,645	34,091
Cost of sales	2.15	11,227	10,962	22,126	21,643
Gross profit		6,340	6,348	12,519	12,448
Operating expenses:					
Selling and marketing expenses	2.15	846	897	1,735	1,817
Administrative expenses	2.15	1,248	1,142	2,427	2,276
Total operating expenses		2,094	2,039	4,162	4,093
Operating profit		4,246	4,309	8,357	8,355
Other income, net		883	760	1,697	1,513
Share in associate's profit/ (loss)		-	(3)	-	(5)
Write-down of investment in associate	2.13	-	-	(71)	-
Profit before income taxes		5,129	5,066	9,983	9,863
Income tax expense	2.11	1,403	1,460	2,774	2,822
Net profit		3,726	3,606	7,209	7,041
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	(40)	3	(57)
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9		-	-	-	(35)
Equity instruments through other comprehensive income, net		-	-	-	-
		6	(40)	3	(92)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		20	2	(46)	2
Exchange differences on translation of foreign operations		100	(51)	207	(13)
Fair value changes on investments, net	2.2	12	-	39	-
		132	(49)	200	(11)
Total other comprehensive income, net of tax		138	(89)	203	(103)
Total comprehensive income		3,864	3,517	7,412	6,938
Profit attributable to:					
Owners of the Company		3,726	3,606	7,209	7,041
Non-controlling interests		-	-	-	-
		3,726	3,606	7,209	7,041
Total comprehensive income attributable to:					
Owners of the Company		3,864	3,517	7,412	6,938
Non-controlling interests		-	-	-	-
		3,864	3,517	7,412	6,938
Earnings per equity share					
Basic (₹)		16.30	15.77	31.54	30.81
Diluted (₹)		16.29	15.77	31.51	30.80
Weighted average equity shares used in computing earnings per equity share	2.12				
Basic		228,58,65,361	228,56,41,710	228,57,62,186	228,56,32,081
Diluted		228,75,26,183	228,59,49,303	228,78,82,534	228,58,75,988

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No. :

117366W/ W-100018

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

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Bengaluru
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A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries
Condensed Consolidated Statement of Changes in Equity

	<i>(In ₹ crore except equity share data)</i>							
	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company
Balance as of April 1, 2016	2,285,621,088	1,144	2,241	57,655	-	739	-	61,779
Changes in equity for the six months ended September 30, 2016								
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9 ⁽³⁾	-	-	-	-	-	(35)	-	(35)
Shares issued on exercise of employee stock options (Refer to note 2.10)	30,642	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	1	-	-	-	-	1
Employee stock compensation expense (refer to note 2.10)	-	-	30	-	-	-	-	30
Transferred to other reserves	-	-	-	(551)	551	-	-	-
Transferred from other reserves on utilisation	-	-	-	551	(551)	-	-	-
Fair value changes on investments, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	2	2
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	(57)	-	(57)
Dividends (including corporate dividend tax)	-	-	-	(3,923)	-	-	-	(3,923)
Net profit	-	-	-	7,041	-	-	-	7,041
Exchange differences on translation of foreign operations	-	-	-	-	-	(13)	-	(13)
Balance as of September 30, 2016	2,285,651,730	1,144	2,272	60,773	-	634	2	64,825
Balance as of April 1, 2017	2,285,655,150	1,144	2,356	65,056	-	387	39	68,982
Changes in equity for the six months ended September 30, 2017								
Shares issued on exercise of employee stock options (Refer to note 2.10)	432,044	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	37	-	-	-	-	37
Transfer on account of options not exercised	-	-	(1)	1	-	-	-	-
Transferred to other reserves	-	-	-	(965)	965	-	-	-
Transferred from other reserves on utilisation	-	-	-	263	(263)	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net (Refer to note 2.3)	-	-	-	-	-	-	(46)	(46)
Equity instruments through other comprehensive income, net of taxes (Refer to note 2.2)	-	-	-	-	-	-	-	-
Fair value changes on investments, net of taxes (Refer to note 2.2)	-	-	-	-	-	39	-	39
Remeasurement of the net defined benefit liability/asset, net of taxes	-	-	-	-	-	3	-	3
Dividends (including corporate dividend tax)	-	-	-	(4,061)	-	-	-	(4,061)
Net profit	-	-	-	7,209	-	-	-	7,209
Exchange differences on translation of foreign operations	-	-	-	-	-	207	-	207
Balance as of September 30, 2017	2,286,087,194	1,144	2,392	67,503	702	636	(7)	72,370

⁽¹⁾ excludes treasury shares of 10,901,258 as of September 30, 2017, 11,289,514 as of April 1, 2017, 11,292,934 as of September 30, 2016 and 11,323,576 as of April 1, 2016, held by consolidated trust.

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

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

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No : 117366W/ W 100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Infosys Limited and subsidiaries
(In ₹ crore)

Condensed Consolidated Statement of Cash Flows		Six months ended September 30,	
	Note	2017	2016
Operating activities:			
Net Profit		7,209	7,041
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.15	906	824
Income tax expense	2.11	2,774	2,822
Interest and dividend income		(476)	(90)
Effect of exchange rate changes on assets and liabilities		(9)	27
Impairment loss on financial assets		36	40
Other adjustments		-	205
Changes in working capital			
Trade receivables and unbilled revenue		(1,619)	(1,145)
Prepayments and other assets		(49)	(633)
Trade payables		162	(78)
Client deposits		(20)	(17)
Unearned revenue		221	146
Other liabilities and provisions		657	94
Cash generated from operations		9,792	9,236
Income taxes paid		(2,810)	(2,499)
Net cash provided by operating activities		6,982	6,737
Investing activities:			
Expenditure on property, plant and equipment net of sale proceeds		(959)	(1,469)
Loans to employees		16	38
Deposits placed with corporation		(20)	(85)
Interest and dividend received		222	79
Payment of contingent consideration pertaining to acquisition of business	2.9	(33)	(36)
Payment of acquisition of business, net of cash acquired		(27)	-
Investment in equity and preference securities		(13)	(54)
Investment in others		(14)	(8)
Investment in certificates of deposit		(423)	-
Redemption of certificates of deposit		1,770	-
Investment in quoted debt securities		(105)	(159)
Redemption of quoted debt securities		4	4
Investment in liquid mutual fund units and fixed maturity plan securities		(25,764)	(20,217)
Redemption of liquid mutual fund units and fixed maturity plan securities		23,070	18,159
Net cash used in investing activities		(2,276)	(3,748)
Financing activities:			
Payment of dividends (including corporate dividend tax)		(4,061)	(3,910)
Net cash used in financing activities		(4,061)	(3,910)
Effect of exchange rate changes on cash and cash equivalents		69	(44)
Net increase/(decrease) in cash and cash equivalents		645	(921)
Cash and cash equivalents at the beginning of the period	2.1	22,625	32,697
Cash and cash equivalents at the end of the period	2.1	23,339	31,732
Supplementary information:			
Restricted cash balance	2.1	554	522

The accompanying notes form an integral part of the interim condensed consolidated financial statements.
As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018
for and on behalf of the Board of Directors of Infosys Limited

P. R. Ramesh
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Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Notes to the Interim Condensed Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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

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

The Group's interim condensed consolidated financial statements are authorized for issue by the Company's Board of Directors on October 24, 2017.

1.2 Basis of preparation of financial statements

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IFRS), under the historical cost convention on the accrual basis except for certain financial instruments which have been measured at fair values. Accordingly, these interim condensed consolidated financial statements do not include all the information required for a complete set of financial statements. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's annual consolidated financial statements for the year ended March 31, 2017. Accounting policies have been applied consistently to all periods presented in these interim condensed consolidated financial statements

Amounts for the three months and six months ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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

1.3 Basis of consolidation

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

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

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

1.4 Use of estimates

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

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

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

e. Impairment of Goodwill

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

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

1.6 Revenue recognition

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

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

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

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

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

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

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

1.7 Property, plant and equipment

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. *(Refer to note 2.7)*

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

1.8 Business combinations

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

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

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

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

1.9 Financial instruments

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

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

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

The adoption of IFRS 9 did not have any other material impact on the interim condensed consolidated financial statements.

1.9.1 Initial recognition

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

1.9.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortised cost

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

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

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 is subsequently fair valued through profit or loss.

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.9.3 Derecognition of financial instruments

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

1.10 Fair value of financial instruments

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

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

1.11 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Goodwill

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

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

(ii) Intangible assets and property, plant and equipment

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

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

1.12 Employee benefits

1.12.1 Gratuity

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

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

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

1.12.2 Superannuation

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

1.12.3 Provident fund

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

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

1.12.4 Compensated absences

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

1.13 Share-based compensation

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

Amendment to IFRS 2:

Effective April 1, 2017, the Company has early adopted amendment to IFRS 2 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of the amendment did not have any material effect on the consolidated financial statements.

1.14 Earnings per equity share

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

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

1.15 Cash Flow Statement

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

Amendment to IAS 7:

Effective April 1, 2017, the Company adopted the amendment to IAS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the consolidated financial statements.

1.16 Recent accounting pronouncements

1.16.1 Standards issued but not yet effective

IFRS 15 Revenue from Contract with Customers: In May 2014, the International Accounting Standards Board (IASB) issued IFRS 15, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of IFRS 15 is annual periods beginning on or after January 1, 2018, though early adoption is permitted.

The Group does not plan to early adopt IFRS 15 and will adopt the same on April 1, 2018 by using the full retrospective transition method to restate each prior reporting period presented. The Group derives revenues primarily from software development and related services and from the licensing of software products and is currently evaluating the effect of IFRS 15 on its consolidated financial statements and related disclosures.

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

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

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

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

The standard permits two possible methods of transition:

Full retrospective approach – Under this approach, IFRIC 23 will be applied retrospectively to each prior reporting period presented in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying IFRIC 23 recognized by adjusting equity on initial application, without adjusting comparatives

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

2. Notes to the condensed consolidated interim financial statements

2.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	<i>(In ₹ crore)</i>	
	As of	
	September 30, 2017	March 31, 2017
Cash and bank deposits	14,573	14,889
Deposits with financial institution	8,766	7,736
	23,339	22,625

Cash and cash equivalents as of September 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹554 crore and ₹572 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

The table below provides details of cash and cash equivalents:

	<i>(In ₹ crore)</i>	
	As of	
	September 30, 2017	March 31, 2017
Current Accounts		
ANZ Bank, Taiwan	2	3
Axis Bank, India	1	1
Axis Bank - Unpaid Dividend Account	2	2
Banamex Bank, Mexico	5	2
Banamex Bank, Mexico (U.S. Dollar account)	1	8
Bank of America, Mexico	81	54
Bank of America, USA	1,021	1,030
Bank of Baroda, Mauritius	1	-
Bank Zachodni WBK S.A, Poland	13	4
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	3	-
Barclays Bank, UK	3	1
Bank Leumi, Israel (US Dollar account)	7	2
Bank Leumi, Israel	5	11
Bank Leumi, Israel (YEN account)	1	-
BNP Paribas Bank, Norway	96	17
China Merchants Bank, China	6	9
Citibank N.A, China	106	61
Citibank N.A., China (U.S. Dollar account)	32	11
Citibank N.A., Costa Rica	4	5
Citibank N.A., Australia	51	19
Citibank N.A., Brazil	21	30
Citibank N.A., Dubai	4	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	3	3
Citibank N.A., Japan	20	12
Citibank N.A., New Zealand	18	10
Citibank N.A., Portugal	2	2
Citibank N.A., Romania	1	-
Citibank N.A., Singapore	3	2
Citibank N.A., South Korea	1	1
Citibank N.A., South Africa	19	9
CitiBank N.A., South Africa (Euro account)	1	1
Citibank N.A., Philippines, (U.S. Dollar account)	-	1
CitiBank N.A., USA	54	78
Citibank N.A., EEFC (U.S. Dollar account)	1	1
Commerzbank, Germany	49	18
Danske Bank, Sweden	6	-
Deutsche Bank, India	20	12
Deutsche Bank, Philippines	18	5
Deutsche Bank, Philippines (U.S. Dollar account)	10	4
Deutsche Bank, Poland	86	12
Deutsche Bank, Poland (Euro account)	9	4
Deutsche Bank, EEFC (Australian Dollar account)	14	38
Deutsche Bank, EEFC (Euro account)	35	25
Deutsche Bank, EEFC (Swiss Franc account)	-	2
Deutsche Bank, EEFC (U.S. Dollar account)	43	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	16	10
Deutsche Bank, Belgium	66	10
Deutsche Bank, Malaysia	7	7
Deutsche Bank, Czech Republic	33	8
Deutsche Bank, Czech Republic (Euro account)	7	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	8	30
Deutsche Bank, France	11	8
Deutsche Bank, Germany	54	48
Deutsche Bank, Netherlands	27	2
Deutsche Bank, Russia	1	3
Deutsche Bank, Russia (U.S. Dollar account)	4	1

Deutsche Bank, Singapore	6	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	44	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	179	26
Deutsche Bank, USA	17	12
HDFC Bank-Unpaid dividend account	2	2
HSBC Bank, Brazil	-	1
HSBC Bank, Dubai	2	-
HSBC Bank, Hong Kong	1	1
HSBC Bank, United Kingdom	4	-
ICICI Bank, India	160	53
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	105	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	-	1
ICICI Bank - Unpaid dividend account	14	13
ING Bank, Belgium	1	2
Nordbanken, Sweden	29	33
Punjab National Bank, India	14	6
Raiffeisen Bank, Czech Republic	5	4
Raiffeisen Bank, Romania	5	4
Royal Bank of Canada, Canada	155	83
Santander Bank, Argentina	2	1
State Bank of India, India	51	7
Silicon Valley Bank, USA	6	4
Silicon Valley Bank (Euro account)	29	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	6	2
Splitska Banka D.D., Société Générale Group, Croatia	5	-
Union Bank of Switzerland AG	-	3
Union Bank of Switzerland AG, (Euro account)	-	4
Union Bank of Switzerland AG, (Hong Kong Dollar account)	1	-
Wells Fargo Bank N.A., USA	36	33
Westpac, Australia	-	1
Yes Bank, India	11	-
	3,007	2,061
Deposit Accounts		
Axis Bank	-	1,175
Bank BGZ BNP Paribas S.A	134	183
Barclays Bank	825	825
Canara Bank	260	261
Citibank	169	167
Deutsche Bank, Poland	69	71
HDFC Bank	3,531	469
HSBC Bank	500	500
ICICI Bank	4,249	4,869
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	-	191
Kotak Mahindra Bank	242	535
South Indian Bank	450	450
Standard Chartered Bank	265	500
Syndicate Bank	-	49
Yes Bank	672	633
	11,566	12,828
Deposits with financial institution		
HDFC Limited, India	8,066	7,036
LIC Housing Finance Limited	700	700
	8,766	7,736
Total	23,339	22,625

2.2 Investments

The carrying value of the investments are as follows:

	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
(i) Current		
Amortised Cost		
Quoted debt securities		
Cost	6	9
Fair Value through profit and loss		
Liquid mutual funds		
Fair value	4,632	1,803
Fixed Maturity Plan Securities		
Fair value	157	151
Fair Value through other comprehensive income		
Quoted Debt Securities		
Fair value	485	102
Certificates of deposit		
Fair value	6,815	7,905
Unquoted equity and preference securities		
Fair value	27	-
	12,122	9,970
(ii) Non-current		
Amortised Cost		
Quoted debt securities		
Cost	1,897	1,898
Fair Value through other comprehensive income		
Quoted debt securities		
Fair value	3,641	3,873
Unquoted equity and preference securities		
Fair value	148	159
Fair Value through profit and loss		
Unquoted convertible promissory note		
Fair value	11	10
Fixed Maturity Plan Securities		
Fair value	420	407
Others		
Fair value	52	35
	6,169	6,382
Total investments	18,291	16,352
Investments carried at amortised cost	1,903	1,907
Investments carried at fair value through other comprehensive income	11,116	12,039
Investments carried at fair value through profit or loss	5,272	2,406

Liquid mutual funds:

The fair value of liquid mutual funds as of September 30, 2017 was ₹4,632 crore and as of March 31, 2017 was ₹1,803 crore. The fair value is based on quoted price.

Fixed maturity plan securities:

The fair value of fixed maturity plan securities as of September 30, 2017 and as of March 31, 2017 was ₹577 crore and ₹558 crore, respectively. The fair value is based on market observable inputs.

Quoted debt securities carried at amortized cost:

Investment in quoted debt securities represents the investments made in debt securities issued by government and quasi government organisations. The fair value of quoted debt securities (including interest accrued) as of September 30, 2017 and March 31, 2017 was ₹2,204 crore and ₹2,168 crore, respectively. The fair value is based on quoted prices and market observable inputs.

Quoted debt securities fair valued through other comprehensive income:

Investment in quoted debt securities represents investments made in non-convertible debentures issued by government aided institutions. The fair value of non-convertible debentures (including interest accrued) as of September 30, 2017 and March 31, 2017 was ₹4,126 crore and ₹3,975 crore, respectively. The fair value is based on quoted prices and market observable inputs. The unrealised gain of ₹8 crore, net of taxes of ₹1 crore, has been recognized in other comprehensive income for the three months ended September 30, 2017. The unrealised gain of ₹36 crore, net of taxes of ₹4 crore, has been recognized in other comprehensive income for the six months ended September 30, 2017.

Certificates of deposit

The fair value of certificates of deposit as of September 30, 2017 was ₹6,815 crore and as of March 31, 2017 was ₹7,905 crore. The fair value is based on market observable inputs. The unrealised gain of ₹4 crore, net of taxes of ₹2 crore, has been recognized in other comprehensive income for the three months ended September 30, 2017. The unrealised gain of ₹3 crore, net of taxes of ₹2 crore, has been recognized in other comprehensive income for the six months ended September 30, 2017.

Unquoted equity, preference and other investments

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

2.3 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2017 were as follows:

	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)	23,339	-	-	-	-	23,339	23,339
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	4,632	-	-	4,632	4,632
Fixed maturity plan securities	-	-	577	-	-	577	577
Quoted debt securities	1,903	-	-	-	4,126	6,029	6,330 *
Certificates of deposit	-	-	-	-	6,815	6,815	6,815
Unquoted equity and preference securities	-	-	-	175	-	175	175
Unquoted investment others	-	-	52	-	-	52	52
Unquoted convertible promissory notes	-	-	11	-	-	11	11
Trade receivables	13,423	-	-	-	-	13,423	13,423
Unbilled revenue	4,136	-	-	-	-	4,136	4,136
Prepayments and other assets (Refer to Note 2.4)	2,894	-	-	-	-	2,894	2,816 **
Derivative financial instruments	-	-	3	-	6	9	9
Total	45,695	-	5,275	175	10,947	62,092	
Liabilities:							
Trade payables	538	-	-	-	-	538	538
Derivative financial instruments	-	-	55	-	10	65	65
Client deposits	12	-	-	-	-	12	12
Other liabilities including contingent consideration (Refer to Note 2.5)	5,470	-	61	-	-	5,531	5,531
Total	6,020	-	116	-	10	6,146	

* On account of fair value changes including interest accrued

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

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

	(In ₹ crore)						
	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer to Note 2.1)	22,625	-	-	-	-	22,625	22,625
Investments (Refer to Note 2.2)							
Liquid mutual funds	-	-	1,803	-	-	1,803	1,803
Fixed maturity plan securities	-	-	558	-	-	558	558
Quoted debt securities	1,907	-	-	-	3,975	5,882	6,143 *
Certificates of deposit	-	-	-	-	7,905	7,905	7,905
Unquoted equity and preference securities:	-	-	-	159	-	159	159
Unquoted investments others	-	-	35	-	-	35	35
Unquoted convertible promissory note	-	-	10	-	-	10	10
Trade receivables	12,322	-	-	-	-	12,322	12,322
Unbilled revenue	3,648	-	-	-	-	3,648	3,648
Prepayments and other assets (Refer to Note 2.4)	2,658	-	-	-	-	2,658	2,574 **
Derivative financial instruments	-	-	232	-	52	284	284
Total	43,160	-	2,638	159	11,932	57,889	
Liabilities:							
Trade payables	367	-	-	-	-	367	367
Derivative financial instruments	-	-	2	-	-	2	2
Client deposits	32	-	-	-	-	32	32
Other liabilities including contingent consideration (Refer to Note 2.5)	4,941	-	85	-	-	5,026	5,026
Total	5,340	-	87	-	-	5,427	

* On account of fair value changes including interest accrued

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

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities as of September 30, 2017 are as follows:

	As of September 30, 2017	Fair value measurement at end of the reporting period / year using (In ₹ crore)		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	4,632	4,632	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	577	-	577	-
Investments in quoted debt securities (Refer to Note 2.2)	6,330	5,609	721	-
Investments in certificates of deposit (Refer to Note 2.2)	6,815	-	6,815	-
Investments in equity and preference securities (Refer to Note 2.2)	175	-	-	175
Investment in unquoted investments others (Refer to Note 2.2)	52	-	-	52
Investment in unquoted convertible promissory note (Refer to Note 2.2)	11	-	-	11
Derivative financial instruments - gain on outstanding foreign exchange forward and option contracts	9	-	9	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	65	-	65	-
Liability towards contingent consideration (Refer to Note 2.5)*	61	-	-	61

*Discounted ₹46 crore at 14.1% and ₹20 crore at 10%

During the six months ended September 30, 2017, quoted debt securities of ₹1,809 crore, were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price.

The fair value hierarchy of assets and liabilities measured as of March 31, 2017 were as follows:

	As of March 31, 2017	Fair value measurement at end of the reporting period / year using (In ₹ crore)		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer to Note 2.2)	1,803	1,803	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	558	-	558	-
Investments in quoted debt securities (Refer to Note 2.2)	6,143	3,662	2,481	-
Investments in certificates of deposit (Refer to Note 2.2)	7,905	-	7,905	-
Investments in equity and preference securities(Refer to Note 2.2)	159	-	-	159
Investment in unquoted investments others (Refer to Note 2.2)	35	-	-	35
Investment in unquoted convertible promissory note (Refer to Note 2.2)	10	-	-	10
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	284	-	284	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	2	-	2	-
Liability towards contingent consideration (Refer to Note 2.5)*	85	-	-	85

*Discounted ₹91 crore at 14.2%

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

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

Income from financial assets or liabilities is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income from financial assets carried at amortised cost	406	645	833	1,296
Interest income on financial assets fair valued through other comprehensive income	198	-	401	-
Dividend income from investments carried at fair value through profit or loss	2	8	3	27
Gain / (loss) on investments carried at fair value through profit or loss	84	20	152	21
	690	673	1,389	1,344

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyses foreign currency risk from financial instruments as of September 30, 2017:

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore) Total
Cash and cash equivalents	1,391	264	204	190	1,051	3,100
Trade receivables	8,955	1,463	796	718	769	12,701
Unbilled revenue	2,258	525	329	180	361	3,653
Other assets	306	49	30	12	94	491
Trade payables	(203)	(54)	(76)	(18)	(64)	(415)
Client deposits	(8)	(2)	-	-	(2)	(12)
Accrued Expenses	(1,339)	(221)	(168)	(47)	(128)	(1,903)
Employee benefit obligations	(576)	(99)	(35)	(186)	(147)	(1,043)
Other liabilities	(653)	(115)	(69)	(15)	(267)	(1,119)
Net assets / (liabilities)	10,131	1,810	1,011	834	1,667	15,453

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

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore) Total
Cash and cash equivalents	1,334	131	36	183	700	2,384
Trade receivables	8,345	1,244	775	561	702	11,627
Unbilled revenue	2,439	440	325	123	306	3,633
Other assets	423	95	47	36	97	698
Trade payables	(115)	(32)	(13)	(5)	(158)	(323)
Client deposits	(11)	(3)	(14)	-	(5)	(33)
Accrued expenses	(954)	(215)	(140)	(39)	(148)	(1,496)
Employee benefit obligations	(556)	(79)	(22)	(150)	(125)	(932)
Other liabilities	(608)	(109)	(35)	(22)	(269)	(1,043)
Net assets / (liabilities)	10,297	1,472	959	687	1,100	14,515

For each of the three months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.49% and 0.51%, respectively.

For each of the six months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.49% and 0.50%, respectively.

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

Derivative financial instruments

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

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

	As of		As of	
	September 30, 2017		March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	-	-	95	658
In United Kingdom Pound Sterling	15	131	40	324
In Australian dollars	-	-	130	644
Option Contracts				
In Euro	45	347	40	277
In United Kingdom Pound Sterling	5	44	-	-
In Australian dollars	65	333	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	695	4,534	526	3,411
In Euro	96	741	114	786
In United Kingdom Pound Sterling	81	703	75	609
In Australian dollars	23	118	35	174
In Swiss Franc	16	111	10	65
In Singapore dollars	5	24	5	23
In Swedish Krona	50	40	50	36
In New Zealand dollars	21	99	-	-
In Canadian dollars	19	98	-	-
In Japanese Yen	550	32	-	-
In Norwegian Krone	39	32	-	-
Option Contracts				
In U.S. dollars	200	1,306	195	1,265
In Euro	50	385	25	173
In United Kingdom Pound Sterling	20	175	30	243
In Canadian dollars	-	-	13	65
Total forwards & options		9,253		8,753

The Group recognized a net loss of ₹71 crore and ₹50 crore during the three months and six months ended September 30, 2017 and a net gain of ₹177 crore and ₹224 crore for the three months and six months ended September 30, 2016, on derivative financial instruments, which are included in other income.

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

(In ₹ crore)		
	As of	
	September 30, 2017	March 31, 2017
Not later than one month	3,412	2,303
Later than one month and not later than three months	4,119	4,316
Later than three months and not later than one year	1,722	2,134
	9,253	8,753

During the six months ended September 30, 2017, the Group has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to the statement of comprehensive income 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 and six months ended September 30, 2017:

	Three months ended		Six months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Balance at the beginning of the period	(27)	-	39	-
Gain / (loss) recognised in other comprehensive income during the period	(51)	2	(92)	2
Amount reclassified to revenue during the period	78	-	31	-
Tax impact on above	(7)	-	15	-
Balance at the end of the period	(7)	2	(7)	2

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	
	September 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	15	(71)	285	(3)
Amount set off	(6)	6	(1)	1
Net amount presented in balance sheet	9	(65)	284	(2)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹13,423 crore and ₹12,322 crore as of September 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹4,136 crore and ₹3,648 crore as of September 30, 2017 and March 31, 2017, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of IFRS 9, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from top customer	3.4	3.5	3.4	3.5
Revenue from top ten customers	19.5	21.8	19.7	22.0

Credit risk exposure

The allowance for lifetime expected credit losses on customer balances for the three months ended September 30, 2017 was ₹40 crore and six months ended September 30, 2017 ₹36 crore, respectively. The allowance for lifetime expected credit loss on customer balances for the three months and six months ended September 30, 2016 was ₹25 crore and ₹40 crore respectively.

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Balance at the beginning	405	305	411	289
Translation differences	5	(3)	6	(2)
Impairment loss recognised / (reversed)	40	25	36	40
Write-offs	(1)	(1)	(4)	(1)
Balance at the end	449	326	449	326

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

	As of	
	September 30, 2017	March 31, 2017
Trade receivables	13,423	12,322
Unbilled revenues	4,136	3,648
Days Sales Outstanding- DSO (days)	71	68

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

Liquidity risk

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

As of September 30, 2017, the Group had a working capital of ₹42,449 crore including cash and cash equivalents of ₹23,339 crore and current investments of ₹12,122 crore. As of March 31, 2017, the Group had a working capital of ₹39,692 crore including cash and cash equivalents of ₹22,625 crore and current investments of ₹9,970 crore.

As of September 30, 2017 and March 31, 2017, the outstanding employee benefit obligations were ₹1,491 crore and ₹1,359 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of September 30, 2017:

Particulars	(In ₹ crore)			
	Less than 1 year	1-2 years	2-4 years	4-7 years
Trade payables	538	-	-	-
Client deposits	12	-	-	-
Other liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	5,430	41	-	-
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	52	7	7	-

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

Particulars	(In ₹ crore)			
	Less than 1 year	1-2 years	2-4 years	4-7 years
Trade payables	367	-	-	-
Client deposits	32	-	-	-
Other liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	4,911	31	-	-
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	45	46	-	-

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(In ₹ crore)

	As of	
	September 30, 2017	March 31, 2017
Current		
Rental deposits	18	9
Security deposits	8	10
Loans to employees	245	272
Prepaid expenses ⁽¹⁾	513	441
Interest accrued and not due	743	576
Withholding taxes and others ⁽¹⁾	1,964	1,886
Advance payments to vendors for supply of goods ⁽¹⁾	110	131
Deposit with corporations	1,435	1,416
Deferred contract cost ⁽¹⁾	72	78
Other assets	98	37
	5,206	4,856
Non-current		
Loans to employees	40	29
Deposit with corporations	49	48
Rental deposits	169	175
Security deposits	89	86
Deferred contract cost ⁽¹⁾	269	284
Prepaid expenses ⁽¹⁾	127	96
Prepaid gratuity ⁽¹⁾	34	79
	777	797
	5,983	5,653
Financial assets in prepayments and other assets	2,894	2,658

⁽¹⁾ Non financial assets

Withholding taxes primarily consist of input tax credits. Security deposits relate principally to leased telephone lines and electricity supplies. Deferred contract costs are upfront cost incurred for the contract and are amortised over the term of the contract.

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

2.5 Other liabilities

Other liabilities comprise the following :

	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Current		
Accrued compensation to employees	2,083	1,881
Accrued expenses	2,953	2,585
Withholding taxes and others ⁽¹⁾	1,202	1,226
Retainage	180	220
Liabilities of controlled trusts	136	145
Deferred income - government grant on land use rights ⁽¹⁾	1	1
Accrued gratuity ⁽¹⁾	2	1
Liability towards contingent consideration (Refer to Note 2.9)	49	45
Deferred rent ⁽¹⁾	11	2
Others	78	80
	6,695	6,186
Non-current		
Liability towards contingent consideration (Refer to Note 2.9)	12	40
Accrued compensation to employees	40	30
Deferred income - government grant on land use rights ⁽¹⁾	43	41
Deferred income ⁽¹⁾	39	42
	134	153
	6,829	6,339
Financial liabilities included in other liabilities	5,531	5,026
Financial liability towards contingent consideration on an undiscounted basis (Refer to Note 2.9)	66	91

⁽¹⁾ Non financial liabilities

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

2.6 Provisions

Provisions comprise the following:

	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Provision for post sales client support and other provisions	417	405
	417	405

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

	(In ₹ crore)	
	Three months ended September 30, 2017	Six months ended September 30, 2017
Balance at the beginning	404	405
Provision recognized / (reversed)	28	43
Provision utilized	(20)	(35)
Translation difference	5	4
Balance at the end	417	417

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

As of September 30, 2017 and March 31, 2017, 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 ₹301 crore, each.

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 September 30, 2017:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of July 1, 2017	1,764	7,341	3,079	4,674	1,738	31	18,627
Additions	3	50	63	72	36	1	225
Deletions	-	-	(10)	(25)	(13)	(2)	(50)
Translation difference	-	16	2	7	5	-	30
Gross carrying value as of September 30, 2017	1,767	7,407	3,134	4,728	1,766	30	18,832
Accumulated depreciation as of July 1, 2017	(28)	(2,507)	(2,052)	(3,196)	(1,156)	(17)	(8,956)
Depreciation	(1)	(68)	(100)	(175)	(62)	(1)	(407)
Accumulated depreciation on deletions	-	-	10	24	13	1	48
Translation difference	-	(1)	(2)	(4)	(3)	-	(10)
Accumulated depreciation as of September 30, 2017	(29)	(2,576)	(2,144)	(3,351)	(1,208)	(17)	(9,325)
Capital work-in progress as of September 30, 2017							2,339
Carrying value as of September 30, 2017	1,738	4,831	990	1,377	558	13	11,846
Capital work-in progress as of July 1, 2017							2,177
Carrying value as of July 1, 2017	1,736	4,834	1,027	1,478	582	14	11,848

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2016:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of July 1, 2016	1,629	6,361	2,757	4,241	1,494	31	16,513
Additions	9	63	123	273	91	2	561
Deletions	-	-	(9)	(20)	(3)	(1)	(33)
Translation difference	-	-	(2)	(4)	(4)	-	(10)
Gross carrying value as of September 30, 2016	1,638	6,424	2,869	4,490	1,578	32	17,031
Accumulated depreciation as of July 1, 2016	(23)	(2,258)	(1,695)	(2,766)	(1,029)	(18)	(7,789)
Depreciation	(1)	(58)	(95)	(179)	(48)	(2)	(383)
Accumulated depreciation on deletions	-	-	9	20	3	1	33
Translation difference	-	-	1	3	4	1	9
Accumulated depreciation as of September 30, 2016	(24)	(2,316)	(1,780)	(2,922)	(1,070)	(18)	(8,130)
Capital work-in progress as of September 30, 2016							2,296
Carrying value as of September 30, 2016	1,614	4,108	1,089	1,568	508	14	11,197
Capital work-in progress as of July 1, 2016							2,241
Carrying value as of July 1, 2016	1,606	4,103	1,062	1,475	465	13	10,965

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2017:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2017	1,764	7,279	3,023	4,541	1,694	31	18,332
Additions	3	102	119	231	77	3	535
Deletions	-	-	(12)	(56)	(15)	(4)	(87)
Translation difference	-	26	4	12	10	-	52
Gross carrying value as of September 30, 2017	1,767	7,407	3,134	4,728	1,766	30	18,832
Accumulated depreciation as of April 1, 2017	(27)	(2,440)	(1,952)	(3,052)	(1,093)	(17)	(8,581)
Depreciation	(2)	(135)	(200)	(345)	(124)	(2)	(808)
Accumulated depreciation on deletions	-	-	11	55	15	2	83
Translation difference	-	(1)	(3)	(9)	(6)	-	(19)
Accumulated depreciation as of September 30, 2017	(29)	(2,576)	(2,144)	(3,351)	(1,208)	(17)	(9,325)
Capital work-in progress as of September 30, 2017							2,339
Carrying value as of September 30, 2017	1,738	4,831	990	1,377	558	13	11,846
Capital work-in progress as of April 1, 2017							1,965
Carrying value as of April 1, 2017	1,737	4,839	1,071	1,489	601	14	11,716

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2016:

(In ₹ crore)

	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2016	1,620	6,325	2,598	4,072	1,444	29	16,088
Additions	18	99	285	457	143	5	1,007
Deletions	-	-	(12)	(35)	(4)	(2)	(53)
Translation difference	-	-	(2)	(4)	(5)	-	(11)
Gross carrying value as of September 30, 2016	1,638	6,424	2,869	4,490	1,578	32	17,031
Accumulated depreciation as of April 1, 2016	(22)	(2,201)	(1,608)	(2,617)	(986)	(17)	(7,451)
Depreciation	(2)	(115)	(185)	(343)	(93)	(3)	(741)
Accumulated depreciation on deletions	-	-	12	35	4	2	53
Translation difference	-	-	1	3	5	-	9
Accumulated depreciation as of September 30, 2016	(24)	(2,316)	(1,780)	(2,922)	(1,070)	(18)	(8,130)
Capital work-in progress as of September 30, 2016							2,296
Carrying value as of September 30, 2016	1,614	4,108	1,089	1,568	508	14	11,197
Capital work-in progress as of April 1, 2016							1,893
Carrying value as of April 1, 2016	1,598	4,124	990	1,455	458	12	10,530

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

	(In ₹ crore)						
	Land	Buildings	Plant and machinery	Computer equipment	Furniture and fixtures	Vehicles	Total
Gross carrying value as of April 1, 2016	1,620	6,325	2,598	4,072	1,444	29	16,088
Additions	144	981	487	801	379	8	2,800
Deletions	-	-	(56)	(315)	(113)	(6)	(490)
Translation difference	-	(27)	(6)	(17)	(16)	-	(66)
Gross carrying value as of March 31, 2017	1,764	7,279	3,023	4,541	1,694	31	18,332
Accumulated depreciation as of April 1, 2016	(22)	(2,201)	(1,608)	(2,617)	(986)	(17)	(7,451)
Depreciation	(5)	(239)	(380)	(678)	(210)	(5)	(1,517)
Accumulated depreciation on deletions	-	-	31	230	92	5	358
Translation difference	-	-	5	13	11	-	29
Accumulated depreciation as of March 31, 2017	(27)	(2,440)	(1,952)	(3,052)	(1,093)	(17)	(8,581)
Capital work-in progress as of March 31, 2017							1,965
Carrying value as of March 31, 2017	1,737	4,839	1,071	1,489	601	14	11,716
Capital work-in progress as of April 1, 2016							1,893
Carrying value as of April 1, 2016	1,598	4,124	990	1,455	458	12	10,530

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

Carrying value of land includes ₹641 crore and ₹644 crore as of September 30, 2017 and March 31, 2017, respectively, towards amounts paid under certain lease-cum-sale agreements to acquire land including agreements where the Company has an option to either purchase or renew the properties on expiry of the lease period. The contractual commitments for capital expenditure were ₹596 crore and ₹1,149 crore, as of September 30, 2017 and March 31, 2017, respectively.

2.8 Goodwill

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

	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Carrying value at the beginning	3,652	3,764
Goodwill on Brilliant Basics acquisition (Refer to note 2.9)	35	-
Translation differences	101	(112)
Carrying value at the end	3,788	3,652

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

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

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

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

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

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

The goodwill relating to Brilliant Basics acquisition will be allocated across segments.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use and the carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	(in %)
	March 31, 2017
Long term growth rate	8-10
Operating margins	17-20
Discount rate	14.4

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

2.9 Business combinations

Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million (approximately ₹216 crore), contingent consideration of upto \$5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto \$32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the Group at each anniversary. During the year ended March 31, 2016 based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ended December 31, 2016, the entire contingent consideration has been reversed in the statement of comprehensive income.

The retention bonus is treated as a post-acquisition employee remuneration expense as per IFRS 3. Post-acquisition employee remuneration expense of ₹13 crore and ₹30 crore has been recorded in the Statement of Profit and Loss for the three months ended September 30, 2017 and September 30, 2016, respectively and ₹26 crore and ₹61 crore for the six months ended September 30, 2017 and September 30, 2016, respectively.

Proposed business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the company has entered into a business transfer agreement to transfer the business for a consideration of \$41 million (approximately ₹268 crore) with effect from October 25, 2017. The transfer of assets and liabilities between entities under common control will be accounted for at carrying values and will 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).

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 six months ended September 30, 2017 contingent consideration of ₹45 crore was paid to the sellers of Kallidus on the achievement of the certain financial targets. The balance contingent consideration as of September 30, 2017 and March 31, 2017 is ₹46 crore and ₹91 crore respectively, on an undiscounted basis.

Brilliant Basics Holdings Limited.

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

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

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

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

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

(in ₹ crore)			
Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets ^(*)	1	–	1
Intangible assets - customer relationships	–	12	12
Deferred tax liabilities on intangible assets	–	(2)	(2)
	1	10	11
Goodwill			35
Total purchase price			46

*Includes cash and cash equivalents acquired of ₹2 crore

The goodwill is not tax deductible.

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

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

(in ₹ crore)	
Component	Consideration settled
Cash paid	29
Fair value of contingent consideration	17
Total purchase price	46

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

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

Controlled trust holds 1,09,01,258 and 1,12,89,514 shares as of September 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

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

Stock incentives granted to COO:

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

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

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

During the six months ended September 30, 2017, two of the KMPs have resigned (Refer to note 2.13 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded a reversal of employee stock compensation expense of ₹29 crore and ₹17 crore, respectively, towards KMPs during the three months and six months ended September 30, 2017. The employee stock compensation expense recorded was ₹5 crore and ₹14 crore during the three months and six months ended September 30, 2016, respectively.

Stock incentive granted to other employees:

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

The Company has recorded an employee stock compensation expense of ₹21 crore and ₹55 crore, respectively during the three months and six months ended September 30, 2017 towards employees other than KMPs (employee stock compensation cost of ₹16 crore each for the three months and six months ended September 30, 2016)

Total stock compensation expense

The company recorded a reversal of employee stock compensation expense of ₹8 crore in the statement of profit and loss for the three months ended September 30, 2017 and an employee stock compensation cost of ₹38 crore, for the six months ended September 30, 2017. The company recorded an employee stock compensation expense of ₹21 crore and ₹30 crore for the three months and six months ended September 30, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for the three months and six months ended September 30, 2017 was less than ₹1 crore and ₹1 crore, respectively, (less than ₹1 crore during each of the three months and six months ended September 30, 2016). As of September 30, 2017 and March 31, 2017 80,793 and 1,06,845 incentive units were outstanding (net of forfeitures).

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and six months ended September 30, 2017 is set out below:

Particulars	Three months ended September 30, 2017		Six months ended September 30, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	3,226,005	5	2,961,373	5
Granted	58,150	5	392,714	5
Exercised	407,232	5	432,044	5
Forfeited and expired	637,082	5	682,202	5
Outstanding at the end	2,239,841	5	2,239,841	5
Exercisable at the end	31,624	5	31,624	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,644,775	974	1,197,650	992
Granted	44,450	1,017	491,575	942
Exercised	-	-	-	-
Forfeited and expired	498,275	952	498,275	952
Outstanding at the end	1,190,950	992	1,190,950	992
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 six months ended September 30, 2016 is set out below:

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	209,099	5	221,505	5
Granted	1,904,315	5	1,904,315	5
Forfeited and expired	22,770	5	22,770	5
Exercised	18,236	5	30,642	5
Outstanding at the end	2,072,408	5	2,072,408	5
Exercisable at the end	-	-	-	-

During the three months and six months ended September 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹948 and ₹947 respectively.

During the three months ended and six months September 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,021 and ₹1,096, respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of September 30, 2017:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan:			
0 - 5 (RSU)	2,239,841	1.74	5.00
900 - 1100 (ESOP)	1,190,950	6.66	992.06
	3,430,791	3.47	350.83

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

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

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

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

Particulars	For options granted in			
	Fiscal 2017- Equity Shares-RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / (\$- ADS)	1,067	989	15.77	15.26
Exercise price (₹)/ (\$- ADS)	5.00	998	0.07	15.26
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6- 7	6- 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	1,002	285	14.84	3.46

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

2.11 Income taxes

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

	(In ₹ crore)			
	Three month ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Current taxes				
Domestic taxes	1113	1,106	2,189	2,201
Foreign taxes	358	363	782	735
	1,471	1,469	2,971	2,936
Deferred taxes				
Domestic taxes	(44)	(2)	(133)	(31)
Foreign taxes	(24)	(7)	(64)	(83)
	(68)	(9)	(197)	(114)
Income tax expense	1,403	1,460	2,774	2,822

Income tax expense for the three months ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) of ₹134 crore and ₹17 crore, respectively, pertaining to prior periods. Income tax expense for six months ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) of ₹149 crore and ₹9 crore respectively pertaining to prior periods.

Entire deferred income tax for the three months and six months ended September 30, 2017 and September 30, 2016 relates to origination and reversal of temporary differences.

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

	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Profit before income taxes	5,129	5,066	9,983	9,863
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,775	1,753	3,455	3,414
Tax effect due to non-taxable income for Indian tax purposes	(527)	(523)	(1,124)	(1,007)
Overseas taxes	206	225	429	415
Tax provision (reversals), overseas and domestic	(134)	(17)	(149)	(9)
Effect of exempt non-operating income	(14)	(17)	(31)	(45)
Effect of unrecognized deferred tax assets	37	56	109	53
Effect of differential overseas tax rates	(1)	14	8	16
Effect of non-deductible expenses	40	(8)	73	24
Others	21	(23)	4	(39)
Income tax expense	1,403	1,460	2,774	2,822

The applicable Indian statutory tax rates for each of fiscal 2018 and fiscal 2017 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 had provided for export of software from the units registered under the Special Economic Zones Act (SEZs), 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 % of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 % of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-investment Reserve out of the profit 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 September 30, 2017 and March 31, 2017, claims against the group not acknowledged as debts from the Indian Income tax authorities (net of amount paid to statutory authorities of ₹ 4,809 crore and ₹4,682 crore) amounted to ₹1,515 crore and ₹1,696 crore respectively.

Claims against the Company not acknowledged as debts as on September 30, 2017 include demands from the Indian Income tax authorities for payment of tax including interest for fiscals 2007 to 2013. The tax demands are mainly on account of disallowance of portion of deduction claimed u/s 10A in respect of export turnover, disallowance of portion of profits earned from outside India and profits earned from SEZ units under section 10AA of the Income Tax Act. The above matters are pending before various Appellate Authorities.

The Company is contesting the demands and the management including its tax advisors believe that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

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 month ended September 30,		Six month ended September 30,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	228,58,65,361	228,56,41,710	228,57,62,186	228,56,32,081
Effect of dilutive common equivalent shares - share options outstanding	1,660,822	307,593	2,120,348	243,907
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	228,75,26,183	228,59,49,303	228,78,82,534	228,58,75,988

⁽¹⁾ excludes treasury shares

For the three and six months ended September 30, 2017, 1,90,454 and 1,87,880 number of options to purchase equity shares had an anti-dilutive effect respectively. For the three months and six months ended September 30, 2016, there were no outstanding option to purchase equity shares which had an anti-dilutive effect.

2.13 Related party transactions

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

Changes in Key management personnel

The following were the changes in key management personnel:-

- Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
- D. Sundaram appointed as Independent director effective July 14, 2017
- U. B. Pravin Rao, Chief Operating Officer, appointed as Interim-Chief Executive Officer and Managing Director effective August 18, 2017
- R. Seshasayee, Chairman, resigned effective August 24, 2017
- Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
- Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
- Prof. John Etchemendy, Independent director resigned effective August 24, 2017
- Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
- Sandeep Dadlani, President, resigned effective July 14, 2017
- Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

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

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	(14)	14	12	35
Commission and other benefits to non-executive/independent directors	5	3	8	6
Total	(9)	17	20	41

⁽¹⁾ Includes a reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.10)

⁽²⁾ Total employee stock compensation expense for the three months and six months ended September 30, 2017 includes a reversal of ₹29 crore and ₹17 crore, respectively towards key managerial personnel. For the three months and six months ended September 30, 2016, an employee stock compensation expense of ₹5 crore and ₹14 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.10)

Investment in Associate

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

2.14 Segment reporting

IFRS 8 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Group's operations predominantly relate to providing end-to-end business solutions to enable clients to enhance business performance. Based on the "manager approach" as defined in IFRS 8, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments. Accordingly, information has been presented both along business segments and geographic segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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

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

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

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

2.14.1 Business segments

Three months ended September 30, 2017 and September 30, 2016

								(In ₹ crore)
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-TECH	All other segments	Total
Revenues	4,718	1,916	4,122	2,742	2,301	1,254	514	17,567
	4,686	1,853	3,864	2,833	2,089	1,339	646	17,310
Identifiable operating expenses	2,383	1,031	2,077	1,324	1,172	656	318	8,961
	2,373	961	1,861	1,361	1,055	692	375	8,678
Allocated expenses	998	433	932	620	520	284	116	3,903
	1,018	423	881	646	476	305	148	3,897
Segment profit	1,337	452	1,113	798	609	314	80	4,703
	1,295	469	1,122	826	558	342	123	4,735
Unallocable expenses								457
								426
Operating profit								4,246
								4,309
Other income, net								883
								760
Share in associate's profit / (loss)								-
								(3)
Write-down of investment in associate								-
								-
Profit before income taxes								5,129
								5,066
Income tax expense								1,403
								1,460
Net profit								3,726
								3,606
Depreciation and amortization								456
								424
Non-cash expenses other than depreciation and amortization								1
								2

Six months ended September 30, 2017 and September 30, 2016

								(In ₹ crore)
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-TECH	All other segments	Total
Revenues	9,312	3,779	8,079	5,437	4,471	2,489	1,078	34,645
	9,237	3,696	7,583	5,694	4,093	2,661	1,127	34,091
Identifiable operating expenses	4,684	2,038	4,044	2,620	2,240	1,332	627	17,585
	4,611	1,910	3,618	2,731	2,054	1,375	720	17,019
Allocated expenses	1,996	865	1,849	1,244	1,024	569	247	7,794
	2,065	866	1,776	1,335	959	624	263	7,888
Segment profit	2,632	876	2,186	1,573	1,207	588	204	9,266
	2,561	920	2,189	1,628	1,080	662	144	9,184
Unallocable expenses								909
								829
Operating profit								8,357
								8,355
Other income, net								1,697
								1,513
Share in associate's profit / (loss)								-
								(5)
Write-down of investment in associate								(71)
								-
Profit before income taxes								9,983
								9,863
Income tax expense								2,774
								2,822
Net profit								7,209
								7,041
Depreciation and amortization								906
								824
Non-cash expenses other than depreciation and amortization								3
								5

2.14.2 Geographic segments

Three months ended September 30, 2017 and September 30, 2016

(In ₹ crore)					
Particulars	North America	Europe	India	Rest of the World	Total
Revenues	10,644	4,085	574	2,264	17,567
	10,641	3,896	587	2,186	17,310
Identifiable operating expenses	5,521	2,095	255	1,090	8,961
	5,444	1,956	250	1,028	8,678
Allocated expenses	2,401	920	109	473	3,903
	2,423	885	123	466	3,897
Segment profit	2,722	1,070	210	701	4,703
	2,774	1,055	214	692	4,735
Unallocable expenses					457
					426
Operating profit					4,246
					4,309
Other income, net					883
					760
Share in associate's profit / (loss)					-
					(3)
Write-down of investment in associate					-
					-
Profit before income taxes					5,129
					5,066
Income tax expense					1,403
					1,460
Net profit					3,726
					3,606
Depreciation and amortization					456
					424
Non-cash expenses other than depreciation and amortization					1
					2

Six months ended September 30, 2017 and September 30, 2016

(In ₹ crore)					
Particulars	North America	Europe	India	Rest of the World	Total
Revenues	21,084	7,916	1,179	4,466	34,645
	21,041	7,764	1,045	4,241	34,091
Identifiable operating expenses	10,938	4,085	463	2,099	17,585
	10,780	3,801	498	1,940	17,019
Allocated expenses	4,816	1,804	228	946	7,794
	4,926	1,813	217	932	7,888
Segment profit	5,330	2,027	488	1,421	9,266
	5,335	2,150	330	1,369	9,184
Unallocable expenses					909
					829
Operating profit					8,357
					8,355
Other income, net					1,697
					1,513
Share in associate's profit / (loss)					-
					(5)
Write-down of investment in associate					(71)
					-
Profit before income taxes					9,983
					9,863
Income tax expense					2,774
					2,822
Net profit					7,209
					7,041
Depreciation and amortization					906
					824
Non-cash expenses other than depreciation and amortization					3
					5

2.14.3 Significant clients

No client individually accounted for more than 10% of the revenues in the three months and six months ended September 30, 2017 and September 30, 2016.

2.15 Break-up of expenses

Cost of sales

(In ₹ crore)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	8,583	8,564	16,912	16,850
Depreciation and amortization	456	424	906	824
Travelling costs	354	386	744	952
Cost of Software packages for own use	221	187	439	370
Consultancy and professional charges	14	7	27	14
Third party items bought for service delivery to clients	269	194	490	287
Cost of technical sub-contractors	1,090	940	2,150	1,857
Operating lease payments	83	78	160	151
Communication costs	62	61	115	115
Repairs and maintenance	71	85	145	162
Provision for post-sales client support	24	30	34	51
Others	0	6	4	10
Total	11,227	10,962	22,126	21,643

Selling and marketing expenses

(In ₹ crore)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	656	692	1,324	1,353
Travelling costs	68	82	149	184
Branding and marketing	67	81	159	197
Operating lease payments	20	17	39	31
Communication costs	7	5	12	9
Consultancy and professional charges	18	12	32	24
Others	10	8	20	19
Total	846	897	1,735	1,817

Administrative expenses

(In ₹ crore)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Employee benefit costs	365	392	734	727
Consultancy and professional charges	237	155	457	320
Repairs and maintenance	191	219	419	471
Power and fuel	54	61	103	124
Communication costs	62	70	128	132
Travelling costs	58	52	115	124
Impairment loss recognised/(reversed) on financial assets	42	27	39	44
Rates and taxes	76	40	125	80
Insurance charges	12	10	26	24
Operating lease payments	38	26	71	49
Commission to non-whole time directors	3	3	6	6
Contribution towards Corporate Social Responsibility	56	53	103	102
Others	54	34	101	73
Total	1,248	1,142	2,427	2,276

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

The amount of per share dividend recognized as distributions to equity shareholders for the six months ended September 30, 2017 and September 30, 2016 was ₹14.75/- and ₹ 14.25/- respectively.

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

2.17 Capital allocation policy

The Board, in its meeting on April 13, 2017, reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term:

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes dividend distribution tax.
2. Additionally, the Board has identified an amount of up to ₹13,000 crore (\$2 billion) to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e. November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted Draft Letter of Offer to regulatory authorities for their comments.

2.18 Share capital and share premium

The Company has only one class of shares referred to as equity shares having a par value of ₹5/- each. 1,09,01,258 and 1,12,89,514 shares were held by controlled trust, as of September 30, 2017 and March 31, 2017, respectively.

The amount received in excess of the par value has been classified as share premium. Additionally, share-based compensation recognized in net profit in the consolidated statement of comprehensive income is credited to share premium. Amounts have been utilized for bonus issue from share premium account.

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

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
*Interim-Chief Executive Officer
and Managing Director*

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Condensed Consolidated Financial Statements

We have audited the accompanying interim condensed consolidated financial statements of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Condensed Consolidated Balance Sheet as at September 30, 2017, the Condensed Consolidated Statement of Comprehensive Income for the three months and six months period ended on that date, the Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows for the six months period ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed consolidated financial statements").

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

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

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

Auditor's Responsibility

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

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

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

estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim condensed consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed consolidated financial statements give a true and fair view in conformity with IAS 34 as issued by the IASB, of the consolidated state of affairs of the Group as at September 30, 2017, the consolidated profit and consolidated total comprehensive income for the three months and six months period ended on that date, consolidated changes in equity and the consolidated cash flows for the six months period ended on that date.

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

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

Bengaluru, October 24, 2017

INFOSYS LIMITED
(In ₹ crore)

Condensed Balance Sheet as at	Note No.	September 30, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	8,361	8,605
Capital work-in-progress		1,680	1,247
Intangible assets		-	-
Financial assets			
Investments	2.2	15,047	15,334
Loans	2.3	23	5
Other financial assets	2.4	216	216
Deferred tax assets (net)		494	346
Income tax assets (net)		5,884	5,454
Other non-current assets	2.7	844	996
Total non - current Assets		32,549	32,203
Current assets			
Financial assets			
Investments	2.2	11,208	9,643
Trade receivables	2.5	12,304	10,960
Cash and cash equivalents	2.6	19,877	19,153
Loans	2.3	392	310
Other financial assets	2.4	5,708	5,403
Other current assets	2.7	2,413	2,213
Total current assets		51,902	47,682
Total Assets		84,451	79,885
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,148	1,148
Other equity		69,816	66,869
Total equity		70,964	68,017
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	12	40
Deferred tax liabilities (net)		3	-
Other non-current liabilities	2.12	39	42
Total non - current liabilities		54	82
Current liabilities			
Financial liabilities			
Trade payables	2.11	687	269
Other financial liabilities	2.10	5,432	5,056
Other current liabilities	2.12	2,526	2,349
Provisions	2.13	362	350
Income tax liabilities (net)		4,426	3,762
Total current liabilities		13,433	11,786
Total equity and liabilities		84,451	79,885

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

As per our report of even date attached

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

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED
(In ₹ crore, except equity share and per equity share data)

Condensed Statement of Profit and Loss for the		Three months ended September 30,		Six months ended September 30,	
	Note No.	2017	2016	2017	2016
Revenue from operations	2.15	15,356	15,000	30,326	29,420
Other income, net	2.16	849	763	1,573	1,525
Total income		16,205	15,763	31,899	30,945
Expenses					
Employee benefit expenses	2.17	8,015	7,939	15,766	15,544
Cost of technical sub-contractors		1,377	1,183	2,712	2,319
Travel expenses		353	364	744	940
Cost of software packages and others	2.17	320	312	635	536
Communication expenses		87	90	170	172
Consultancy and professional charges		218	119	402	238
Depreciation and amortization expense	2.1	347	338	690	657
Other expenses	2.17	608	606	1,183	1,268
Total expenses		11,325	10,951	22,302	21,674
Profit before tax		4,880	4,812	9,597	9,271
Tax expense:					
Current tax	2.14	1,346	1,327	2,741	2,640
Deferred tax	2.14	(45)	9	(138)	(25)
Profit for the period		3,579	3,476	6,994	6,656
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)	4	(52)
Equity instruments through other comprehensive income, net		-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net		20	2	(46)	2
Fair value changes on investments, net	2.2	11	-	36	-
Total other comprehensive income, net of tax		37	(33)	(6)	(50)
Total comprehensive income for the period		3,616	3,443	6,988	6,606
Earnings per equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		15.58	15.13	30.45	28.98
Diluted (₹)		15.58	15.13	30.44	28.98
Weighted average equity shares used in computing earnings per equity share					
Basic	2.18	2,296,960,232	2,296,944,664	2,296,952,491	2,296,944,664
Diluted	2.18	2,297,650,707	2,297,025,587	2,297,958,234	2,296,990,357

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

As per our report of even date attached

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

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED
Condensed Statement of Changes in Equity
(In ₹ crore)

Particulars	Equity Share Capital	Other Equity										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other comprehensive income					
		Securities Premium Account	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Capital reserve		Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income	
						Capital reserve	Business transfer adjustment reserve ⁽²⁾					
Balance as of April 1, 2016	1,148	2,204	44,698	9,508	9	-	54	3,448	-	-	13	61,082
Changes in equity for the six month ended September 30, 2016							-					
Transfer to general reserve	-	-	(1,579)	1,579	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(551)	-	-	551	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	551	-	-	(551)	-	-	-	-	-	-
Exercise of stock options (refer to note no. 2.9)	-	3	-	-	(3)	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	1	-	-	-	-	-	-	-	-	-	1
Share based payment to employees of the group (refer to note no. 2.9)	-	-	-	-	30	-	-	-	-	-	-	30
Remeasurement of the net defined benefit liability/asset, net of tax	-	-	-	-	-	-	-	-	-	-	(52)	(52)
Fair value changes on derivatives designated as cash flow hedge, net of tax (Refer note no. 2.8)	-	-	-	-	-	-	-	-	-	2	-	2
Fair valuation of investments, net of tax (Refer note no. 2.2)	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments through other comprehensive income (Refer note no. 2.2)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(3,939)	-	-	-	-	-	-	-	-	(3,939)
Profit for the period	-	-	6,656	-	-	-	-	-	-	-	-	6,656
Balance as of September 30, 2016	1,148	2,208	45,836	11,087	36	-	54	3,448	-	2	(39)	63,780

INFOSYS LIMITED
Condensed Statement of Changes in Equity

(In ₹ crore)

Particulars	Equity Share Capital	Other Equity										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other comprehensive income					
		Securities Premium Account	Retained earnings	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Capital reserve	Business transfer adjustment reserve ⁽²⁾	Equity Instruments through other comprehensive income	Effective portion of Cash flow hedges	Other items of other comprehensive income	
Balance as of April 1, 2017	1,148	2,208	49,957	11,087	120	-	54	3,448	(5)	39	(39)	68,017
Changes in equity for the six month ended September 30, 2017												
Transfer to general reserve	-	-	(1,382)	1,382	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(936)	-	-	936	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	241	-	-	(241)	-	-	-	-	-	-
Exercise of stock options (refer to note no.2.9)	-	45	-	1	(46)	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment to employees of the group (refer to note no. 2.9)	-	-	-	-	37	-	-	-	-	-	-	37
Remeasurement of the net defined benefit liability/asset, net of tax	-	-	-	-	-	-	-	-	-	-	4	4
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net of tax (Refer note no. 2.8)	-	-	-	-	-	-	-	-	-	(46)	-	(46)
Fair valuation of investments, net of tax (Refer note no.2.2)	-	-	-	-	-	-	-	-	-	-	36	36
Equity instruments through other comprehensive income, net of tax (Refer to note 2.2)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(4,078)	-	-	-	-	-	-	-	-	(4,078)
Profit for the period	-	-	6,994	-	-	-	-	-	-	-	-	6,994
Balance as of September 30, 2017	1,148	2,253	50,796	12,470	111	695	54	3,448	(5)	(7)	1	70,964

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

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

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration Number:117366W/W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED
(In ₹ crore)

Condensed Statement of Cash Flows	Six months ended September	
	2017	2016
Cash flow from operating activities:		
Profit for the period	6,994	6,656
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	690	657
Income tax expense	2,603	2,615
Allowance for credit losses on financial assets	15	44
Interest and dividend income	(1,211)	(1,318)
Other adjustments	3	129
Exchange differences on translation of assets and liabilities	(6)	25
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(1,652)	(1,215)
Loans and other financial assets and other assets	50	227
Trade payables	418	(351)
Other financial liabilities, other liabilities and provisions	524	111
Cash generated from operations	8,428	7,580
Income taxes paid	(2,509)	(2,168)
Net cash generated by operating activities	5,919	5,412
Cash flow from investing activities:		
Expenditure on property, plant and equipment net of sale proceeds	(857)	(1,142)
Deposits placed with corporations	(15)	(86)
Loans to employees	11	36
Loan given to subsidiaries	(105)	-
Repayment of debentures	129	270
Investment in subsidiaries	(209)	(252)
Payment towards acquisition of business (Refer note 2.2)	(29)	-
Payment towards contingent consideration pertaining to acquisition	(33)	(36)
Payments to acquire financial assets		
Preference securities	-	(40)
Liquid mutual fund units and fixed maturity plan securities	(23,384)	(18,524)
Non-convertible debentures	-	(154)
Certificates of Deposit	(423)	-
Government Bonds	(1)	-
Others	(2)	-
Proceeds on sale of financial assets		
Liquid mutual fund units and fixed maturity plan securities	21,230	16,640
Certificates of Deposit	1,770	-
Interest and dividend received	794	614
Net cash used in investing activities	(1,124)	(2,674)
Cash flow from financing activities:		
Payment of dividends (including corporate dividend tax)	(4,077)	(3,926)
Net cash used in financing activities	(4,077)	(3,926)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	6	(21)
Net decrease in cash and cash equivalents	718	(1,188)
Cash and cash equivalents at the beginning of the period	19,153	29,176
Cash and cash equivalents at the end of the period	19,877	27,967
Supplementary information:		
Restricted cash balance	398	370

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration Number:

117366W/W-100018

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

P. R. Ramesh

Partner

Membership No. 70928

Nandan M. Nilekani

Chairman

U. B. Pravin Rao

*Interim-Chief Executive Officer
and Managing Director*

D. Sundaram

Director

Bengaluru

October 24, 2017

M. D. Ranganath

Chief Financial Officer

A. G. S. Manikantha

Company Secretary

INFOSYS LIMITED

Notes to the Interim Condensed Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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

The interim condensed financial statements are approved for issue by the Company's Board of Directors on October 24, 2017.

1.2 Basis of preparation of financial statements

These interim condensed financial statements are prepared in accordance with Indian Accounting Standard 34 (Ind AS 34), 'Interim Financial Reporting'; under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

Amounts for the three months and six months ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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

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

1.3 Use of estimates

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

1.4 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note no.2.14 and Note no. 2.19.

c. Property, plant and equipment

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

1.5 Revenue recognition

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

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

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

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

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

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

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

1.6 Property, plant and equipment

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

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

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

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

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

1.7 Intangible assets

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

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

1.8 Financial instruments

1.8.1 Initial recognition

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

1.8.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit 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 as hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital

Ordinary Shares

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

1.8.3 Derecognition of financial instruments

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

1.9 Fair value of financial instruments

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

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

1.10 Impairment

a. Financial assets

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

b. Non-financial assets

(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 interim condensed financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

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

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

1.13 Earnings per equity share

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

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

1.15.2 Superannuation

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

1.15.3 Provident fund

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

1.15.4 Compensated absences

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

1.16 Share-based compensation

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

Amendment to Ind AS 102:

Effective April 1, 2017, the Company adopted amendment to Ind AS 102 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of amendment did not have any material effect on the interim condensed financial statements.

1.17 Cash Flow Statement

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

Amendment to Ind AS 7:

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the interim condensed financial statements.

2.1 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2017:

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of July 1, 2017	1,093	659	6,535	2,050	790	4,002	1,306	26	16,461
Additions	3	-	50	39	12	59	26	1	190
Deletions	-	-	-	(6)	(4)	(18)	(12)	-	(40)
Gross carrying value as of September 30, 2017	1,096	659	6,585	2,083	798	4,043	1,320	27	16,611
Accumulated depreciation as of July 1, 2017	-	(27)	(2,437)	(1,356)	(501)	(2,742)	(864)	(15)	(7,942)
Depreciation	-	(1)	(60)	(66)	(29)	(149)	(41)	(1)	(347)
Accumulated depreciation on deletions	-	-	-	6	3	18	12	-	39
Accumulated depreciation as of September 30, 2017	-	(28)	(2,497)	(1,416)	(527)	(2,873)	(893)	(16)	(8,250)
Carrying value as of September 30, 2017	1,096	631	4,088	667	271	1,170	427	11	8,361
Carrying value as of July 1, 2017	1,093	632	4,098	694	289	1,260	442	11	8,519

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 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 July 1, 2016	974	643	6,208	1,791	727	3,617	1,118	21	15,099
Additions	9	-	62	73	38	234	64	2	482
Deletions	-	-	-	-	(2)	(15)	-	(1)	(18)
Gross carrying value as of September 30, 2016	983	643	6,270	1,864	763	3,836	1,182	22	15,563
Accumulated depreciation as of July 1, 2016	-	(22)	(2,206)	(1,102)	(395)	(2,330)	(706)	(12)	(6,773)
Depreciation	-	(1)	(56)	(61)	(29)	(151)	(39)	(1)	(338)
Accumulated depreciation on deletions	-	-	-	-	2	15	-	1	18
Accumulated depreciation as of September 30, 2016	-	(23)	(2,262)	(1,163)	(422)	(2,466)	(745)	(12)	(7,093)
Carrying value as of September 30, 2016	983	620	4,008	701	341	1,370	437	10	8,470
Carrying value as of July 1, 2016	974	621	4,002	689	332	1,287	412	9	8,326

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2017 are as follows:

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of April 1, 2017	1,093	659	6,483	2,019	769	3,886	1,277	24	16,210
Additions	3	-	102	70	34	180	56	3	448
Deletions	-	-	-	(6)	(5)	(23)	(13)	-	(47)
Gross carrying value as of September 30, 2017	1,096	659	6,585	2,083	798	4,043	1,320	27	16,611
Accumulated depreciation as of April 1, 2017	-	(26)	(2,377)	(1,290)	(472)	(2,603)	(823)	(14)	(7,605)
Depreciation	-	(2)	(120)	(132)	(59)	(292)	(83)	(2)	(690)
Accumulated depreciation on deletions	-	-	-	6	4	22	13	-	45
Accumulated depreciation as of September 30, 2017	-	(28)	(2,497)	(1,416)	(527)	(2,873)	(893)	(16)	(8,250)
Carrying value as of September 30, 2017	1,096	631	4,088	667	271	1,170	427	11	8,361
Carrying value as of April 1, 2017	1,093	633	4,106	729	297	1,283	454	10	8,605

The changes in the carrying value of property, plant and equipment for the six months ended September 30, 2016 are as follows:

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	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	13	5	97	186	86	375	113	4	879
Deletions	-	-	-	(1)	(2)	(20)	(1)	(1)	(25)
Gross carrying value as of September 30, 2016	983	643	6,270	1,864	763	3,836	1,182	22	15,563
Accumulated depreciation as of April 1, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Depreciation	-	(2)	(112)	(120)	(55)	(291)	(75)	(2)	(657)
Accumulated depreciation on deletions	-	-	-	1	2	20	1	1	25
Accumulated depreciation as of September 30, 2016	-	(23)	(2,262)	(1,163)	(422)	(2,466)	(745)	(12)	(7,093)
Carrying value as of September 30, 2016	983	620	4,008	701	341	1,370	437	10	8,470
Carrying value as of April 1, 2016	970	617	4,023	635	310	1,286	399	8	8,248

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

(In ₹ crore)

Particulars	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾⁽²⁾	Plant and machinery ⁽²⁾	Office Equipment ⁽²⁾	Computer equipment ⁽²⁾	Furniture and fixtures ⁽²⁾	Vehicles	Total
Gross carrying value as of April 1, 2016	970	638	6,173	1,679	679	3,481	1,070	19	14,709
Additions	123	21	310	344	122	654	237	6	1,817
Deletions	-	-	-	(4)	(32)	(249)	(30)	(1)	(316)
Gross carrying value as of March 31, 2017	1,093	659	6,483	2,019	769	3,886	1,277	24	16,210
Accumulated depreciation as of April 1, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Depreciation	-	(5)	(227)	(250)	(111)	(572)	(162)	(4)	(1,331)
Accumulated depreciation on deletions	-	-	-	4	8	164	10	1	187
Accumulated depreciation as of March 31, 2017	-	(26)	(2,377)	(1,290)	(472)	(2,603)	(823)	(14)	(7,605)
Carrying value as of March 31, 2017	1,093	633	4,106	729	297	1,283	454	10	8,605
Carrying value as of April 1, 2016	970	617	4,023	635	310	1,286	399	8	8,248

⁽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

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 amortization expense in the Statement of Profit and Loss.

Tangible assets provided on operating lease to subsidiaries as at September 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore)

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	198	85	113
	197	82	115
Plant and machinery	32	22	10
	33	19	14
Furniture and fixtures	25	18	7
	25	16	9
Computer Equipment	3	2	1
	3	2	1
Office equipment	18	12	6
	18	10	8

The aggregate depreciation charged on the above assets during each of the three months ended September 30, 2017 and September 30, 2016 amounted to ₹5 crore each and for six months ended September 30, 2017 and September 30, 2016 amounted to ₹10 crore and ₹11 crore respectively.

The rental income from subsidiaries during the three months ended September 30, 2017 and September 30, 2016 amounted to ₹17 crore and ₹16 crore respectively and for six months ended September 30, 2017 and September 30, 2016 amounted to ₹34 crore and ₹32 crore respectively.

2.2 INVESTMENTS

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Non-current investments		
Equity instruments of subsidiaries	7,466	7,305
Debentures of subsidiary	2,000	2,129
Preference securities and equity investments	132	132
Others	5	3
Tax free bonds	1,832	1,833
Fixed maturity plans securities	368	357
Non convertible debentures	3,244	3,575
	15,047	15,334
Current investments		
Liquid mutual fund units	4,028	1,755
Fixed maturity plans securities	157	151
Certificates of deposit	6,537	7,635
Government bonds	1	-
Non convertible debentures	485	102
	11,208	9,643
Total carrying value	26,255	24,977

Particulars	(In ₹ crore, except as otherwise stated)	
	As at	
	September 30, 2017	March 31, 2017
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	333	236
Infosys Technologies (Australia) Pty Limited	66	66
1,01,08,869 (1,01,08,869) equity shares of AUD 0.11 par value, fully paid		
Infosys Technologies, S. de R.L. de C.V., Mexico	65	65
17,49,99,990 (17,49,99,990) equity shares of MXN 1 par value, fully paid up		
Infosys Technologies (Sweden) AB	76	76
1,000 (1,000) equity shares of SEK 100 par value, fully paid		
Infosys Technologia do Brazil Ltda	149	149
5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	900	826
Infosys Public Services, Inc.	99	99
3,50,00,000 (3,50,00,000) shares of USD 0.50 par value, fully paid		
Infosys Consulting Holding AG (formerly Lodestone Holding AG)	1,323	1,323
23,350 (23,350) - Class A shares of CHF 1,000 each and 29,400 (29,400) - Class B Shares of CHF 100 each, fully paid up		
Infosys Americas Inc.	1	1
10,000 (10,000) shares of USD 10 per share, fully paid up		
EdgeVerve Systems Limited	1,312	1,312
1,31,18,40,000 (1,31,18,40,000) equity shares of ₹10/- each, fully paid		
Panaya Inc.	1,436	1,398
2 (2) shares of USD 0.01 per share, fully paid up		
Infosys Nova Holdings LLC *	-	94
Kallidus Inc.	619	619
10,21,35,416 (10,21,35,416) shares		
Skava Systems Private Limited	59	59
25,000 (25,000) shares of ₹10/- per share, fully paid up		
Noah Consulting LLC	313	313
Infosys Consulting Pte Ltd (formerly Lodestone Management Consultants Pte Ltd)	10	10
1,09,90,000 (1,09,90,000) shares of SGD 1.00 par value, fully paid		
Brilliant Basics Holding Limited	46	-
1,170 (Nil) shares of GBP 0.005 each, fully paid up		
	7,466	7,305
Investment carried at amortized cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
20,00,00,000 (21,29,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	2,000	2,129
	2,000	2,129
	9,466	9,434
Investments carried at fair value through profit or loss		
Others	5	3
	5	3
Investment carried at fair value through other comprehensive income (FVOCI)		
Preference securities	131	131
Equity instruments	1	1
	132	132
Quoted		
Investments carried at amortized cost		
Tax free bonds	1,832	1,833
	1,832	1,833
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	368	357
	368	357
Investments carried at fair value through other comprehensive income		
Non convertible debentures	3,244	3,575
	3,244	3,575
Total non-current investments	15,047	15,334

(In ₹ crore, except as otherwise stated)		
Particulars	As at	
	September 30, 2017	March 31, 2017
Current investments		
Unquoted		
Investments carried at fair value through profit or loss		
Liquid mutual fund units	4,028	1,755
	4,028	1,755
Investments carried at fair value through other comprehensive income		
Certificates of Deposit	6,537	7,635
	6,537	7,635
Quoted		
Investments carried at amortized cost		
Government bonds	1	-
	1	-
Investments carried at fair value through profit or loss		
Fixed maturity plans securities	157	151
	157	151
Investments carried at fair value through other comprehensive income		
Non convertible debentures	485	102
	485	102
Total current investments	11,208	9,643
Total investments	26,255	24,977
Aggregate amount of quoted investments	6,087	6,018
Market value of quoted investments (including interest accrued)	6,363	6,327
Aggregate amount of unquoted investments	20,168	18,959
Aggregate amount of impairment in value of investments	94	-
Investments carried at cost	7,466	7,305
Investments carried at amortized cost	3,833	3,962
Investments carried at fair value through other comprehensive income	10,398	11,444
Investments carried at fair value through profit or loss	4,558	2,266

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

Proposed business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the company has entered into a business transfer agreement to transfer the business for a consideration of \$41 million (approximately ₹268 crore) with effect from October 25, 2017.

Brilliant Basics Holdings Limited.

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

2.3 LOANS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Non- Current		
Unsecured, considered good		
Other Loans		
Loans to employees	23	5
	23	5
Unsecured, considered doubtful		
Loans to employees	19	17
	42	22
Less: Allowance for doubtful loans to employees	19	17
	23	5
Current		
Unsecured, considered good		
Loans to subsidiaries (Refer note no.2.20)	180	69
Other Loans		
Loans to employees	212	241
	392	310
Total Loans	415	315

2.4 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Non-current		
Security deposits ⁽¹⁾	85	81
Rental deposits ⁽¹⁾	131	135
	216	216
Current		
Security deposits ⁽¹⁾	3	2
Rental deposits ⁽¹⁾	7	2
Restricted deposits ⁽¹⁾	1,324	1,309
Unbilled revenues ⁽¹⁾⁽⁴⁾	3,493	3,200
Interest accrued but not due ⁽¹⁾	670	514
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	9	268
Others ⁽¹⁾⁽⁵⁾	202	108
	5,708	5,403
Total	5,924	5,619
⁽¹⁾ Financial assets carried at amortized cost	5,915	5,351
⁽²⁾ Financial assets carried at fair value through other comprehensive income	6	52
⁽³⁾ Financial assets carried at fair value through Profit or Loss	3	216
⁽⁴⁾ Includes dues from subsidiaries (Refer note no. 2.20)	45	47
⁽⁵⁾ Includes dues from subsidiaries (Refer note no. 2.20)	41	18

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

2.5 TRADE RECEIVABLES ⁽¹⁾

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Current		
Unsecured		
Considered good ⁽²⁾	12,304	10,960
Considered doubtful	313	289
	12,617	11,249
Less: Allowances for credit losses	313	289
	12,304	10,960
⁽¹⁾ Includes dues from companies where directors are interested	-	1
⁽²⁾ Includes dues from subsidiaries (refer note no. 2.20)	372	235

2.6 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Balances with banks		
In current and deposit accounts	11,911	12,222
Cash on hand	-	-
Others		
Deposits with financial institution	7,966	6,931
	19,877	19,153
<i>Balances with banks in unpaid dividend accounts</i>	18	17
<i>Deposit with more than 12 months maturity</i>	6,766	6,765
<i>Balances with banks held as margin money deposits against guarantees</i>	380	394

Cash and cash equivalents as of September 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹398 crore and ₹411 crore, respectively. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

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

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
In current accounts		
ANZ Bank, Taiwan	2	3
Bank of America, USA	782	769
Bank of Baroda, Mauritius	1	-
Bank of Tokyo, Japan	2	-
BNP Paribas Bank, Norway	85	7
Citibank N.A., Australia	25	8
Citibank N.A., India	3	2
Citibank N.A., Dubai	4	1
Citibank N.A., EEFC (U.S. Dollar account)	1	1
Citibank N.A., Hungary	3	3
Citibank N.A., Japan	20	12
Citibank N.A., New Zealand	14	6
Citibank N.A., South Africa	19	9
Citibank N.A., South Korea	1	1
Deutsche Bank, Philippines	14	4
Deutsche Bank, India	18	9
Deutsche Bank, EEFC (Euro account)	16	11
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	15	8
Deutsche Bank, EEFC (Australian Dollar account)	14	38
Deutsche Bank, EEFC (U.S. Dollar account)	39	73
Deutsche Bank, EEFC (Swiss Franc account)	-	2
Deutsche Bank, Belgium	65	10
Deutsche Bank, France	11	8
Deutsche Bank, Germany	44	48
Deutsche Bank, Malaysia	7	7
Deutsche Bank, Netherlands	23	2
Deutsche Bank, Russia (U.S. Dollar account)	4	1
Deutsche Bank, Russia	1	3
Deutsche Bank, Singapore	6	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	6	5
Deutsche Bank, Switzerland (U.S. Dollar Account)	-	1
Deutsche Bank, United Kingdom	172	25
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	150	40
ICICI Bank, EEFC (U.S. Dollar account)	4	3
Nordbanken, Sweden	16	22
Punjab National Bank, India	14	6
Royal Bank of Canada, Canada	26	5
Splitska Banka D.D., Société Générale Group, Croatia	5	-
State Bank of India	50	6
	1,684	1,166

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
In deposit accounts		
Axis Bank	-	945
Barclays Bank	825	825
Canara Bank	22	-
HDFC Bank	3,408	349
HSBC Bank	500	500
ICICI Bank	3,802	4,351
IDBI Bank	-	1,750
IndusInd Bank	-	191
Kotak Mahindra Bank	207	500
South Indian Bank	200	200
Standard Chartered Bank	265	500
Syndicate Bank	-	49
Yes Bank	600	485
	9,829	10,645
In unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	2	2
ICICI Bank - Unpaid dividend account	14	13
	18	17
In margin money deposits against guarantees		
Canara Bank	153	177
ICICI Bank	227	217
	380	394
Deposits with financial institution		
HDFC Limited	7,266	6,231
LIC Housing Finance Limited	700	700
	7,966	6,931
Total cash and cash equivalents as per Balance Sheet	19,877	19,153

2.7 OTHER ASSETS

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Non-current		
Capital advances	489	562
Advances other than capital advance		
Prepaid gratuity	18	56
Others		
Prepaid expenses	68	95
Deferred contract cost	269	283
	844	996
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	93	87
Others		
Prepaid expenses ⁽¹⁾	456	387
Deferred contract cost	71	74
Withholding taxes and others	1,793	1,665
	2,413	2,213
Total other assets	3,257	3,209
⁽¹⁾ Includes dues from subsidiaries (Refer note no. 2.20)	110	56

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

2.8 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2017 were as follows:

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
(In ₹ crore)							
Assets:							
Cash and cash equivalents (Refer Note no. 2.6)	19,877	-	-	-	-	19,877	19,877
Investments (Refer note no.2.2)							
Equity and preference securities and others	-	-	5	132	-	137	137
Tax free bonds and government bonds	1,833	-	-	-	-	1,833	2,123 *
Liquid mutual fund units	-	-	4,028	-	-	4,028	4,028
Redeemable, non-convertible debentures ⁽¹⁾	2,000	-	-	-	-	2,000	2,000
Fixed maturity plans securities	-	-	525	-	-	525	525
Certificates of deposit	-	-	-	-	6,537	6,537	6,537
Non convertible debentures	-	-	-	-	3,729	3,729	3,729
Trade receivables (Refer Note no. 2.5)	12,304	-	-	-	-	12,304	12,304
Loans (Refer note no. 2.3)	415	-	-	-	-	415	415
Other financial assets (Refer Note no. 2.4)	5,915	-	3	-	6	5,924	5,851 **
Total	42,344	-	4,561	132	10,272	57,309	
Liabilities:							
Trade payables (Refer Note no. 2.11)	687	-	-	-	-	687	687
Other financial liabilities (Refer Note no. 2.10)	4,075	-	113	-	10	4,198	4,198
Total	4,762	-	113	-	10	4,885	

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

* On account of fair value changes including interest accrued

** Excludes interest accrued on tax free bonds

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

(In ₹ crore)							
Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.6)	19,153	-	-	-	-	19,153	19,153
Investments (Refer Note no. 2.2)							
Equity and preference securities	-	-	3	132	-	135	135
Tax free bonds and government bonds	1,833	-	-	-	-	1,833	2,142 *
Liquid mutual fund units	-	-	1,755	-	-	1,755	1,755
Redeemable, non-convertible debentures ⁽¹⁾	2,129	-	-	-	-	2,129	2,129
Fixed maturity plans	-	-	508	-	-	508	508
Certificates of deposit	-	-	-	-	7,635	7,635	7,635
Non convertible debentures	-	-	-	-	3,677	3,677	3,677
Trade receivables (Refer Note no. 2.5)	10,960	-	-	-	-	10,960	10,960
Loans (Refer note no. 2.3)	315	-	-	-	-	315	315
Other financial assets (Refer Note no. 2.4)	5,351	-	216	-	52	5,619	5,537 **
Total	39,741	-	2,482	132	11,364	53,719	
Liabilities:							
Trade payables (Refer note no. 2.11)	269	-	-	-	-	269	269
Other financial liabilities (Refer Note no. 2.10)	3,867	-	87	-	-	3,954	3,954
Total	4,136	-	87	-	-	4,223	

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

* On account of fair value changes including interest accrued

** Excludes interest accrued on tax free bonds

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of September 30, 2017:

(In ₹ crore)				
Particulars	As of September 30, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note no. 2.2)	4,028	4,028	-	-
Investments in tax free bonds (Refer Note no. 2.2)	2,122	2,013	109	-
Investments in government bonds (Refer Note no. 2.2)	1	1	-	-
Investments in equity instruments (Refer Note no. 2.2)	1	-	-	1
Investments in preference securities (Refer Note no. 2.2)	131	-	-	131
Investments in fixed maturity plan securities (Refer Note no. 2.2)	525	-	525	-
Investments in certificates of deposit (Refer Note no. 2.2)	6,537	-	6,537	-
Investments in non convertible debentures (Refer Note no. 2.2)	3,729	3,204	525	-
Other investments (Refer Note no. 2.2)	5	-	-	5
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.4)	9	-	9	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.10)	62	-	62	-
Liability towards contingent consideration (Refer note no. 2.10) ⁽¹⁾⁽²⁾	61	-	-	61

⁽¹⁾ Pertains to contingent consideration payable to selling shareholders of Kallidus and Brilliant Basics Holding Limited as per the share purchase agreement.

⁽²⁾ Discounted ₹46 crore at 14.1% and ₹20 crore at 10%

During the six months ended September 30, 2017, tax free bonds of ₹1,809 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted prices.

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

	(In ₹ crore)			
Particulars	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note no. 2.2)	1,755	1,755	-	-
Investments in tax free bonds (Refer Note no. 2.2)	2,142	206	1,936	-
Investments in equity instruments (Refer Note no. 2.2)	1	-	-	1
Investments in preference securities (Refer Note no. 2.2)	131	-	-	131
Investments in fixed maturity plan securities (Refer Note no. 2.2)	508	-	508	-
Investments in certificates of deposit (Refer Note no. 2.2)	7,635	-	7,635	-
Investments in non convertible debentures (Refer Note no. 2.2)	3,677	3,160	517	-
Other investments (Refer Note no. 2.2)	3	-	-	3
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.4)	268	-	268	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer note 2.10)	2	-	2	-
Liability towards contingent consideration (Refer note no. 2.10) ⁽¹⁾⁽²⁾	85	-	-	85

⁽¹⁾ Pertains to contingent consideration payable to selling shareholders of Kallidus as per the share purchase agreement.

⁽²⁾ Discounted ₹91 crore at 14.2%

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

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

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposit is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The fair value of investments in unquoted equity, preference and other investments is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

Financial risk management**Financial risk factors**

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

Market risk

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

The following table analyzes foreign currency risk from financial instruments as of September 30, 2017:

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore)
						Total
Cash and cash equivalents	831	160	187	39	231	1,448
Trade receivables	8,289	1,296	845	672	493	11,595
Other financials assets (including loans)	2,315	479	352	180	251	3,577
Trade payables	(277)	(35)	(126)	(25)	(31)	(494)
Other financial liabilities	(2,119)	(256)	(221)	(213)	(137)	(2,946)
Net assets / (liabilities)	9,039	1,644	1,037	653	807	13,180

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

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

For the three months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.51% and 0.53%, respectively.

For the six months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Company's incremental operating margins by approximately 0.51%, each.

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

Derivative financial instruments

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

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

Particulars	As of		As of	
	September 30, 2017		March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	-	-	95	658
In United Kingdom Pound Sterling	15	131	40	324
In Australian dollars	-	-	130	644
Option Contracts				
In Euro	45	347	40	277
In United Kingdom Pound Sterling	5	44	-	-
In Australian dollars	65	333	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	637	4,156	480	3,113
In Euro	91	702	106	735
In United Kingdom Pound Sterling	75	655	70	566
In Australian dollars	18	92	30	149
In Swiss Franc	16	111	10	65
In Singapore dollars	5	24	5	23
In Swedish Krona	50	40	50	36
In New Zealand dollars	21	99	-	-
In Canadian dollars	19	98	-	-
In Japanese Yen	550	32	-	-
In Norwegian Krone	39	32	-	-
Option Contracts				
In U.S. dollars	200	1,306	195	1,265
In Euro	50	385	25	173
In United Kingdom Pound Sterling	20	175	30	243
In Canadian dollars	-	-	13	65
Total forwards and options		8,762		8,336

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

Particulars	As of	
	September 30, 2017	March 31, 2017
	(In ₹ crore)	(In ₹ crore)
Not later than one month	3,317	2,215
Later than one month and not later than three months	3,867	4,103
Later than three months and not later than one year	1,578	2,018
	8,762	8,336

During the six months ended September 30, 2017, the Company has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

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

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

The following table provides the reconciliation of effective portion of cash flow hedges for the three months and six months ended September 30, 2017: (In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Balance at the beginning of the period	(27)	-	39	-
Gain / (Loss) recognized in other comprehensive income during the period	(51)	2	(92)	2
Amount reclassified to revenue during the period	78	-	31	-
Tax impact on above	(7)	-	15	-
Balance at the end of the period	(7)	2	(7)	2

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

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

Particulars	As of		As of	
	September 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	15	(68)	269	(3)
Amount set off	(6)	6	(1)	1
Net amount presented in balance sheet	9	(62)	268	(2)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹12,304 crore and ₹ 10,960 crore as of September 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹3,493 crore and ₹3,200 crore as of September 30, 2017 and March 31, 2017, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Company's historical experience for customers.

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from top customer	3.9	4.0	3.8	4.1
Revenue from top ten customers	21.2	24.1	21.5	24.4

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the three months ended September 30, 2017 and September 30, 2016 was ₹23 crore and ₹21 crore respectively and for six months ended September 30, 2017 and September 30, 2016 was ₹15 crore and ₹44 crore respectively.

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Balance at the beginning	369	275	379	249
Impairment loss recognized/ reversed	23	21	15	44
Amounts written off	-	(1)	(3)	(1)
Translation differences	5	(2)	6	1
Balance at the end	397	293	397	293

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

Liquidity risk

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

As of September 30, 2017, the Company had a working capital of ₹38,469 crore including cash and cash equivalents of ₹19,877 crore and current investments of ₹11,208 crore. As of March 31, 2017, the Company had a working capital of ₹35,896 crore including cash and cash equivalents of ₹19,153 crore and current investments of ₹9,643 crore.

As of September 30, 2017 and March 31, 2017, the outstanding compensated absences were ₹1,246 crore and ₹1,142 crore, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of September 30, 2017:

Particulars	Three months ended September 30,				Total
	Less than 1 year	1-2 years	2-4 years	4-7 years	
Trade payables	687	-	-	-	687
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.10)	4,075	-	-	-	4,075
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	52	7	7	-	66

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

Particulars	Three months ended September 30,				Total
	Less than 1 year	1-2 years	2-4 years	4-7 years	
Trade payables	269	-	-	-	269
Other liabilities (excluding liability towards acquisition) (Refer Note 2.10)	3,867	-	-	-	3,867
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	45	46	-	-	91

2.9 EQUITY

EQUITY SHARE CAPITAL

Particulars	(In ₹ crore, except as otherwise stated)	
	As at	
	September 30, 2017	March 31, 2017
Authorized		
Equity shares, ₹5/- par value		
2,40,00,00,000 (2,40,00,00,000 ⁽²⁾) equity shares	1,200	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value ⁽¹⁾	1,148	1,148
2,29,69,88,452 (2,29,69,44,664) equity shares fully paid-up		
	1,148	1,148

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

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

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

Dividends

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes. Dividend distribution tax paid by subsidiaries may be reduced / available as credit against dividend distribution tax payable by Infosys Limited.

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

The Board, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the quarter ended June 30, 2016 and the total appropriation was ₹3,939 crore, including corporate dividend tax.

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

Capital allocation policy

The Board, in its meeting on April 13, 2017, reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term:

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes dividend distribution tax.
2. Additionally, the Board has identified an amount of up to ₹13,000 crore (\$2 billion) to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depositary Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted Draft Letter of Offer to regulatory authorities for their comments.

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 Plan) (formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

Controlled trust holds 1,09,01,258 and 1,12,89,514 shares as of September 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

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

Stock incentives granted to COO:

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

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

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

During the six months ended September 30, 2017, two of the KMPs have resigned (Refer note 2.20 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded a reversal of employee stock compensation expense of ₹29 crore and ₹17 crore, respectively, towards KMPs during the three months and six months ended September 30, 2017. The employee stock compensation expense recorded was ₹5 crore and ₹14 crore during the three months and six months ended September 30, 2016, respectively.

Stock incentive granted to other employees:

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

The Company has recorded an employee stock compensation expense of ₹18 crore and ₹49 crore, respectively during the three months and six months ended September 30, 2017 towards employees other than KMPs (employee stock compensation cost of ₹15 crore each for the three months and six months ended September 30, 2016)

Total stock compensation expense

The Company recorded a reversal of employee stock compensation expense of ₹11 crore in the statement of profit and loss for the three months ended September 30, 2017 and an employee stock compensation cost of ₹32 crore, for the six months ended September 30, 2017. The company recorded an employee stock compensation expense of ₹20 crore and ₹29 crore for the three months and six months ended September 30, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for each of the three months and six months ended September 30, 2017 and September 30, 2016 was less than ₹1 crore respectively. As of September 30, 2017 and March 31, 2017, 80,793 and 1,06,845 incentive units were outstanding (net of forfeitures).

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and six months ended September 30, 2017 is set out below:

Particulars	Three months ended September 30, 2017		Six months ended September 30, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	3,226,005	5	2,961,373	5
Granted	58,150	5	392,714	5
Exercised	407,232	5	432,044	5
Forfeited and expired	637,082	5	682,202	5
Outstanding at the end	2,239,841	5	2,239,841	5
Exercisable at the end	31,624	5	31,624	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,644,775	974	1,197,650	992
Granted	44,450	1,017	491,575	942
Exercised	-	-	-	-
Forfeited and expired	498,275	952	498,275	952
Outstanding at the end	1,190,950	992	1,190,950	992
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 six months ended September 30, 2016 is set out below:

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	209,099	5	221,505	5
Granted	1,904,315	5	1,904,315	5
Forfeited and expired	22,770	5	22,770	5
Exercised	18,236	5	30,642	5
Outstanding at the end	2,072,408	5	2,072,408	5
Exercisable at the end	-	-	-	-

During the three months ended September 30, 2017 and September 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹948 and ₹1,021 respectively.

During the six months ended September 30, 2017 and September 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹947 and ₹1,096 respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of September 30, 2017:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan:			
0 - 5 (RSU)	2,239,841	1.74	5.00
900 - 1100 (ESOP)	1,190,950	6.66	992.06
	3,430,791	3.47	350.83

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

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

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

Particulars	For options granted in			
	Fiscal 2018- Equity Shares-RSU	Fiscal 2018- Equity shares ESOP	Fiscal 2018- ADS-RSU	Fiscal 2018- ADS- ESOP
Weighted average share price (₹) / (\$- ADS)	923	923	14.73	14.65
Exercise price (₹) / (\$- ADS)	5	919	0.08	14.67
Expected volatility (%)	21-25	25-28	21-26	25-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.78	2.78	2.74	2.74
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	857	254	13.73	2.93

Particulars	For options granted in			
	Fiscal 2017- Equity Shares-RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / (\$- ADS)	1,067	989	15.77	15.26
Exercise price (₹) / (\$- ADS)	5	998	0.07	15
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6 - 7	6 - 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	1,002	285	14.84	3.46

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

2.10 OTHER FINANCIAL LIABILITIES

(In ₹ crore)		
Particulars	As at	
	September 30, 2017	March 31, 2017
Non-current		
Payable for acquisition of business	12	40
	12	40
Current		
Unpaid dividends	18	17
Others		
Accrued compensation to employees	1,593	1,404
Accrued expenses ⁽¹⁾	2,180	2,013
Retention monies	112	153
Payable for acquisition of business		
- Contingent consideration	49	45
Client deposits	7	25
Capital creditors	26	36
Compensated absences	1,246	1,142
Other payables ⁽²⁾	139	219
Foreign currency forward and options contracts	62	2
	5,432	5,056
Total financial liabilities	5,444	5,096
Financial liability carried at amortized cost	4,075	3,867
Financial liability carried at fair value through profit or loss	113	87
Financial liability carried at fair value through other comprehensive income	10	-
Liability towards acquisition of business on undiscounted basis	66	91
⁽¹⁾ Includes dues to subsidiaries (Refer note no. 2.20)	2	3
⁽²⁾ Includes dues to subsidiaries (Refer note no. 2.20)	9	14

2.11 TRADE PAYABLES

(In ₹ crore)		
Particulars	As at	
	September 30, 2017	March 31, 2017
Trade payables *	687	269
	687	269
*Includes dues to subsidiaries (refer note no. 2.20)	246	135

2.12 OTHER LIABILITIES

(In ₹ crore)		
Particulars	As at	
	September 30, 2017	March 31, 2017
Non current		
Deferred income	39	42
	39	42
Current		
Unearned revenue	1,566	1,320
Others		
Withholding taxes and others	950	1,027
Deferred rent	10	2
	2,526	2,349
	2,565	2,391

2.13 PROVISIONS

(In ₹ crore)		
Particulars	As at	
	September 30, 2017	March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	362	350
	362	350

Provision for post-sales client support and warranties and others

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

(In ₹ crore)		
Particulars	Three months ended	Six months ended
	September 30, 2017	September 30, 2017
Balance at the beginning	344	350
Provision recognized/(reversed)	27	38
Provision utilized	(12)	(27)
Exchange difference	3	1
Balance at the end	362	362

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

2.14 INCOME TAXES

Income tax expense in the statement of profit and loss comprises:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Current taxes	1,346	1,327	2,741	2,640
Deferred taxes	(45)	9	(138)	(25)
Income tax expense	1,301	1,336	2,603	2,615

Current tax expense for the three months ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) amounting to ₹131 crore and ₹19 crore respectively pertaining to prior periods.

Current tax expense for the six months period ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) amounting to ₹146 crore and ₹19 crore respectively pertaining to prior periods

2.15 REVENUE FROM OPERATIONS

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from software services	15,348	14,996	30,317	29,412
Revenue from software products	8	4	9	8
	15,356	15,000	30,326	29,420

2.16 OTHER INCOME, NET

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income on financial assets carried at amortized cost				
Tax free bonds and government bonds	35	81	69	165
Deposit with Bank and others	375	560	760	1,130
Interest income on financial assets fair valued through other comprehensive income				
Non-convertible debentures and certificates of deposit	186	-	380	-
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	1	6	2	23
Gain / (loss) on liquid mutual funds	72	-	136	-
Exchange gains/(losses) on foreign currency forward and options contracts	(68)	161	(50)	207
Exchange gains/(losses) on translation of assets and liabilities	125	(93)	190	(89)
Write-down of investment in subsidiary (Refer note no.2.2)	-	-	(94)	-
Miscellaneous income, net	123	48	180	89
	849	763	1,573	1,525

2.17 EXPENSES*(In ₹ crore)*

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
<i>Employee benefit expenses</i>				
Salaries including bonus	7,838	7,741	15,365	15,158
Contribution to provident and other funds	174	163	341	319
Share based payments to employees (Refer note no. 2.9)	(11)	20	32	29
Staff welfare	14	15	28	38
	8,015	7,939	15,766	15,544
<i>Cost of software packages and others</i>				
For own use	193	168	383	339
Third party items bought for service delivery to clients	127	144	252	197
	320	312	635	536
<i>Other expenses</i>				
Power and fuel	42	48	80	100
Brand and Marketing	52	64	131	161
Operating lease payments	90	67	171	124
Rates and taxes	67	34	102	65
Repairs and Maintenance	209	248	456	532
Consumables	5	10	10	17
Insurance	10	8	22	19
Provision for post-sales client support and warranties	27	26	33	55
Commission to non-whole time directors	2	3	5	5
Impairment loss recognized / (reversed) on financial assets	25	22	18	47
Auditor's remuneration				
Statutory audit fees	2	1	3	1
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Bank Charges and commission	2	-	5	-
Contributions towards Corporate Social Responsibility	53	53	96	98
Others	22	22	51	44
	608	606	1,183	1,268

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

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding	229,69,60,232	229,69,44,664	229,69,52,491	229,69,44,664
Effect of dilutive common equivalent shares - share options outstanding	6,90,475	80,923	10,05,743	45,693
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	229,76,50,707	229,70,25,587	229,79,58,234	229,69,90,357

For the three months ended September 30, 2017, 101,869 number of options to purchase equity shares had an anti-dilutive effect. For the three months ended September 30, 2016 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

For the six months ended September 30, 2017, 103,741 number of options to purchase equity shares had an anti-dilutive effect. For the six months ended September 30, 2016 there were no outstanding options to purchase equity shares which had an anti-dilutive effect.

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

Particulars	(In ₹ crore)	
	As at September 30, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts ⁽¹⁾ [Net of amount paid to statutory authorities ₹4,821 crore (₹4,694 crore)]	1,720	1,902
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	571	1,094
Other Commitments*	36	37

*Uncalled capital pertaining to investments

⁽¹⁾ Claims against the Company not acknowledged as debts as on September 30, 2017 include demands from the Indian Income tax authorities for payment of tax including interest for fiscals 2007 to 2013. The tax demands are mainly on account of disallowance of portion of deduction claimed u/s 10A in respect of export turnover, disallowance of portion of profits earned from outside India and profits earned from SEZ units under section 10AA of the Income Tax Act. The above matters are pending before various Appellate Authorities.

The Company is contesting the demands and the management including its tax advisors believe that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

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

2.20 RELATED PARTY TRANSACTIONS

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

The details of amounts due to or due from related parties as at September 30, 2017 and March 31, 2017 are as follows:

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Investment in debentures		
EdgeVerve ⁽²⁾	2,000	2,129
	<u>2,000</u>	<u>2,129</u>
Trade receivables		
Infosys China	54	41
Infosys Mexico	6	2
Infosys Brasil	1	1
Infosys BPO	18	5
Infy Consulting Company Ltd.	90	73
EdgeVerve	54	-
Infosys Public Services	54	61
Infosys Shanghai	3	-
Infosys Sweden	1	1
Kallidus	-	6
Infosys McCamish Systems LLC	34	1
Panaya Ltd	57	44
	<u>372</u>	<u>235</u>
Loans		
Infosys China ⁽¹⁾	72	69
Infosys Consulting Holding AG ⁽¹⁾	101	-
Brilliant Basics Holdings Limited	7	-
	<u>180</u>	<u>69</u>
Prepaid expense		
Panaya Ltd.	110	56
	<u>110</u>	<u>56</u>
Other financial assets		
Infosys BPO	11	5
EdgeVerve	11	-
Panaya Ltd.	1	1
Infosys Australia	1	-
Infosys Consulting SAS	-	3
Infosys Consulting GmbH	1	1
Infosys China	1	1
Infy Consulting Company Ltd.	6	4
Infosys Consulting AG	1	1
Infosys Public Services	1	-
Infy Consulting B.V.	3	1
Infosys Consulting Pte Ltd.	1	1
Kallidus	1	-
Infosys Consulting Ltda.	1	-
Skava Systems Pvt. Ltd.	1	-
	<u>41</u>	<u>18</u>
Unbilled revenues		
EdgeVerve	45	45
Kallidus	-	2
	<u>45</u>	<u>47</u>
Trade payables		
Infosys China	7	10
Infosys BPO	122	33
Infosys (Czech Republic) Limited s.r.o.	3	3
Infosys Mexico	2	2
Infosys Sweden	3	5
Infosys Shanghai	6	-
Infosys Management Consulting Pty Limited	9	8
Infosys Consulting Pte Ltd.	4	4
Infy Consulting Company Ltd.	69	9
Infosys Brasil	1	1
Noah Consulting LLC	12	17
Panaya Ltd.	4	1
Infosys Public Services	2	3
Kallidus	-	35
Noah Canada	-	3
Portland Group Pty Ltd	1	-
Infosys Poland Sp Z.o.o	1	1
	<u>246</u>	<u>135</u>
Other financial liabilities		
Infosys BPO	7	2
Infosys Mexico	1	1
Infosys Consulting Holding AG	-	10
Loadstone Management Consultants Inc.	-	-
Infosys China	-	-
Infosys Consulting GmbH	1	1
	<u>9</u>	<u>14</u>
Accrued expenses		
Infosys BPO	2	-
Panaya Ltd	-	3
	<u>2</u>	<u>3</u>

⁽¹⁾ The above loan was given in accordance with the terms and conditions of the loan agreement and carries an interest rate of 6% and 2.5% per annum respectively for Infosys China and Infosys Consulting Holding AG, repayable on demand.

⁽²⁾ At an interest rate of 7.7% per annum.

The details of the related parties transactions entered into by the Company for the three months and six months ended September 30, 2017 and September 30, 2016 are as follows:

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Capital transactions:				
Financing transactions				
Equity				
Panaya Inc	-	-	38	-
Infosys China	-	-	97	67
Infosys Sweden	-	-	-	51
Infosys Shanghai	-	67	74	134
	-	67	209	252
Debenture (net of repayment)				
EdgeVerve	(129)	(270)	(129)	(270)
	(129)	(270)	(129)	(270)
Loans (net of repayment)				
Infosys Sweden	-	(1)	-	(1)
Infosys China	2	1	3	3
Infosys Consulting Holding AG	101	-	101	-
Brilliant Basics Holdings Limited	7	-	7	-
	110	-	111	2
Revenue transactions:				
Purchase of services				
Infosys China	22	30	47	59
Infosys Management Consulting Pty Limited	29	31	55	63
Infy Consulting Company Limited	188	190	357	377
Infosys Consulting Pte Ltd.	11	9	25	17
Portland Group Pty Ltd	2	1	3	1
Infosys (Czech Republic) Limited s.r.o.	9	8	19	15
Infosys BPO	125	91	233	183
Infosys Sweden	13	15	28	39
Infosys Shanghai	17	-	27	-
Infosys Mexico	6	6	12	11
Infosys Public Services	6	5	14	9
Panaya Ltd.	21	12	42	21
Infosys Brasil	3	2	6	3
Infosys Poland Sp Z.o.o	2	1	4	2
Kallidus	(10)	10	3	11
Noah Consulting, LLC	38	35	85	64
McCamish Systems LLC	1	-	1	-
Noah Canada	1	1	2	2
	484	447	963	877
Purchase of shared services including facilities and personnel				
Panaya Ltd.	-	1	-	2
Infosys BPO	7	8	10	11
Infosys Mexico	-	-	1	-
	7	9	11	13
Interest income				
Infosys China	1	1	2	2
EdgeVerve	41	51	82	105
	42	52	84	107
Sale of services				
Infosys China	7	3	12	7
Infosys Mexico	6	7	11	15
Infy Consulting Company Limited	11	30	21	47
Infosys Brasil	1	2	3	4
Infosys BPO	18	14	35	28
McCamish Systems LLC	34	-	41	-
Infosys Sweden	3	4	7	8
Infosys Shanghai	2	-	3	-
EdgeVerve	97	77	193	135
Infosys Public Services	151	236	320	471
	330	373	646	715
Sale of shared services including facilities and personnel				
EdgeVerve	10	10	20	20
Panaya Ltd.	13	8	25	14
Infy Consulting Company Limited	1	-	2	-
Infy Consulting B.V	-	-	1	-
Infosys BPO	20	13	36	24
Infosys Public Services	-	-	2	-
	44	31	86	58

Changes in Key management personnel

The following were the changes in key management personnel:-

- Nandan M. Nilekani appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017
- D. Sundaram appointed as Independent director effective July 14, 2017
- U. B. Pravin Rao, Chief Operating Officer, appointed as Interim-Chief Executive Officer and Managing Director effective August 18, 2017
- R. Seshasayee, Chairman, resigned effective August 24, 2017
- Ravi Venkatesan, resigned from his position as Co-Chairman effective August 24, 2017
- Prof. Jeffrey Lehman, Independent director resigned effective August 24, 2017
- Prof. John Etchemendy, Independent director resigned effective August 24, 2017
- Dr. Vishal Sikka, resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017
- Sandeep Dadlani, President, resigned effective July 14, 2017
- Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as Executive Officer effective July 14, 2017
- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned effective June 24, 2017

Transactions with key management personnel

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

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	(14)	14	12	35
Commission and other benefits to non-executive/independent directors	5	3	8	5
Total	(9)	17	20	40

⁽¹⁾ Includes a reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.9)

⁽²⁾ Total employee stock compensation expense for the three months and six months ended September 30, 2017 includes a reversal of ₹29 crore and ₹17 crore, respectively towards key managerial personnel. For the three months and six months ended September 30, 2016, an employee stock compensation expense of ₹5 crore and ₹14 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.9)

2.21 SEGMENT REPORTING

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

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

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

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

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

Business segments

Three months ended September 30, 2017 and September 30, 2016

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	4,000	1,612	3,782	2,543	1,903	1,198	318	15,356
	3,998	1,506	3,510	2,598	1,736	1,275	377	15,000
Identifiable operating expenses	2,178	876	1,963	1,269	974	641	185	8,086
	2,180	772	1,732	1,291	908	669	225	7,777
Allocated expenses	749	304	713	479	359	226	60	2,890
	754	285	664	491	328	241	71	2,834
Segment operating income	1,073	432	1,106	795	570	331	73	4,380
	1,064	449	1,114	816	500	365	81	4,389
Unallocable expenses								349
								340
Operating profit								4,031
								4,049
Other income, net								849
								763
Profit before tax								4,880
								4,812
Tax expense								1,301
								1,336
Profit for the period								3,579
								3,476
Depreciation and amortization expense								347
								338
Non-cash expenses other than depreciation and amortization								2
								2

Six months ended September 30, 2017 and September 30, 2016

(In ₹ crore)

Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments	Total
Revenue from operations	7,897	3,168	7,437	5,044	3,765	2,352	663	30,326
	7,871	2,978	6,851	5,181	3,364	2,545	630	29,420
Identifiable operating expenses	4,262	1,720	3,814	2,521	1,909	1,277	346	15,849
	4,236	1,533	3,368	2,575	1,752	1,338	427	15,229
Allocated expenses	1,492	603	1,415	960	716	448	126	5,760
	1,545	586	1,347	1,020	661	501	123	5,783
Segment operating income	2,143	845	2,208	1,563	1,140	627	191	8,717
	2,090	859	2,136	1,586	951	706	80	8,408
Unallocable expenses								693
								662
Operating profit								8,024
								7,746
Other income, net								1,573
								1,525
Profit before tax								9,597
								9,271
Tax expense								2,603
								2,615
Profit for the period								6,994
								6,656
Depreciation and amortization expense								690
								657
Non-cash expenses other than depreciation and amortization								3
								5

Geographic segments

Three months ended September 30, 2017 and September 30, 2016

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	9,715	3,503	476	1,662	15,356
	9,668	3,297	518	1,517	15,000
Identifiable operating expenses	5,149	1,907	193	837	8,086
	5,105	1,711	217	744	7,777
Allocated expenses	1,831	660	89	310	2,890
	1,828	623	98	285	2,834
Segment operating income	2,735	936	194	515	4,380
	2,735	963	203	488	4,389
Unallocable expenses					349
					340
Operating profit					4,031
					4,049
Other income, net					849
					763
Profit before tax					4,880
					4,812
Tax expense					1,301
					1,336
Profit for the period					3,579
					3,476
Depreciation and amortization expense					347
					338
Non-cash expenses other than depreciation and amortization					2
					2

Six months ended September 30, 2017 and September 30, 2016

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	19,309	6,787	968	3,262	30,326
	19,077	6,541	854	2,948	29,420
Identifiable operating expenses	10,266	3,669	333	1,581	15,849
	10,107	3,303	404	1,415	15,229
Allocated expenses	3,674	1,290	183	613	5,760
	3,753	1,287	166	577	5,783
Segment operating income	5,369	1,828	452	1,068	8,717
	5,217	1,951	284	956	8,408
Unallocable expenses					693
					662
Operating profit					8,024
					7,746
Other income, net					1,573
					1,525
Profit before tax					9,597
					9,271
Tax expense					2,603
					2,615
Profit for the period					6,994
					6,656
Depreciation and amortization expense					690
					657
Non-cash expenses other than depreciation and amortization					3
					5

Significant clients

No client individually accounted for more than 10% of the revenues in the three months and six months ended September 30, 2017 and September 30, 2016.

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

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from operations	15,356	15,000	30,326	29,420
Cost of sales	9,723	9,393	19,111	18,561
Gross Profit	5,633	5,607	11,215	10,859
Operating expenses				
Selling and marketing expenses	652	680	1,336	1,379
General and administration expenses	950	878	1,855	1,734
Total operating expenses	1,602	1,558	3,191	3,113
Operating profit	4,031	4,049	8,024	7,746
Other income, net	849	763	1,573	1,525
Profit before tax	4,880	4,812	9,597	9,271
Tax expense:				
Current tax	1,346	1,327	2,741	2,640
Deferred tax	(45)	9	(138)	(25)
Profit for the period	3,579	3,476	6,994	6,656
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)	4	(52)
Equity instruments through other comprehensive income	-	-	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on derivatives designated as cash flow hedge, net	20	2	(46)	2
Fair value changes on investments, net	11	-	36	-
Total other comprehensive income, net of tax	37	(33)	(6)	(50)
Total comprehensive income for the period	3,616	3,443	6,988	6,606

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

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Bengaluru
October 24, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Condensed Standalone Financial Statements

We have audited the accompanying interim condensed standalone financial statements of **INFOSYS LIMITED** ("the Company"), which comprise the Condensed Balance Sheet as at September 30, 2017, Condensed Statement of Profit and Loss (including Other Comprehensive Income) for the three months and six months period ended on that date, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the six months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim condensed standalone financial statements").

Management's Responsibility for the Interim Condensed Standalone Financial Statements

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

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

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the interim condensed standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the interim condensed standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim condensed standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim condensed standalone financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the state of affairs of the Company as at September 30, 2017, its profit and total comprehensive income for the three months and six months period ended on that date, changes in equity and its cash flows for the six months period ended on that date.

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

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

Bengaluru, October 24, 2017

INFOSYS LIMITED AND SUBSIDIARIES
(In ₹ crore)

Consolidated Balance Sheets as at	Note No.	September 30, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.2	9,507	9,751
Capital work-in-progress		1,849	1,365
Goodwill	2.3	3,788	3,652
Other intangible assets	2.3	700	776
Investment in associate	2.23	-	71
Financial assets:			
Investments	2.4	6,169	6,382
Loans	2.5	40	29
Other financial assets	2.6	307	309
Deferred tax assets (net)	2.15	724	540
Income tax assets (net)	2.15	6,239	5,716
Other non-current assets	2.9	920	1,059
Total non-current assets		30,243	29,650
Current assets			
Financial assets:			
Investments	2.4	12,122	9,970
Trade receivables	2.7	13,423	12,322
Cash and cash equivalents	2.8	23,339	22,625
Loans	2.5	245	272
Other financial assets	2.6	6,447	5,980
Other Current assets	2.9	2,659	2,536
Total current assets		58,235	53,705
Total assets		88,478	83,355
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.11	1,144	1,144
Other equity		71,226	67,838
Total equity attributable to equity holders of the Company		72,370	68,982
Non-controlling interests		-	-
Total equity		72,370	68,982
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.12	52	70
Deferred tax liabilities (net)	2.15	188	207
Other non-current liabilities	2.13	82	83
Total non-current liabilities		322	360
Current liabilities			
Financial Liabilities			
Trade payables		538	367
Other financial liabilities	2.12	7,047	6,349
Provisions	2.14	417	405
Income tax liabilities (net)	2.15	4,570	3,885
Other current liabilities	2.13	3,214	3,007
Total current liabilities		15,786	14,013
Total equity and liabilities		88,478	83,355

The accompanying notes form an integral part of the interim consolidated financial statements
As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018
for and on behalf of the Board of Directors of Infosys Limited

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

<i>(in ₹ crore, except equity share and per equity share data)</i>					
Consolidated Statement of Profit and Loss		Three months ended September 30,		Six months ended September 30,	
	Note No.	2017	2016	2017	2016
Revenue from operations	2.16	17,567	17,310	34,645	34,091
Other income, net	2.17	883	760	1,697	1,513
Total income		18,450	18,070	36,342	35,604
Expenses					
Employee benefit expenses	2.18	9,604	9,648	18,970	18,930
Cost of technical sub-contractors		1,089	940	2,150	1,857
Travel expenses		480	520	1,008	1,260
Cost of software packages and others	2.18	492	381	932	657
Communication expenses		131	136	255	256
Consultancy and professional charges		269	165	515	340
Depreciation and amortisation expenses	2.2 and 2.3	456	424	906	824
Other expenses	2.18	800	787	1,552	1,612
Total expenses		13,321	13,001	26,288	25,736
Profit before non-controlling interests/share in net profit/(loss) of associate		5,129	5,069	10,054	9,868
Share in net profit/(loss) of associate		-	(3)	-	(5)
Write-down of investment in associate	2.23	-	-	(71)	-
Profit before tax		5,129	5,066	9,983	9,863
Tax expense:					
Current tax	2.15	1,471	1,469	2,971	2,936
Deferred tax	2.15	(68)	(9)	(197)	(114)
Profit for the period		3,726	3,606	7,209	7,041
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	(40)	3	(57)
Equity instruments through other comprehensive income, net		-	-	-	-
		6	(40)	3	(57)
<i>Items that will be reclassified subsequently to profit or loss</i>					
Fair value changes on derivatives designated as cash flow hedge, net	2.10	20	2	(46)	2
Exchange differences on translation of foreign operations		100	(51)	207	(13)
Fair value changes on investments, net		12	-	39	-
		132	(49)	200	(11)
Total other comprehensive income, net of tax		138	(89)	203	(68)
Total comprehensive income for the period		3,864	3,517	7,412	6,973
Profit attributable to:					
Owners of the Company		3,726	3,606	7,209	7,041
Non-controlling interests		-	-	-	-
		3,726	3,606	7,209	7,041
Total comprehensive income attributable to:					
Owners of the Company		3,864	3,517	7,412	6,973
Non-controlling interests		-	-	-	-
		3,864	3,517	7,412	6,973
Earnings per Equity share					
Equity shares of par value ₹5/- each					
Basic (₹)		16.30	15.77	31.54	30.81
Diluted (₹)		16.29	15.77	31.51	30.80
Weighted average equity shares used in computing earnings per equity share	2.21				
Basic		2,285,865,361	2,285,641,710	2,285,762,186	2,285,632,081
Diluted		2,287,526,183	2,285,949,303	2,287,882,534	2,285,875,988

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

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

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
(In ₹ crore)

(in ₹ crore)													
Particulars	OTHER EQUITY												
	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS						Other comprehensive income					
		Securities Premium Account	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽²⁾	Other reserves ⁽³⁾	Equity instruments through other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income	Total equity attributable to equity holders of the Company
Balance as of April 1, 2016	1,144	2,213	47,063	54	10,553	8	-	5	-	715	-	(11)	61,744
Changes in equity for the six months ended September 30, 2016													
Income tax benefit arising on exercise of stock options	-	1	-	-	-	-	-	-	-	-	-	-	1
Excercise of stock options (refer note no. 2.11)	-	3	-	-	-	(3)	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(3,923)	-	-	-	-	-	-	-	-	-	(3,923)
Transfer to general reserve	-	-	(1,579)	-	1,579	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(551)	-	-	-	551	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	551	-	-	-	(551)	-	-	-	-	-	-
Share based payments to employees (refer note no. 2.11)	-	-	-	-	-	30	-	-	-	-	-	-	30
Remeasurement of the net defined benefit liability/asset, net of tax (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	(57)	(57)
Fair value changes on derivatives designated as cash flow hedge, net of tax (refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	2	-	2
Profit for the period	-	-	7,041	-	-	-	-	-	-	-	-	-	7,041
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	(13)	-	-	(13)
Balance as of September 30, 2016	1,144	2,217	48,602	54	12,132	35	-	5	-	702	2	(68)	64,825

Consolidated Statement of Changes in Equity (contd.)

(In ₹ crore)

Particulars	OTHER EQUITY												Total equity attributable to equity holders of the Company
	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS					Other comprehensive income						
		Securities Premium Account	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re-investment reserve ⁽²⁾	Other reserves ⁽³⁾	Equity instruments through Other comprehensive income	Exchange differences on translating the financial statements of a foreign operation	Effective portion of Cash Flow Hedges	Other items of other comprehensive income	
Balance as of April 1, 2017	1,144	2,216	52,882	54	12,135	120	-	5	(5)	458	39	(66)	68,982
Changes in equity for the six months ended September 30, 2017													
Share based payments to employees (refer to note no. 2.11)	-	-	-	-	-	37	-	-	-	-	-	-	37
Exercise of stock options (refer to note no. 2.11)	-	45	-	-	1	(46)	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(4,061)	-	-	-	-	-	-	-	-	-	(4,061)
Transfer to general reserve	-	-	(1,382)	-	1,382	-	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(965)	-	-	-	965	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	263	-	-	-	(263)	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax (refer note no. 2.20.1 and 2.15)	-	-	-	-	-	-	-	-	-	-	-	3	3
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on investments, net of tax	-	-	-	-	-	-	-	-	-	-	-	39	39
Fair value changes on derivatives designated as cash flow hedge, net of tax (refer note no. 2.10)	-	-	-	-	-	-	-	-	-	-	(46)	-	(46)
Profit for the period	-	-	7,209	-	-	-	-	-	-	-	-	-	7,209
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	207	-	-	207
Balance as of September 30, 2017	1,144	2,261	53,946	54	13,518	111	702	5	(5)	665	(7)	(24)	72,370

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

⁽¹⁾ Net of treasury shares

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

⁽³⁾ Under the Swiss Code of Obligation, few subsidiaries of Infosys Lodestone are required to appropriate a certain percentage of the annual profit to legal reserve which may be used only to cover losses or for measures designed to sustain the Company through difficult times, to prevent unemployment or to mitigate its consequences.

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No :

117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
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D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
(In ₹ crore)

Consolidated Statement of Cash Flows	Six months ended September 30,	
	2017	2016
Cash flow from operating activities		
Profit for the period	7,209	7,041
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	2,774	2,822
Depreciation and amortization	906	824
Interest and dividend income	(1,237)	(1,324)
Allowances for credit losses on financial assets	36	40
Impairment loss on financial assets	-	-
Exchange differences on translation of assets and liabilities	(9)	27
Other adjustments	-	205
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(1,619)	(1,145)
Loans, other financial assets and other assets	124	95
Trade payables	162	(78)
Other financial liabilities, other liabilities and provisions	858	223
Cash generated from operations	9,204	8,730
Income taxes paid	(2,810)	(2,499)
Net cash generated by operating activities	6,394	6,231
Cash flows from investing activities		
Expenditure on property, plant and equipment net of sale proceeds	(959)	(1,469)
Loans to employees	16	38
Deposits placed with corporation	(20)	(85)
Interest and dividend received	810	585
Payment of contingent consideration for acquisition of business	(33)	(36)
Payment for acquisition of business, net of cash acquired	(27)	-
Payments to acquire financial assets		
Preference and equity securities	(13)	(54)
Tax free bonds and government bonds	(1)	(5)
Liquid mutual funds and fixed maturity plan securities	(25,764)	(20,217)
Non convertible debentures	(104)	(154)
Certificates of deposit	(423)	-
Others	(14)	(8)
Proceeds on sale of financial assets		
Tax free bonds and government bonds	4	4
Redemption of certificates of deposit	1,770	-
Liquid mutual funds and fixed maturity plan securities	23,070	18,159
Net cash used in investing activities	(1,688)	(3,242)
Cash flows from financing activities:		
Payment of dividends (including corporate dividend tax)	(4,061)	(3,910)
Net cash used in financing activities	(4,061)	(3,910)
Net increase / (decrease) in cash and cash equivalents	645	(921)
Cash and cash equivalents at the beginning of the period	22,625	32,697
Effect of exchange rate changes on cash and cash equivalents	69	(44)
Cash and cash equivalents at the end of the period	23,339	31,732
Supplementary information:		
Restricted cash balance	554	522

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

As per our report of even date attached
for Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No :
117366W/ W-100018

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

P. R. Ramesh
Partner
Membership No. 70928

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

Bengaluru
October 24, 2017

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES

Notes to the interim consolidated financial statements

1. Company overview and significant accounting policies

1.1 Company overview

Infosys Limited ('the Company' or Infosys) is a leading provider of consulting, technology, outsourcing and next-generation services and software. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation. Its new offerings span areas like digital, big data and analytics, cloud, data and mainframe modernization, cyber security, IoT engineering Services and API & micro services.

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

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

The Group's interim consolidated financial statements are approved for issue by the Company's Board of Directors on October 24, 2017.

1.2 Basis of preparation of financial statements

These interim 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 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

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

Amounts for the three months and six months ended September 30, 2016 and year ended March 31, 2017 were audited by previous auditors - B S R & Co LLP.

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

1.3 Basis of consolidation

Infosys consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts, its subsidiaries and associate, as disclosed in Note no. 2.23. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

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

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

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note no. 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the interim consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

The Company's two major tax jurisdictions are India and the U.S., though the Company also files tax returns in other overseas jurisdictions. Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note no. 2.15.

c. Business combinations and intangible assets

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

d. Property, plant and equipment

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

e. Impairment of Goodwill

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

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

1.6 Revenue recognition

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

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

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

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

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

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

The Group presents revenues net of indirect taxes in its Statement of Profit and Loss.

1.7 Property, plant and equipment

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

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

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

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

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

1.8 Business combinations

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

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

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

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

1.9 Goodwill

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

1.10 Intangible assets

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

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

1.11 Financial instruments

1.11.1 Initial recognition

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

1.11.2 Subsequent measurement

a. Non-derivative financial instruments

(i) Financial assets carried at amortized cost

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

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

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

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

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

(iv) Financial liabilities

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

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.11.3 Derecognition of financial instruments

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

1.12 Fair value of financial instruments

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

Refer to Note no. 2.10 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximates fair value due to the short maturity of those instruments.

1.13 Impairment

a. Financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECLs (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised 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, Infosys Consulting Pte Ltd., Panaya, Kallidus and Noah are the respective local currencies. These financial statements are presented in Indian rupees (rounded off to crore; one crore equals ten million).

Transactions and translations

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

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

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

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

1.16 Earnings per equity share

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

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

1.17 Income taxes

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

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

1.18 Employee benefits

1.18.1 Gratuity

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

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

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

1.18.2 Superannuation

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

1.18.3 Provident fund

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

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

1.18.4 Compensated absences

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

1.19 Share-based compensation

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

Amendment to Ind AS 102:

Effective April 1, 2017, the Group adopted amendment to Ind AS 102 which provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. The adoption of amendment did not have any material effect on the interim consolidated financial statements.

1.20 Cash Flow Statement

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

Amendment to Ind AS 7:

Effective April 1, 2017, the Group adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material effect on the interim consolidated financial statements.

1.21 Dividends

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

1.22 Other income

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

1.23 Leases

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

1.24 Government grants

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

2.1 Business combinations

Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million (approximately ₹216 crore), contingent consideration of upto \$5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto \$32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary. During the year ended March 31, 2016 based on an assessment of Noah achieving the targets for the year ended December 31, 2015 and year ended December 31, 2016, the entire contingent consideration has been reversed in the statement of profit and loss.

The retention bonus is treated as a post-acquisition employee remuneration expense as per Ind AS 103. Post-acquisition employee remuneration expense of ₹13 crore and ₹30 crore has been recorded in the Statement of Profit and Loss for the three months ended September 30, 2017 and September 30, 2016, respectively and ₹26 crore and ₹61 crore for the six months ended September 30, 2017 and September 30, 2016, respectively.

Proposed business transfer

On July 14, 2017, the Board of Directors of Infosys authorized the Company to execute a Business Transfer Agreement and related documents with Noah Consulting LLC, a wholly owned subsidiary, to transfer the business of Noah Consulting LLC to Infosys Limited, subject to securing the requisite regulatory approvals for a consideration based on an independent valuation. Subsequently on October 17, 2017, the company has entered into a business transfer agreement to transfer the business for a consideration of \$41 million (approximately ₹268 crore) with effect from October 25, 2017. The transfer of assets and liabilities between entities under common control will be accounted for at carrying values and will 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).

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 six months ended September 30, 2017, contingent consideration of ₹45 crore was paid to the sellers of Kallidus on the achievement of certain financial targets. The balance contingent consideration as of September 30, 2017 and March 31, 2017 is ₹46 crore and ₹91 crore, respectively, on an undiscounted basis.

Brilliant Basics Holdings Limited.

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

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

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

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

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

Component	Acquiree's carrying amount	Fair value adjustments	(In ₹ crore)
			Purchase price allocated
Net assets ^(*)	1	–	1
Intangible assets - customer relationships	–	12	12
Deferred tax liabilities on intangible assets	–	(2)	(2)
	1	10	11
Goodwill			35
Total purchase price			46

*Includes cash and cash equivalents acquired of ₹2 crore

The goodwill is not tax deductible.

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

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

Component		(In ₹ crore)
		Consideration settled
Cash paid		29
Fair value of contingent consideration		17
Total purchase price		46

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

2.2 PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2017:

Particulars	(In ₹ crore)								
	Land - Freehold	Land - Leasehold	Buildings ⁽ⁱ⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles
Gross carrying value as of July 1, 2017	1,095	671	7,341	2,133	946	4,673	1,455	283	30
Additions	3	-	50	49	14	72	29	6	2
Deletions	-	-	-	(6)	(5)	(25)	(13)	-	(1)
Translation difference	-	-	16	1	1	7	1	4	-
Gross carrying value as of September 30, 2017	1,098	671	7,407	2,177	956	4,727	1,472	293	31
Accumulated depreciation as of July 1, 2017	-	(28)	(2,507)	(1,421)	(632)	(3,195)	(980)	(176)	(17)
Depreciation	-	(2)	(68)	(68)	(31)	(175)	(45)	(17)	(1)
Accumulated depreciation on deletions	-	-	-	6	4	24	13	-	1
Translation difference	-	-	(1)	(1)	-	(5)	(1)	(2)	-
Accumulated depreciation as of September 30, 2017	-	(30)	(2,576)	(1,484)	(659)	(3,351)	(1,013)	(195)	(17)
Carrying value as of September 30, 2017	1,098	641	4,831	693	297	1,376	459	98	14
Carrying value as of July 1, 2017	1,095	643	4,834	712	314	1,478	475	107	13

Following are the changes in the carrying value of property, plant and equipment for the three months ended September 30, 2016:

Particulars	(In ₹ crore)								
	Land- Freehold	Land- Leasehold	Buildings ⁽ⁱ⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles
Gross carrying value as of July 1, 2016	976	655	6,361	1,872	885	4,240	1,258	236	31
Additions	9	-	63	74	49	273	69	22	2
Deletions	-	-	-	-	(9)	(20)	(3)	-	(1)
Translation difference	-	-	-	(1)	(2)	(4)	(2)	(2)	-
Gross carrying value as of September 30, 2016	985	655	6,424	1,945	923	4,489	1,322	256	32
Accumulated depreciation as of July 1, 2016	-	(23)	(2,258)	(1,161)	(535)	(2,767)	(820)	(209)	(17)
Depreciation	-	(1)	(58)	(64)	(31)	(179)	(42)	(6)	(2)
Accumulated depreciation on deletions	-	-	-	-	9	20	3	-	1
Translation difference	-	-	-	1	1	4	1	3	-
Accumulated depreciation as of September 30, 2016	-	(24)	(2,316)	(1,224)	(556)	(2,922)	(858)	(212)	(18)
Carrying value as of September 30, 2016	985	631	4,108	721	367	1,567	464	44	14
Carrying value as of July 1, 2016	976	632	4,103	711	350	1,473	438	27	14

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2017:

Particulars	(In ₹ crore)								
	Land- Freehold	Land- Leasehold	Buildings ⁽ⁱ⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles
Gross carrying value as of April 1, 2017	1,095	671	7,279	2,101	922	4,540	1,422	271	31
Additions	3	-	102	81	38	231	62	15	3
Deletions	-	-	-	(7)	(6)	(56)	(14)	(1)	(3)
Translation difference	-	-	26	2	2	12	2	8	-
Gross carrying value as of September 30, 2017	1,098	671	7,407	2,177	956	4,727	1,472	293	31
Accumulated depreciation as of April 1, 2017	-	(27)	(2,440)	(1,353)	(599)	(3,053)	(934)	(158)	(17)
Depreciation	-	(3)	(135)	(136)	(64)	(344)	(91)	(33)	(2)
Accumulated depreciation on deletions	-	-	-	6	5	55	14	1	2
Translation difference	-	-	(1)	(1)	(1)	(9)	(2)	(5)	-
Accumulated depreciation as of September 30, 2017	-	(30)	(2,576)	(1,484)	(659)	(3,351)	(1,013)	(195)	(17)
Carrying value as of September 30, 2017	1,098	641	4,831	693	297	1,376	459	98	14
Carrying value as of April 1, 2017	1,095	644	4,839	748	323	1,487	488	113	14

Following are the changes in the carrying value of property, plant and equipment for the six months ended September 30, 2016:

	Land- Freehold	Land- Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as of April 1, 2016	972	650	6,325	1,759	839	4,072	1,209	235	29	16,090
Additions	13	5	99	188	97	457	119	24	5	1,007
Deletions	-	-	-	(1)	(11)	(35)	(4)	-	(2)	(53)
Translation difference	-	-	-	(1)	(2)	(5)	(2)	(3)	-	(13)
Gross carrying value as of September 30, 2016	985	655	6,424	1,945	923	4,489	1,322	256	32	17,031
Accumulated depreciation as of April 1, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(781)	(205)	(17)	(7,453)
Depreciation	-	(2)	(115)	(126)	(59)	(343)	(82)	(11)	(3)	(741)
Accumulated depreciation on deletions	-	-	-	1	11	35	4	-	2	53
Translation difference	-	-	-	1	1	4	1	4	-	11
Accumulated depreciation as of September 30, 2016	-	(24)	(2,316)	(1,224)	(556)	(2,922)	(858)	(212)	(18)	(8,130)
Carrying value as of September 30, 2016	985	631	4,108	721	367	1,567	464	44	14	8,901
Carrying value as of April 1, 2016	972	628	4,124	659	330	1,454	428	30	12	8,637

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

	(In ₹ crore)									
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Total
Gross carrying value as of April 1, 2016	972	650	6,325	1,759	839	4,072	1,209	235	29	16,090
Additions	123	21	981	349	138	800	259	120	8	2,799
Deletions	-	-	-	(4)	(52)	(315)	(41)	(72)	(6)	(490)
Translation difference	-	-	(27)	(3)	(3)	(17)	(4)	(13)	-	(67)
Gross carrying value as of March 31, 2017	1,095	671	7,279	2,101	922	4,540	1,423	270	31	18,332
Accumulated depreciation as of April 1, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(781)	(205)	(17)	(7,453)
Depreciation	-	(5)	(239)	(261)	(119)	(678)	(177)	(33)	(5)	(1,517)
Accumulated depreciation on deletions	-	-	-	4	27	230	20	72	5	358
Translation difference	-	-	-	4	2	13	3	9	-	31
Accumulated depreciation as of March 31, 2017	-	(27)	(2,440)	(1,353)	(599)	(3,053)	(935)	(157)	(17)	(8,581)
Carrying value as of March 31, 2017	1,095	644	4,839	748	323	1,487	488	113	14	9,751
Carrying value as of April 1, 2016	972	628	4,124	659	330	1,454	428	30	12	8,637

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.

2.3 GOODWILL AND OTHER INTANGIBLE ASSETS

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

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Carrying value at the beginning	3,652	3,764
Goodwill on Brilliant Basics acquisition (Refer note no. 2.1)	35	-
Translation differences	101	(112)
Carrying value at the end	3,788	3,652

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

The goodwill has been allocated to the operating segments as at March 31, 2017:

Segment	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Financial services	826	
Manufacturing	409	
Retail, Consumer packaged goods and Logistics	556	
Life Sciences, Healthcare and Insurance	638	
Energy & Utilities, Communication and Services	765	
	3,194	
Operating segments without significant goodwill	458	
Total	3,652	

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

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

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

The goodwill relating to Brilliant Basics acquisition will be allocated across segments

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGUs over a period of five years. An average of the range of each assumption used is mentioned below. As of March 31, 2017, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing. The key assumptions used for the calculations are as follows:

	(in %)	
	As at	
	September 30, 2017	March 31, 2017
Long term growth rate	8-10	
Operating margins	17-20	
Discount rate	14.4	

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

Following are the changes in the carrying value of acquired intangible assets for the three months ended September 30, 2017:

(In ₹ crore)								
Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use- rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of July 1, 2017	757	404	21	1	67	90	62	1,402
Acquisition through business combination (Refer note no. 2.1)	12	-	-	-	-	-	-	12
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	6	4	-	-	2	1	-	13
Gross carrying value as of September 30, 2017	775	408	21	1	69	91	62	1,427
Accumulated amortization as of July 1, 2017	(407)	(140)	(21)	(1)	(7)	(54)	(42)	(672)
Amortization expense	(22)	(19)	-	-	(1)	(4)	(3)	(49)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	(3)	(3)	-	-	-	1	(1)	(6)
Accumulated amortization as of September 30, 2017	(432)	(162)	(21)	(1)	(8)	(57)	(46)	(727)
Carrying value as of July 1, 2017	350	264	-	-	60	36	20	730
Carrying value as of September 30, 2017	343	246	-	-	61	34	16	700
Estimated Useful Life (in years)	2-10	5-8	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (in years)	0-6	2-6	-	-	44	0-7	0-3	

Following are the changes in the carrying value of acquired intangible assets for the three months ended September 30, 2016:

(In ₹ crore)								
Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use- rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of July 1, 2016	784	422	21	1	72	94	64	1,458
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(9)	(6)	-	-	(1)	(1)	(1)	(18)
Gross carrying value as of September 30, 2016	775	416	21	1	71	93	63	1,440
Accumulated amortization as of July 1, 2016	(329)	(74)	(21)	(1)	(6)	(42)	(27)	(500)
Amortization expense	(22)	(11)	-	-	(1)	(3)	(4)	(41)
Deletions during the period	-	-	-	-	-	-	-	-
Translation differences	3	2	-	-	-	-	-	5
Accumulated amortization as of September 30, 2016	(348)	(83)	(21)	(1)	(7)	(45)	(31)	(536)
Carrying value as of July 1, 2016	455	348	-	-	66	52	37	958
Carrying value as of September 30, 2016	427	333	-	-	64	48	32	904
Estimated Useful Life (in years)	3-10	8-10	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (in years)	1-7	7-9	-	-	45	2-9	2-5	

Following are the changes in the carrying value of acquired intangible assets for the six months ended September 30, 2017:

Particulars								(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, 2017	750	405	21	1	66	90	62	1,395
Acquisition through business combination (Refer note no. 2.1)	12	-	-	-	-	-	-	12
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	13	3	-	-	3	1	-	20
Gross carrying value as of September 30, 2017	775	408	21	1	69	91	62	1,427
Accumulated amortization as of April 1, 2017	(382)	(121)	(21)	(1)	(7)	(49)	(38)	(619)
Amortization expense	(44)	(39)	-	-	(1)	(7)	(7)	(98)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	(6)	(2)	-	-	-	(1)	(1)	(10)
Accumulated amortization as of September 30, 2017	(432)	(162)	(21)	(1)	(8)	(57)	(46)	(727)
Carrying value as of April 1, 2017	368	284	-	-	59	41	24	776
Carrying value as of September 30, 2017	343	246	-	-	61	34	16	700
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	1-3	

Following are the changes in the carrying value of acquired intangible assets for the six months ended September 30, 2016:

Particulars								(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	-	-	(1)	-	-	1
Gross carrying value as of September 30, 2016	775	416	21	1	71	93	63	1,440
Accumulated amortization as of April 1, 2016	(303)	(62)	(21)	(1)	(6)	(38)	(23)	(454)
Amortization expense	(45)	(22)	-	-	(1)	(7)	(8)	(83)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	-	1	-	-	-	-	-	1
Accumulated amortization as of September 30, 2016	(348)	(83)	(21)	(1)	(7)	(45)	(31)	(536)
Carrying value as of April 1, 2016	472	352	-	-	66	55	40	985
Carrying value as of September 30, 2016	427	333	-	-	64	48	32	904
Estimated Useful Life (in years)	3-10	8-10	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (in years)	1-7	7-9	-	-	45	2-9	2-5	

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

Particulars								(In ₹ crore)
	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use- rights related	Brand or Trademark Related	Others	Total
Gross carrying value as of April 1, 2016	775	414	21	1	72	93	63	1,439
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	(25)	(9)	-	-	(6)	(3)	(1)	(44)
Gross carrying value as of March 31, 2017	750	405	21	1	66	90	62	1,395
Accumulated amortization as of April 1, 2016	(303)	(62)	(21)	(1)	(6)	(38)	(23)	(454)
Amortization expense	(91)	(63)	-	-	(1)	(14)	(17)	(186)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	12	4	-	-	-	3	2	21
Accumulated amortization as of March 31, 2017	(382)	(121)	(21)	(1)	(7)	(49)	(38)	(619)
Carrying value as of April 1, 2016	472	352	-	-	66	55	40	985
Carrying value as of March 31, 2017	368	284	-	-	59	41	24	776
Estimated Useful Life (in years)	3-10	5-8	-	-	50	3-10	3-5	
Estimated Remaining Useful Life (in years)	1-6	3-6	-	-	44	1-8	1-4	

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

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

Research and development expense recognized in net profit in the consolidated Statement of Profit and Loss for the three months ended September 30, 2017 and September 30, 2016 was ₹177 crore and ₹198 crore respectively, and for the six months ended September 30, 2017 and September 30, 2016 was ₹376 crore and ₹382 crore respectively.

2.4 INVESTMENTS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income (refer note no. 2.4.1)		
Preference securities	131	144
Equity instruments	17	15
	148	159
Investments carried at fair value through profit and loss (refer note no. 2.4.1)		
Convertible promissory note	11	10
Others	52	35
	63	45
Quoted		
Investments carried at amortized cost (refer note no. 2.4.2)		
Tax free bonds	1,897	1,898
	1,897	1,898
Investments carried at fair value through profit and loss (refer note no. 2.4.3)		
Fixed maturity plan securities	420	407
	420	407
Investments carried at fair value through other comprehensive income (refer note no. 2.4.4)		
Non convertible debentures	3,641	3,873
	3,641	3,873
Total non-current investments	6,169	6,382
Current		
Unquoted		
Investments carried at fair value through profit or loss (refer note no. 2.4.3)		
Liquid mutual fund units	4,632	1,803
	4,632	1,803
Investments carried at fair value through other comprehensive income		
Certificates of deposit (refer note no. 2.4.4)	6,815	7,905
Preference Securities (refer note no. 2.4.1)	27	-
	6,842	7,905
Quoted		
Investment carried at amortized cost (refer note no. 2.4.2)		
Government Bonds	6	9
	6	9
Investments carried at fair value through profit or loss (refer note no. 2.4.3)		
Fixed maturity plan securities	157	151
	157	151
Investments carried at fair value through other comprehensive income (refer note no. 2.4.4)		
Non convertible debentures	485	102
	485	102
Total current investments	12,122	9,970
Total investments	18,291	16,352
Aggregate amount of quoted investments	6,606	6,440
Market value of quoted investments (including interest accrued)	6,892	6,701
Aggregate amount of unquoted investments (including investment in associate)	11,685	9,983
Aggregate amount of impairment made for non-current unquoted investments (including investment in associate)	89	18
Investments carried at amortized cost	1,903	1,907
Investments carried at fair value through other comprehensive income	11,116	12,039
Investments carried at fair value through profit or loss	5,272	2,406

2.4.1 Details of investments

The details of investments in preference, equity and other instruments at September 30, 2017 and March 31, 2017 are as follows:

Particulars	(In ₹ crore, except otherwise stated)	
	As at	
	September 30, 2017	March 31, 2017
<i>Preference securities</i>		
Airviz Inc.	9	9
2,82,279 (2,82,279) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
ANSR Consulting	10	10
52,631 (52,631) Series A Preferred Stock, fully paid up, par value USD 0.001 each		
Whoop Inc	15	15
16,48,352 (16,48,352) Series B Preferred Stock, fully paid up, par value USD 0.0001 each		
CloudEndure Ltd.	37	37
25,59,290 (25,59,290) Series B Preferred Shares, fully paid up, par value ILS 0.01 each		
Nivetti Systems Private Limited	10	10
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1/- each		
Waterline Data Science, Inc	24	24
39,33,910 (39,33,910) Series B Preferred Shares, fully paid up, par value USD 0.00001 each		
Trifacta Inc.	26	26
11,80,358 (11,80,358) Series C-1 Preferred Stock		
Cloudyn Software Ltd	27	13
54,044 (27,022) Series B-3 Preferred shares, fully paid up, par value ILS 0.01 each		
<i>Equity Instruments</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		
Unsilio A/S	16	14
69,894 (69,894) Equity Shares, fully paid up, par value DKK 1 each		
<i>Others</i>		
Stellaris Venture Partners India I	5	3
Vertex Ventures US Fund L.L.P	47	32
<i>Convertible promissory note</i>		
Tidalscale	11	10
	238	204

2.4.2 Details of investments in tax free bonds and government bonds

The balances held in tax free bonds as at September 30, 2017 and March 31, 2017 are as follows:

Particulars	(In ₹ crore, except as otherwise stated)		
	As at September 30, 2017		
	Face Value ₹	Units	Amount
7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026	10,00,000/-	470	50
7.16% Power Finance Corporation Ltd Bonds 17JUL2025	10,00,000/-	1,000	106
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	20,00,000	201
7.28% Indian Railway Finance Corporation Limited Bonds 21DEC2030	1,000/-	4,22,800	42
7.28% National Highways Authority of India Bonds 18SEP2030	10,00,000/-	3,300	343
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	21,00,000	211
7.35% National Highways Authority of India Bonds 11JAN2031	1,000/-	5,71,396	57
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	2,00,000	21
8.00% Indian Railway Finance Corporation Limited Bonds 23FEB2022	1,000/-	1,50,000	15
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	5,00,000	53
8.20% Power Finance Corporation Limited Bonds 1FEB2022	1,000/-	5,00,000	50
8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028	10,00,000/-	1,000	100
8.30% National Highways Authority of India Bonds 25JAN2027	1,000/-	5,00,000	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/-	5,00,000	50
	74,55,416	1,897	74,55,416

The balances held in government bonds as at September 30, 2017 and March 31, 2017 are as follows:

Particulars	(In ₹ crore, except as otherwise stated)		
	As at September 30, 2017		
	Face Value PHP	Units	Amount
Treasury Notes PHY6972FWQ99 MAT DATE 07 Jun 2017	-	-	-
Treasury Notes PIBL1217E082 MAT DATE 09 May 2018	100	1,00,000	1
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5
	5,00,000	6	7,40,000

2.4.3 Details of investments in liquid mutual fund units and fixed maturity plans

The balances held in liquid mutual fund units as at September 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore, except as otherwise stated)

Particulars	As at September 30, 2017		As at March 31, 2017	
	Units	Amount	Units	Amount
Birla Sun Life Cash Plus- Growth- Direct Plan	-	-	1,45,22,491	380
Birla Sun Life Savings Fund- Direct Plan- Growth	2,31,37,308	770	-	-
BSL Cash Manager- Growth	3,09,419	13	2,66,264	11
BSL Floating Rate Fund LT- Growth	23,96,543	50	-	-
DSP Blackrock Liquidity Fund- Direct Plan- Growth	8,34,040	200	-	-
DSP Blackrock Ultra Short Term Fund- Direct Plan- Growth	7,56,79,678	93	-	-
HDFC Cash Management Treasury Advance- Growth	1,35,62,438	50	-	-
HDFC Floating Rate Income Fund- Short Term Plan- Direct Plan- Wholesale Option	16,48,27,478	485	-	-
ICICI Prudential Flexible Income- Direct Plan- Growth	1,53,45,261	498	-	-
ICICI Prudential Liquid- Direct Plan- Growth	-	-	1,03,88,743	250
ICICI Prudential Savings- Growth	18,70,207	49	-	-
ICICI Prudential U.S.Term Income- Direct Plan- Growth	2,82,70,191	50	-	-
IDFC Cash Fund- Direct Plan- Growth	8,87,919	181	12,65,679	250
IDFC Corporate Bond Fund- Direct Plan	34,52,33,422	403	-	-
IDFC Ultra Short Term Fund- Direct Plan- Growth	2,11,04,705	51	-	-
Kotak Low Duration Fund- Direct Plan- Growth (Ultra Short Term)	22,56,585	477	1,502,564	305
L&T Ultra Short Term Fund- Direct Plan- Growth	8,01,07,281	223	-	-
L&T Liquid Fund- Direct Plan- Growth	-	-	6,72,806	150
Reliance Liquid Fund- Cash Plan	28,305	8	28,305	7
Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option	5,21,497	214	8,82,465	350
Reliance Medium Term Fund- Direct Growth Plan- Growth Option	14,09,59,380	508	-	-
SBI Magnum Insta Cash Fund- Direct Plan- Growth	3,63,920	135	-	-
SBI Premier Liquid Fund- Direct Plan- Growth	-	-	3,91,909	100
SBI Ultra Short Term Debt Fund- Growth	2,27,347	49	-	-
UTI Liquid Cash Plan- Institutional- Direct Plan- Growth	4,55,283	125	-	-
	91,83,78,207	4,632	2,99,21,226	1,803

The balances held in fixed maturity plans as at September 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore, except as otherwise stated)

Particulars	As at September 30, 2017		As at March 31, 2017	
	Units	Amount	Units	Amount
Birla Sun Life Fixed Term Plan- Series OD 1145 Days- GR Direct	6,00,00,000	62	6,00,00,000	61
Birla Sun Life Fixed Term Plan- Series OE 1153 Days- GR Direct	2,50,00,000	26	2,50,00,000	25
HDFC FMP 1155D Feb 2017- Direct Growth- Series 37	3,80,00,000	40	3,80,00,000	38
HDFC FMP 1169D Feb 2017- Direct- Quarterly Dividend- Series 37	4,50,00,000	45	4,50,00,000	45
ICICI FMP Series 80-1194 D Plan F Div	5,50,00,000	58	5,50,00,000	55
ICICI Prudential Fixed Maturity Plan Series 80- 1187 Days Plan G Direct Plan	4,20,00,000	44	4,20,00,000	42
ICICI Prudential Fixed Maturity Plan Series 80- 1253 Days Plan J Direct Plan	3,00,00,000	32	3,00,00,000	30
IDFC Fixed Term Plan Series 129 Direct Plan- Growth 1147 Days	1,00,00,000	10	1,00,00,000	10
IDFC Fixed Term Plan Series 131 Direct Plan- Growth 1139 Days	1,50,00,000	16	1,50,00,000	15
Kotak FMP Series 199 Direct- Growth	3,50,00,000	37	3,50,00,000	36
Reliance Fixed Horizon Fund- XXXII Series 8- Dividend Plan	5,00,00,000	50	5,00,00,000	50
Reliance Yearly Interval Fund Series 1- Direct Plan- Growth Plan	10,69,06,898	157	10,69,06,898	151
	51,19,06,898	577	51,19,06,898	558

2.4.4 Details of investments in non convertible debentures and certificates of deposit

The balances held in non convertible debenture units as at September 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore, except as otherwise stated)

Particulars	Face Value ₹	As at September 30, 2017		As at March 31, 2017	
		Units	Amount	Units	Amount
7.48% Housing Development Finance Corporation Ltd 18NOV2019	1,00,00,000/-	50	54	50	52
7.58% LIC Housing Finance Ltd 28FEB2020	10,00,000/-	1,000	106	1,000	100
7.58% LIC Housing Finance Ltd 11JUN2020	10,00,000/-	500	54	500	51
7.59% LIC Housing Finance Ltd 14OCT2021	10,00,000/-	3,000	325	3,000	309
7.75% LIC Housing Finance Ltd 27AUG2021	10,00,000/-	1,250	127	1,250	129
7.78% Housing Development Finance Corporation Ltd 24MAR2020	1,00,00,000/-	100	105	-	-
7.79% LIC Housing Finance Ltd 19JUN2020	10,00,000/-	500	52	500	52
7.80% Housing Development Finance Corporation Ltd 11NOV2019	1,00,00,000/-	150	162	150	155
7.81% LIC Housing Finance Ltd 27APR2020	10,00,000/-	2,000	210	2,000	208
7.95% Housing Development Finance Corporation Ltd 23SEP2019	1,00,00,000/-	50	51	50	53
8.02% LIC Housing Finance Ltd 18FEB2020	10,00,000/-	500	53	500	51
8.26% Housing Development Finance Corporation Ltd 12AUG2019	1,00,00,000/-	100	103	100	106
8.34% Housing Development Finance Corporation Ltd 06MAR2019	1,00,00,000/-	200	210	200	217
8.37% LIC Housing Finance Ltd 03OCT2019	10,00,000/-	2,000	211	2,000	218
8.37% LIC Housing Finance Ltd 10MAY2021	10,00,000/-	500	53	500	55
8.43% IDFC Bank Limited 30JAN2018	10,00,000/-	1,000	106	1,000	102
8.46% Housing Development Finance Corporation Ltd 11MAR2019	1,00,00,000/-	50	52	50	54
8.47% LIC Housing Finance Ltd 21JAN2020	10,00,000/-	500	54	500	52
8.49% Housing Development Finance Corporation Ltd 27APR2020	5,00,000/-	900	48	900	49
8.50% Housing Development Finance Corporation Ltd 31AUG2020	1,00,00,000/-	100	104	100	108
8.54% IDFC Bank Limited 30MAY2018	10,00,000/-	1,500	188	1,500	182
8.59% Housing Development Finance Corporation Ltd 14JUN2019	1,00,00,000/-	50	54	50	51
8.60% LIC Housing Finance Ltd 22JUL2020	10,00,000/-	1,000	104	1,000	108
8.60% LIC Housing Finance Ltd 29JUL2020	10,00,000/-	1,750	183	1,750	190
8.61% LIC Housing Finance Ltd 11DEC2019	10,00,000/-	1,000	110	1,000	104
8.66% IDFC Bank Limited 25JUN2018	10,00,000/-	1,520	191	1,520	184
8.66% IDFC Bank Limited 27DEC2018	10,00,000/-	400	51	400	49
8.72% Housing Development Finance Corporation Ltd 15APR2019	1,00,00,000/-	75	80	75	77
8.75% Housing Development Finance Corporation Ltd 13JAN2020	5,00,000/-	5,000	274	5,000	260
8.75% LIC Housing Finance Ltd 14JAN2020	10,00,000/-	1,070	117	1,070	112
8.75% LIC Housing Finance Ltd 21DEC2020	10,00,000/-	1,000	109	1,000	104
8.97% LIC Housing Finance Ltd 29OCT2019	10,00,000/-	500	56	500	53
9.45% Housing Development Finance Corporation Ltd 21AUG2019	10,00,000/-	3,000	314	3,000	327
9.65% Housing Development Finance Corporation Ltd 19JAN2019	10,00,000/-	500	55	500	53
		32,815	4,126	32,715	3,975

The balances held in certificates of deposit as at September 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore, except as otherwise stated)

Particulars	As at September 30, 2017		As at March 31, 2017	
	Face Value ₹	Units	Amount	Units
Andhra Bank	1,00,000/-	-	-	35,000
Axis Bank	1,00,000/-	2,73,100	2,684	3,05,600
Corporation Bank	1,00,000/-	-	-	33,500
DBS Bank	1,00,000/-	-	-	5,000
HDFC Bank	1,00,000/-	15,000	143	-
ICICI Bank	1,00,000/-	-	-	42,500
IDFC Bank	1,00,000/-	1,40,000	1,373	1,40,000
IndusInd Bank	1,00,000/-	95,900	940	1,06,400
Kotak Bank	1,00,000/-	1,06,500	1,037	85,500
Vijaya Bank	1,00,000/-	5,000	50	14,000
Yes Bank	1,00,000/-	60,000	588	60,000
		6,95,500	6,815	8,27,500
				7,905

2.5 LOANS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	40	29
	40	29
Unsecured, considered doubtful		
Loans to employees	26	24
	66	53
Less: Allowance for doubtful loans to employees	26	24
	40	29
Current		
Unsecured, considered good		
Other loans		
Loans to employees	245	272
	245	272
Total loans	285	301

2.6 OTHER FINANCIAL ASSETS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Non Current		
Security deposits ⁽¹⁾	89	86
Rental deposits ⁽¹⁾	169	175
Restricted deposits ⁽¹⁾	49	48
	307	309
Current		
Security deposits ⁽¹⁾	8	10
Rental deposits ⁽¹⁾	18	9
Restricted deposits ⁽¹⁾	1,435	1,416
Unbilled revenues ⁽¹⁾	4,136	3,648
Interest accrued but not due ⁽¹⁾	743	576
Foreign currency forward and options contracts ^{(2), (3)}	9	284
Others ⁽¹⁾	98	37
	6,447	5,980
Total financial assets	6,754	6,289
⁽¹⁾ Financial assets carried at amortized cost	6,745	6,005
⁽²⁾ Financial assets carried at fair value through other comprehensive income	6	52
⁽³⁾ Financial assets carried at fair value through profit or loss	3	232

Restricted deposits represent deposits with financial institutions to settle employee-related obligations as and when they arise during the normal course of business. Security deposits relate principally to leased telephone lines and electricity supplies.

2.7 TRADE RECEIVABLES ⁽¹⁾

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Current		
Unsecured		
Considered good	13,423	12,322
Considered doubtful	355	318
	13,778	12,640
Less: Allowances for credit loss	355	318
	13,423	12,322
	-	1

⁽¹⁾ Includes dues from companies where directors are interested

2.8 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Balances with banks		
In current and deposit accounts	14,573	14,889
Cash on hand	-	-
Others		
Deposits with financial institutions	8,766	7,736
	23,339	22,625
<i>Balances with banks in unpaid dividend accounts</i>	18	17
<i>Deposit with more than 12 months maturity</i>	7,018	6,954
<i>Balances with banks held as margin money deposits against guarantees</i>	383	404

Cash and cash equivalents as of September 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹554 crore and ₹572 crore, respectively. The restrictions are primarily on account of cash and bank balances held by irrevocable trusts controlled by the Company, bank balances held as margin money deposits against guarantees and balances held in unpaid dividend bank accounts.

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

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

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Current accounts		
ANZ Bank, Taiwan	2	3
Axis Bank, India	1	1
Banamex Bank, Mexico	5	2
Banamex Bank, Mexico (U.S. Dollar account)	1	8
Bank of America, Mexico	81	54
Bank of America, USA	1,021	1,030
Bank of Baroda, Mauritius	1	-
Bank Zachodni WBK S.A, Poland	13	4
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	3	-
Barclays Bank, UK	3	1
Bank Leumi, Israel (US Dollar account)	7	2
Bank Leumi, Israel	5	11
Bank Leumi, Israel (YEN account)	1	-
BNP Paribas Bank, Norway	96	17
China Merchants Bank, China	6	9
Citibank N.A, China	106	61
Citibank N.A., China (U.S. Dollar account)	32	11
Citibank N.A., Costa Rica	4	5
Citibank N.A., Australia	51	19
Citibank N.A., Brazil	21	30
Citibank N.A., Dubai	4	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	3	3
Citibank N.A., Japan	20	12
Citibank N.A., New Zealand	18	10
Citibank N.A., Portugal	2	2
Citibank N.A., Romania	1	-
Citibank N.A., Singapore	3	2
Citibank N.A., South Korea	1	1
Citibank N.A., South Africa	19	9
Citibank N.A., South Africa (Euro account)	1	1
Citibank N.A., Philippines, (U.S. Dollar account)	-	1
Citibank N.A., USA	54	78
Citibank N.A., EEFC (U.S. Dollar account)	1	1
Commerzbank, Germany	49	18
Danske Bank, Sweden	6	-
Deutsche Bank, India	20	12
Deutsche Bank, Philippines	18	5
Deutsche Bank, Philippines (U.S. Dollar account)	10	4
Deutsche Bank, Poland	86	12
Deutsche Bank, Poland (Euro account)	9	4
Deutsche Bank, EEFC (Australian Dollar account)	14	38
Deutsche Bank, EEFC (Euro account)	35	25
Deutsche Bank, EEFC (Swiss Franc account)	-	2
Deutsche Bank, EEFC (U.S. Dollar account)	43	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	16	10
Deutsche Bank, Belgium	66	10

Deutsche Bank, Malavsia	7	7
Deutsche Bank, Czech Republic	33	8
Deutsche Bank, Czech Republic (Euro account)	7	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	8	30
Deutsche Bank, France	11	8
Deutsche Bank, Germany	54	48
Deutsche Bank, Netherlands	27	2
Deutsche Bank, Russia	1	3
Deutsche Bank, Russia (U.S. Dollar account)	4	1
Deutsche Bank, Singapore	6	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	44	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	179	26
Deutsche Bank, USA	17	12
HSBC Bank, Brazil	-	1
HSBC Bank, Dubai	2	-
HSBC Bank, Hong Kong	1	1
HSBC Bank, United Kingdom	4	-
ICICI Bank, India	160	53
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	105	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	-	1
ING Bank, Belgium	1	2
Nordbanken, Sweden	29	33
Punjab National Bank, India	14	6
Raiffeisen Bank, Czech Republic	5	4
Raiffeisen Bank, Romania	5	4
Royal Bank of Canada, Canada	155	83
Santander Bank, Argentina	2	1
State Bank of India, India	51	7
Silicon Valley Bank, USA	6	4
Silicon Valley Bank (Euro account)	29	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	6	2
Splitska Banka D.D., Société Générale Group, Croatia	5	-
Union Bank of Switzerland AG	-	3
Union Bank of Switzerland AG, (Euro account)	-	4
Union Bank of Switzerland AG, (Hong Kong Dollar account)	1	-
Wells Fargo Bank N.A., USA	36	33
Westpac, Australia	-	1
Yes Bank, India	11	-
	2,989	2,044

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Deposit accounts		
Axis Bank	-	1,175
Bank BGZ BNP Paribas S.A	134	183
Barclays Bank	825	825
Canara Bank	107	84
Citibank	166	165
Deutsche Bank, Poland	69	71
HDFC Bank	3,531	469
HSBC Bank	500	500
ICICI Bank	4,022	4,644
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	-	191
Kotak Mahindra Bank	242	535
South Indian Bank	450	450
Standard Chartered Bank	265	500
Syndicate Bank	-	49
Yes Bank	672	633
	11,183	12,424
Unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	2	2
ICICI Bank - Unpaid dividend account	14	13
	18	17

Margin money deposits against guarantees

Canara Bank	153	177
Citibank	3	2
ICICI Bank	227	225
	383	404

Deposits with financial institutions

HDFC Limited	8,066	7,036
LIC Housing Finance Limited	700	700
	8,766	7,736

Total cash and cash equivalents	23,339	22,625
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2.9 OTHER ASSETS*(In ₹ crore)*

Particulars	As at	
	September 30, 2017	March 31, 2017
Non Current		
Capital advances	490	600
Advances other than capital advances		
Prepaid gratuity (<i>refer note no. 2.20.1</i>)	34	79
Others		
Deferred Contract Cost	269	284
Prepaid expenses	127	96
	920	1,059
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	110	131
Others		
Withholding taxes and others	1,964	1,886
Prepaid expenses	513	441
Deferred Contract Cost	72	78
	2,659	2,536
Total other assets	3,579	3,595

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

2.10 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of September 30, 2017 are as follows:

(In ₹ crore)							
Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.8)	23,339	-	-	-	-	23,339	23,339
Investments (Refer Note no. 2.4)							
Equity and preference securities	-	-	-	175	-	175	175
Tax-free bonds and government bonds	1,903	-	-	-	-	1,903	2,204 *
Liquid mutual fund units	-	-	4,632	-	-	4,632	4,632
Non convertible debentures	-	-	-	-	4,126	4,126	4,126
Certificates of deposit	-	-	-	-	6,815	6,815	6,815
Convertible promissory note	-	-	11	-	-	11	11
Other investments	-	-	52	-	-	52	52
Fixed maturity plan securities	-	-	577	-	-	577	577
Trade receivables (Refer Note no. 2.7)	13,423	-	-	-	-	13,423	13,423
Loans (Refer Note no. 2.5)	285	-	-	-	-	285	285
Other financials assets (Refer Note no. 2.6)	6,745	-	3	-	6	6,754	6,676 **
Total	45,695	-	5,275	175	10,947	62,092	
Liabilities:							
Trade payables	538	-	-	-	-	538	538
Other financial liabilities (Refer Note no. 2.12)	5,482	-	116	-	10	5,608	5,608
Total	6,020	-	116	-	10	6,146	

* On account of fair value changes including interest accrued

** Excludes interest accrued on tax free bonds and government bonds

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

		(In ₹ crore)					
	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note no. 2.8)	22,625	-	-	-	-	22,625	22,625
Investments (Refer Note no. 2.4)							
Equity and preference securities	-	-	-	159	-	159	159
Tax-free bonds and government bonds	1,907	-	-	-	-	1,907	2,168 *
Liquid mutual fund units	-	-	1,803	-	-	1,803	1,803
Non convertible debentures	-	-	-	-	3,975	3,975	3,975
Certificates of deposit	-	-	-	-	7,905	7,905	7,905
Convertible promissory note	-	-	10	-	-	10	10
Other investments	-	-	35	-	-	35	35
Fixed maturity plan securities	-	-	558	-	-	558	558
Trade receivables (Refer Note no. 2.7)	12,322	-	-	-	-	12,322	12,322
Loans (Refer Note no. 2.5)	301	-	-	-	-	301	301
Other financials assets (Refer Note no. 2.6)	6,005	-	232	-	52	6,289	6,205 **
Total	43,160	-	2,638	159	11,932	57,889	
Liabilities:							
Trade payables	367	-	-	-	-	367	367
Other financial liabilities (Refer Note no. 2.12)	4,973	-	87	-	-	5,060	5,060
Total	5,340	-	87	-	-	5,427	

* On account of fair value changes including interest accrued

** Excludes interest accrued on tax free bonds and government bonds

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of September 30, 2017:

	As of September 30, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.4)	4,632	4,632	-	-
Investments in tax-free bonds (Refer Note no. 2.4)	2,198	2,089	109	-
Investments in government bonds (Refer Note no. 2.4)	6	6	-	-
Investments in equity instruments (Refer Note no. 2.4)	17	-	-	17
Investments in preference securities (Refer Note no. 2.4)	158	-	-	158
Investments in non convertible debentures (Refer Note no. 2.4)	4,126	3,514	612	-
Investments in certificates of deposit (Refer Note no. 2.4)	6,815	-	6,815	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	577	-	577	-
Investments in convertible promissory note (Refer Note no. 2.4)	11	-	-	11
Other investments (Refer Note no. 2.4)	52	-	-	52
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.6)	9	-	9	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.12)	65	-	65	-
Liability towards contingent consideration (Refer note no. 2.12)*	61	-	-	61

*Discounted ₹46 crore at 14.1% and ₹20 crore at 10%

During the six months ended September 30, 2017, tax free bonds of ₹1,809 crore were transferred from Level 2 to Level 1 of fair value hierarchy, since these were valued based on quoted price.

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

	As of March 31, 2017	Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual funds (Refer Note no. 2.4)	1,803	1,803	-	-
Investments in tax free bonds (Refer Note no. 2.4)	2,159	282	1,877	-
Investments in government bonds (Refer Note no. 2.4)	9	9	-	-
Investments in equity instruments (Refer Note no. 2.4)	15	-	-	15
Investments in preference securities (Refer Note no. 2.4)	144	-	-	144
Investments in non convertible debentures (Refer Note no. 2.4)	3,975	3,371	604	-
Investments in certificates of deposit (Refer Note no. 2.4)	7,905	-	7,905	-
Investments in fixed maturity plan securities (Refer Note no. 2.4)	558	-	558	-
Investments in convertible promissory note (Refer Note no. 2.4)	10	-	-	10
Other investments (Refer Note no. 2.4)	35	-	-	35
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note no. 2.6)	284	-	284	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note no. 2.12)	2	-	2	-
Liability towards contingent consideration (Refer note no. 2.12)*	85	-	-	85

*Discounted ₹91 crore at 14.2%

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

The movement in contingent consideration as of September 30, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore pertaining to Kallidus acquisition, and change in discount rate and passage of time. Additionally during the three months ended September 30, 2017 contingent consideration of ₹17 crore was included in relation to acquisition of Brilliant Basics Holdings Limited. (Refer note no. 2.1)

The fair value of liquid mutual funds is based on quoted price. The fair value of tax-free bonds and government bonds is based on quoted prices and market observable inputs. The fair value of non-convertible debentures is based on quoted prices and market observable inputs. The fair value of fixed maturity plan securities and certificates of deposit is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the marketplace. The fair value of investments in unquoted equity, preference and other securities is determined using Level 3 inputs like Discounted cash flows, Market multiple method, Option pricing model, etc.

Financial risk management

Financial risk factors

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

Market risk

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

The following table analyzes foreign currency risk from financial instruments as of September 30, 2017:

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore)
						Total
Cash and cash equivalents	1,391	264	204	190	1,051	3,100
Trade receivables	8,955	1,463	796	718	769	12,701
Other financial assets (including loans)	2,564	574	359	192	455	4,144
Trade payables	(203)	(54)	(76)	(18)	(64)	(415)
Other financial liabilities	(2,576)	(437)	(272)	(248)	(544)	(4,077)
Net assets / (liabilities)	10,131	1,810	1,011	834	1,667	15,453

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

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore)
						Total
Cash and cash equivalents	1,334	131	36	183	700	2,384
Trade receivables	8,345	1,244	775	561	702	11,627
Other financial assets (including loans)	2,862	535	372	159	403	4,331
Trade payables	(115)	(32)	(13)	(5)	(158)	(323)
Other financial liabilities	(2,129)	(406)	(211)	(211)	(547)	(3,504)
Net assets / (liabilities)	10,297	1,472	959	687	1,100	14,515

For the three months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.49% and 0.51%, respectively.

For the six months ended September 30, 2017 and September 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and U.S. dollar, has affected the Group's incremental operating margins by approximately 0.49% and 0.50%, respectively.

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

Derivative financial instruments

The 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	
	September 30, 2017		March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	-	-	95	658
In United Kingdom Pound Sterling	15	131	40	324
In Australian dollars	-	-	130	644
Option Contracts				
In Euro	45	347	40	277
In United Kingdom Pound Sterling	5	44	-	-
In Australian dollars	65	333	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	695	4,534	526	3,411
In Euro	96	741	114	786
In United Kingdom Pound Sterling	81	703	75	609
In Australian dollars	23	118	35	174
In Swiss Franc	16	111	10	65
In Singapore dollars	5	24	5	23
In Swedish Krona	50	40	50	36
In New Zealand dollars	21	99	-	-
In Canadian dollars	19	98	-	-
In Japanese Yen	550	32	-	-
In Norwegian Krone	39	32	-	-
Option Contracts				
In U.S. dollars	200	1,306	195	1,265
In Euro	50	385	25	173
In United Kingdom Pound Sterling	20	175	30	243
In Canadian dollars	-	-	13	65
Total forwards and options		9,253		8,753

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

Particulars	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Not later than one month	3,412	2,303
Later than one month and not later than three months	4,119	4,316
Later than three months and not later than one year	1,722	2,134
	9,253	8,753

During the six months ended September 30, 2017, the group has designated certain foreign exchange forward and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedges are expected to occur and reclassified to revenue in the statement of profit or loss within 3 months.

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

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

The following table provides the reconciliation of cash flow hedge reserve for the three months and six months ended September 30, 2017:

	(In ₹ crore)	
	Three months ended	
	September 30, 2017	September 30, 2016
Balance at the beginning of the period	(27)	-
Gain / (Loss) recognised in other comprehensive income during the period	(51)	2
Amount reclassified to revenue during the period	78	-
Tax impact on above	(7)	-
Balance at the end of the period	(7)	2

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

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

	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	15	(71)
Amount set off	(6)	6
Net amount presented in Balance Sheet	9	(65)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹13,423 crore and ₹12,322 crore as of September 30, 2017 and March 31, 2017, respectively and unbilled revenues amounting to ₹4,136 crore and ₹3,648 crore as of September 30, 2017 and March 31, 2017, respectively. Trade receivables and unbilled revenues are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors such as credit default swap quotes, credit ratings from international credit rating agencies and the Group's historical experience for customers.

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

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from top customer	3.4	3.5	3.4	3.5
Revenue from top ten customers	19.5	21.8	19.7	22.0

Credit risk exposure

The allowance of lifetime expected credit loss on customer balances for the three months and six months ended September 30, 2017 was ₹40 crore and ₹36 crore respectively and was ₹25 crore and ₹40 crore for the three months and six months ended September 30, 2016.

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Balance at the beginning	405	305	411	289
Impairment loss recognized / (reversed)	40	25	36	40
Write-offs	(1)	(1)	(4)	(1)
Translation differences	5	(3)	6	(2)
Balance at the end	449	326	449	326

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

	As of	
	September 30, 2017	March 31, 2017
Trade receivables	13,423	12,322
Unbilled revenues	4,136	3,648
Days Sales Outstanding- DSO (days)	71	68

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

Liquidity risk

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

As of September 30, 2017, the Group had a working capital of ₹42,449 crore including cash and cash equivalents of ₹23,339 crore and current investments of ₹12,122 crore. As of March 31, 2017, the Group had a working capital of ₹39,692 crore including cash and cash equivalents of ₹22,625 crore and current investments of ₹9,970 crore.

As of September 30, 2017 and March 31, 2017, the outstanding compensated absences were ₹1,491 crore and ₹1,359 crore, respectively, which have been substantially funded. Accordingly no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities as of September 30, 2017:

					(In ₹ crore)
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	538	-	-	-	538
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.12)	5,442	41	-	-	5,483
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	52	7	7	-	66

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

					(In ₹ crore)
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	367	-	-	-	367
Other financial liabilities (excluding liability towards acquisition) (Refer Note no. 2.12)	4,943	31	-	-	4,974
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note no. 2.12)	45	46	-	-	91

2.11 EQUITY

SHARE CAPITAL

(In ₹ crore, except as otherwise stated)

Particulars	As at	
	September 30, 2017	March 31, 2017
Authorized		
Equity shares, ₹5 par value		
2,40,00,00,000 (2,40,00,00,000) equity shares	1,200	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5 par value ⁽¹⁾	1,144	1,144
2,28,60,87,194 (2,28,56,55,150) equity shares fully paid-up ⁽²⁾		
	1,144	1,144

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

⁽¹⁾ Refer note no. 2.21 for details of basic and diluted shares

⁽²⁾ Net of treasury shares 1,09,01,258 (1,12,89,514)

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

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors (the Board) 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 September 30, 2017:

The Company has allotted 1,14,84,72,332 and 57,42,36,166 fully paid-up shares of face value ₹5/- each during the quarter ended June 30, 2015 and December 31, 2014, pursuant to bonus issue approved by the shareholders through postal ballot. For both the bonus issues, bonus share of one equity share for every equity share held, and a stock dividend of one ADS for every ADS held, respectively, has been allotted. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder remains unchanged. Options granted under the restricted stock unit plan (RSU) have been adjusted for bonus shares.

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

Dividends

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes. Dividend distribution tax paid by subsidiaries may be reduced / available as credit against dividend distribution tax payable by Infosys Limited.

The Board, in its meeting on April 15, 2016, proposed a final dividend of ₹14.25/- per equity share and the same was approved by the shareholders at the Annual General Meeting held on June 18, 2016. The amount was recognized as distributions to equity shareholders during the year ended March 31, 2017 and the total appropriation was ₹3,923 crore (excluding dividend on treasury shares), including corporate dividend tax.

The amount of per share dividend recognized as distributions to equity shareholders during the year ended March 31, 2016 was ₹29.50/- per equity share (not adjusted for June 17, 2015 bonus issue).

The Board of Directors, in its meeting on April 13, 2017, proposed a final dividend of ₹14.75/- per equity share for the financial year ended March 31, 2017 and the same was approved by the shareholders at the Annual General Meeting held on June 24, 2017. The amount was recognized as distributions to equity shareholders during the quarter ended June 30, 2017 and the total appropriation was ₹4,061 crore (excluding dividend on treasury shares), including corporate dividend tax.

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

Capital allocation policy

The Board, in its meeting on April 13, 2017, reviewed and approved a revised Capital Allocation Policy of the Company after taking into consideration the strategic and operational cash requirements of the Company in the medium term:

The key aspects of the Capital Allocation Policy are:

1. The Company's current policy is to pay dividends of up to 50% of post-tax profits of the Financial Year. Effective from Financial Year 2018, the Company expects to payout up to 70% of the free cash flow of the corresponding Financial Year in such manner (including by way of dividend and/or share buyback) as may be decided by the Board from time to time, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under IFRS. Dividend payout includes dividend distribution tax.
2. Additionally, the Board has identified an amount of up to ₹13,000 crore (\$2 billion) to be paid out to shareholders during Financial Year 2018, in such manner (including by way of dividend and/ or share buyback), to be decided by the Board, subject to applicable laws and requisite approvals, if any.

The Board, at its meeting on August 19, 2017, approved a proposal for the Company to buyback its fully paid-up equity shares of face value of ₹5 each from the eligible equity shareholders of the Company for an amount not exceeding ₹13,000 crore. The Buyback offer comprises a purchase of upto 113,043,478 Equity Shares aggregating upto 4.92% of the paid-up equity share capital of the Company at a price of ₹1,150 per Equity share. The buyback is proposed to be made from all eligible equity shareholders (including those who become equity shareholders as on the Record date by cancelling American Depository Shares and withdrawing underlying Equity shares) of the Company as on the Record Date (i.e November 1, 2017) on a proportionate basis through the "Tender offer" route. The shareholders approved the said proposal of Buyback of Equity Shares through the postal ballot concluded on October 7, 2017. The Company has published a Public Announcement on October 10, 2017 for the buyback of its shares through a tender offer and has submitted Draft Letter of Offer to regulatory authorities for their comments.

The details of shareholder holding more than 5% shares as at September 30, 2017 and March 31, 2017 are set out below :

Name of the shareholder	As at September 30, 2017		As at March 31, 2017	
	Number of shares	% held	Number of shares	% held
Deutsche Bank Trust Company Americas (Depository of ADR's - legal ownership)	38,33,41,725	16.69	38,33,17,937	16.69
Life Insurance Corporation of India	16,88,01,690	7.35	16,14,36,123	7.03

The reconciliation of the number of shares outstanding and the amount of share capital as at September 30, 2017 and March 31, 2017 is as follows:

Particulars	As at September 30, 2017		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the period	228,56,55,150	1,144	228,56,21,088	1,144
Add: Shares issued on exercise of employee stock options	432,044	-	34,062	-
At the end of the period	228,60,87,194	1,144	228,56,55,150	1,144

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 Plan) (Formerly 2011 RSU Plan): On March 31, 2016, pursuant to the approval by the shareholders through postal ballot, the Board has been authorized to introduce, offer, issue and allot share-based incentives to eligible employees of the Company and its subsidiaries under the 2015 Stock Incentive Compensation Plan (the 2015 Plan). The maximum number of shares under the 2015 plan shall not exceed 2,40,38,883 equity shares (this includes 1,12,23,576 equity shares which are held by the trust towards the 2011 Plan as at March 31, 2016). Out of this 1,70,38,883 equity shares will be issued as RSUs at par value and 70,00,000 equity shares will be issued as stock options at market price on the date of the grant. These instruments will vest over a period of 4 years and the Company expects to grant the instruments under the 2015 Plan over the period of 4 to 7 years.

Controlled trust holds 1,09,01,258 and 1,12,89,514 shares as of September 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 1,00,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to Dr. Vishal Sikka

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

Stock incentives granted to COO:

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

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

On November 1, 2016, 2,47,250 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, other than Dr. Vishal Sikka and COO, based on fiscal 2016 performance. On August 1, 2017 58,150 RSUs and 44,450 ESOPs were granted to the General Counsel. These RSUs and stock options will vest within a period of 4 years and shall be exercisable within the period as approved by the Committee. The exercise price of the RSUs will be equal to the par value of the shares and the exercise price of the stock options would be the market price as on the date of grant.

During the six months ended September 30, 2017, two of the KMPs have resigned (Refer note no. 2.23 Related party transactions for further details) and hence the RSUs and stock options granted to them were forfeited.

KMP stock compensation expense

The Company has recorded a reversal of employee stock compensation expense of ₹29 crore and ₹17 crore, respectively, towards KMPs during the three months and six months ended September 30, 2017. The employee stock compensation expense recorded was ₹5 crore and ₹14 crore during the three months and six months ended September 30, 2016, respectively.

Stock incentive granted to other employees:

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

The Company has recorded an employee stock compensation expense of ₹21 crore and ₹55 crore, respectively during the three months and six months ended September 30, 2017 towards employees other than KMPs (employee stock compensation cost of ₹16 crore each for the three months and six months ended September 30, 2016)

Total stock compensation expense

The company recorded a reversal of employee stock compensation expense of ₹8 crore in the statement of profit and loss for the three months ended September 30, 2017 and an employee stock compensation cost of ₹38 crore, for the six months ended September 30, 2017. The company recorded an employee stock compensation expense of ₹21 crore and ₹30 crore for the three months and six months ended September 30, 2016, respectively. This comprises of expense pertaining to all employees including KMPs.

Further, the cash settled stock compensation expense (included above) for the three months and six months ended September 30, 2017 was less than ₹1 crore and ₹1 crore, respectively and less than ₹1 crore during each of the three months and six months ended September 30, 2016. As of September 30, 2017 and March 31, 2017 80.793 and 1.06.845 incentive units were outstanding (net of forfeitures).

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months and six months ended September 30, 2017 is set out below:

Particulars	Three months ended September 30, 2017		Six months ended September 30, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	3,226,005	5	2,961,373	5
Granted	58,150	5	392,714	5
Exercised	407,232	5	432,044	5
Forfeited and expired	637,082	5	682,202	5
Outstanding at the end	2,239,841	5	2,239,841	5
Exercisable at the end	31,624	5	31,624	5
2015 Plan: Employee Stock Options (ESOPs)				
Outstanding at the beginning	1,644,775	974	1,197,650	992
Granted	44,450	1,017	491,575	942
Exercised	-	-	-	-
Forfeited and expired	498,275	952	498,275	952
Outstanding at the end	1,190,950	992	1,190,950	992
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 six months ended September 30, 2016 is set out below:

Particulars	Three months ended September 30, 2016		Six months ended September 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: RSU				
Outstanding at the beginning	209,099	5	221,505	5
Granted	1,904,315	5	1,904,315	5
Forfeited and expired	22,770	5	22,770	5
Exercised	18,236	5	30,642	5
Outstanding at the end	2,072,408	5	2,072,408	5
Exercisable at the end	-	-	-	-

During the three months and six months ended September 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹948 and ₹947 respectively.

During the three months and six months ended September 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,021 and ₹1,096 respectively.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of September 30, 2017:

Range of exercise prices per share (₹)	Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan:			
0 - 5 (RSU)	2,239,841	1.74	5.00
900 - 1100 (ESOP)	1,190,950	6.66	992.06
	3,430,791	3.47	350.83

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

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

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

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

Particulars	For options granted in			
	Fiscal 2017- Equity Shares-RSU	Fiscal 2017- Equity shares ESOP	Fiscal 2017- ADS-RSU	Fiscal 2017- ADS- ESOP
Weighted average share price (₹) / (\$- ADS)	1,067	989	15.77	15.26
Exercise price (₹) / (\$- ADS)	5.00	998	0.07	15.26
Expected volatility (%)	24-29	27-29	26-29	27-31
Expected life of the option (years)	1 - 4	3 - 7	1 - 4	3 - 7
Expected dividends (%)	2.37	2.37	2.29	2.29
Risk-free interest rate (%)	6- 7	6- 7	1 - 2	1 - 2
Weighted average fair value as on grant date (₹) / (\$- ADS)	1,002	285	14.84	3.46

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

2.12 OTHER FINANCIAL LIABILITIES

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Non-current		
Others		
Accrued compensation to employees ⁽¹⁾	40	30
Payable for acquisition of business (refer note no. 2.1) ⁽²⁾		
Contingent consideration	12	40
	52	70
Current		
Unpaid dividends ⁽¹⁾	18	17
Others		
Accrued compensation to employees ⁽¹⁾	2,083	1,881
Accrued expenses ⁽¹⁾	2,953	2,585
Retention monies ⁽¹⁾	180	220
Payable for acquisition of business		
Contingent consideration (refer note no. 2.1) ⁽²⁾	49	45
Client deposits ⁽¹⁾	12	32
Payable by controlled trusts ⁽¹⁾	136	145
Compensated absences	1,491	1,359
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	65	2
Capital creditors ⁽¹⁾	33	48
Other payables ⁽¹⁾	27	15
	7,047	6,349
Total financial liabilities	7,099	6,419
⁽¹⁾ Financial liability carried at amortized cost	5,482	4,973
⁽²⁾ Financial liability carried at fair value through profit and loss	116	87
⁽³⁾ Financial liability carried at fair value through other comprehensive income	10	-
Contingent consideration on undiscounted basis	66	91

2.13 OTHER LIABILITIES

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Non-current		
Others		
Deferred income - government grant on land use rights	43	41
Deferred income	39	42
	82	83
Current		
Unearned revenue	1,998	1,777
Others		
Withholding taxes and others	1,202	1,226
Accrued gratuity (refer note no. 2.20.1)	2	1
Deferred rent	11	2
Deferred income - government grant on land use rights	1	1
	3,214	3,007

2.14 PROVISIONS

Particulars	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	417	405
	417	405

Provision for post-sales client support and warranties and others

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

Particulars	(In ₹ crore)	
	Three months ended	Six months ended
	September 30, 2017	September 30, 2017
Balance at the beginning	404	405
Provision recognized/(reversed)	28	43
Provision utilized	(20)	(35)
Exchange difference	5	4
Balance at the end	417	417

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

2.15 INCOME TAXES

Income tax expense in the consolidated Statement of Profit and Loss comprises:

(In ₹ crore)

	Three months ended September		Six months ended September 30,	
	2017	2016	2017	2016
Current taxes	1,471	1,469	2,971	2,936
Deferred taxes	(68)	(9)	(197)	(114)
Income tax expense	1,403	1,460	2,774	2,822

Current tax expense for the three months ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) of ₹134 crore and ₹17 crore respectively, pertaining to prior periods.

Current tax expense for the six months ended September 30, 2017 and September 30, 2016 includes reversals (net of provisions) of ₹149 crore and ₹9 crore respectively, pertaining to prior periods.

Entire deferred income tax for the three months and six months ended September 30, 2017 and September 30, 2016 relates to origination and reversal of temporary differences.

During the three months ended September 30, 2017 and September 30, 2016, a current tax charge of ₹2 crore and current tax credit ₹8 crore respectively have been recorded in other comprehensive income pertaining to remeasurement of defined benefit plan asset.

During the three months ended September 30, 2017, a deferred tax charge of ₹7 crore and a deferred tax charge of ₹3 crore has been recorded in other comprehensive income pertaining to unrealized gains on derivatives designated as cash flow hedges and unrealized gain on investment in non-convertible debentures and certificates of deposit.

During the six months ended September 30, 2017 and September 30, 2016, a current tax charge of ₹1 crore and current tax credit ₹13 crore respectively have been recorded in other comprehensive income pertaining to remeasurement of defined benefit plan asset.

During the six months ended September 30, 2017, a deferred tax credit of ₹15 crore and a deferred tax charge of ₹6 crore has been recorded in other comprehensive income pertaining to unrealized gains on derivatives designated as cash flow hedges and unrealized gain on investment in non-convertible debentures and certificates of deposit.

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

(In ₹ crore)

	Three months ended September		Six months ended September 30,	
	2017	2016	2017	2016
Profit before income taxes	5,129	5,066	9,983	9,863
Enacted tax rates in India	34.61%	34.61%	34.61%	34.61%
Computed expected tax expense	1,775	1,753	3,455	3,414
Tax effect due to non-taxable income for Indian tax purposes	(527)	(523)	(1,124)	(1,007)
Overseas taxes	206	225	429	415
Tax provision (reversals), overseas and domestic	(134)	(17)	(149)	(9)
Effect of exempt non-operating income	(14)	(17)	(31)	(45)
Effect of unrecognized deferred tax assets	37	56	109	53
Effect of differential overseas tax rates	(1)	14	8	16
Effect of non-deductible expenses	40	(8)	73	24
Others	21	(23)	4	(39)
Income tax expense	1,403	1,460	2,774	2,822

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

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 (SEZs) Act, 2005. SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50% of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-Investment Reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income Tax Act, 1961.

Infosys is subject to a 15% Branch Profit Tax (BPT) in the U.S. to the extent its U.S. branch's net profit during the year is greater than the increase in the net assets of the U.S. branch during the year, computed in accordance with the Internal Revenue Code. As of March 31, 2017, Infosys' U.S. branch net assets amounted to approximately ₹5,995 crore. As of September 30, 2017, the Company has provided for branch profit tax of ₹329 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 of ₹2 crore is on account of exchange rate during the six months ended September 30, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,736 crore and ₹5,309 crore as of September 30, 2017 and March 31, 2017, respectively, associated with investments in subsidiaries and branches as it is probable that the temporary differences will not reverse in the foreseeable future.

The following table provides the details of income tax assets and income tax liabilities as of September 30, 2017 and March 31, 2017:

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Income tax assets	6,239	5,716
Current income tax liabilities	4,570	3,885
Net current income tax asset/ (liability) at the end	1,669	1,831

The gross movement in the current income tax asset/ (liability) for the three months and six months ended September 30, 2017 and September 30, 2016 is as follows:

	(In ₹ crore)			
	Three months ended September		Six months ended September 30,	
	2017	2016	2017	2016
Net current income tax asset/ (liability) at the beginning	1,537	1,102	1,831	1,820
Translation differences	-	-	-	-
Income tax paid	1,605	1,755	2,810	2,499
Current income tax expense	(1,471)	(1,469)	(2,971)	(2,936)
Income tax benefit arising on exercise of stock options	-	1	-	1
Income tax on other comprehensive income	(2)	8	(1)	13
Net current income tax asset/ (liability) at the end	1,669	1,397	1,669	1,397

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

	(In ₹ crore)	
	As at	
	September 30, 2017	March 31, 2017
Deferred income tax assets		
Property, plant and equipment	168	138
Computer software	43	40
Accrued compensation to employees	75	57
Trade receivables	142	136
Compensated absences	390	374
Post sales client support	99	97
Derivative financial instruments	17	-
Intangibles	26	22
Others	152	143
Total deferred income tax assets	1,112	1007
Deferred income tax liabilities		
Intangible asset	(189)	(206)
Temporary difference related to branch profits	(329)	(327)
Derivative financial instruments	-	(74)
Others	(58)	(67)
Total deferred income tax liabilities	(576)	(674)
Deferred income tax assets after set off	724	540
Deferred income tax liabilities after set off	(188)	(207)

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

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

The gross movement in the deferred income tax account for the three months and six months ended September 30, 2017 and September 30, 2016, is as follows:

	(In ₹ crore)			
	Three months ended September		Six months ended September 30,	
	2017	2016	2017	2016
Net deferred income tax asset at the beginning	482	378	333	284
Addition through business combination (Refer note no. 2.1)	(2)	-	(2)	-
Translation differences	(2)	6	(1)	(5)
Credits / (charge) relating to temporary differences	68	9	197	114
Temporary differences on other comprehensive income	(10)	-	9	-
Net deferred income tax asset at the end	536	393	536	393

The credit relating to temporary differences during the six months ended September 30, 2017 are primarily on account of property plant and equipment, accrued compensation to employees, compensated absences and fair value change in derivative financial instruments. The credits relating to temporary differences during the six months ended September 30, 2016 are primarily on account of trade receivables, accrued compensation to employees, compensated absences and post sales client support partially offset by property, plant and equipments.

2.16 REVENUE FROM OPERATIONS

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from software services	17,044	16,784	33,594	33,062
Revenue from software products	523	526	1,051	1,029
	17,567	17,310	34,645	34,091

2.17 OTHER INCOME

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Interest income on financial assets carried at amortized cost:				
Bonds and government bonds	36	31	72	62
Deposit with Bank and others	370	614	761	1,234
Interest income on financial assets carried at fair value through other comprehensive income:				
Non-convertible debentures and certificates of deposit	198	-	401	-
Income on investments carried at fair value through profit or loss				
Dividend income on liquid mutual funds	2	8	3	27
Gain / (loss) on liquid mutual funds	84	-	152	-
Exchange gains/ (losses) on foreign currency forward and options contracts	(71)	177	(50)	224
Exchange gains/ (losses) on translation of assets and liabilities	133	(109)	185	(100)
Others	131	39	173	66
	883	760	1,697	1,513

2.18 EXPENSES

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
<i>Employee benefit expenses</i>				
Salaries including bonus	9,360	9,385	18,433	18,415
Contribution to provident and other funds	207	193	408	379
Share based payments to employees (Refer note no. 2.11)	(8)	21	38	30
Staff welfare	45	49	91	106
	9,604	9,648	18,970	18,930
<i>Cost of software packages and others</i>				
For own use	223	187	442	370
Third party items bought for service delivery to clients	269	194	490	287
	492	381	932	657
<i>Other expenses</i>				
Repairs and maintenance	257	292	552	614
Power and fuel	54	61	103	124
Brand and marketing	67	81	160	198
Operating lease payments	141	121	270	231
Rates and taxes	76	40	125	80
Consumables	7	13	15	22
Insurance	13	11	28	25
Provision for post-sales client support and warranties	23	30	34	51
Commission to non-whole time directors	3	3	6	6
Impairment loss recognized / (reversed) on financial assets	42	27	39	44
Auditor's remuneration				
Statutory audit fees	3	2	5	4
Taxation matters	1	-	1	-
Other services	-	-	-	-
Reimbursement of expenses	-	-	-	-
Contributions towards Corporate Social responsibility	56	53	103	102
Others	57	53	111	111
	800	787	1,552	1,612

2.19 LEASES

The lease rentals charged during the period is as follows:

(In ₹ crore)

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Lease rentals recognized during the period	141	121	270	231

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	
	September 30, 2017	March 31, 2017
Not later than 1 year	453	461
Later than 1 year and not later than 5 years	1,222	1,237
Later than 5 years	891	740

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

2.20 EMPLOYEE BENEFITS

2.20.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of September 30, 2017 and March 31, 2017:

Particulars	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Change in benefit obligations		
Benefit obligations at the beginning	1,117	944
Service cost	75	129
Interest expense	38	69
Remeasurements - Actuarial (gains)/ losses	2	67
Curtailment gain	-	(3)
Benefits paid	(57)	(89)
Benefit obligations at the end	1,175	1,117
Change in plan assets		
Fair value of plan assets at the beginning	1,195	947
Interest income	40	79
Remeasurements- Return on plan assets excluding amounts included in interest income	7	12
Contributions	22	246
Benefits paid	(57)	(89)
Fair value of plan assets at the end	1,207	1,195
Funded status	32	78
Prepaid gratuity benefit	34	79
Accrued gratuity	(2)	(1)

Amount for the three months and six months ended September 30, 2017 and September 30, 2016 recognized in the Statement of Profit and Loss under employee benefit expense:

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Service cost	37	32	75	64
Net interest on the net defined benefit liability/asset	-	(1)	(2)	(1)
Curtailment gain	-	-	-	(3)
Net gratuity cost	37	31	73	60

Amount for the three months and six months ended September 30, 2017 and September 30, 2016 recognized in the statement of other comprehensive income:

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Remeasurements of the net defined benefit liability/ (asset)				
Actuarial (gains) / losses	(5)	49	2	74
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(4)	(1)	(7)	(4)
	(9)	48	(5)	70

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
(Gain)/loss from change in demographic assumptions	-	-	-	-
(Gain)/loss from change in financial assumptions	(13)	43	7	54
(Gain)/loss from experience adjustment	8	6	(5)	20
	(5)	49	2	74

The weighted-average assumptions used to determine benefit obligations as of September 30, 2017 and March 31, 2017 are set out below:

Particulars	As of	
	September 30, 2017	March 31, 2017
Discount rate	6.8%	6.9%
Weighted average rate of increase in compensation levels	8%	8%

The weighted-average assumptions used to determine net periodic benefit cost for the three months and six months ended September 30, 2017 and September 30, 2016 are set out below:

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Discount rate(%)	6.9%	7.8%	6.9%	7.8%
Weighted average rate of increase in compensation levels(%)	8%	8%	8%	8%
Weighted average duration of defined benefit obligation(years)	6.1 years	6.4 years	6.1 years	6.4 years

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

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

As of September 30, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹61 crore.

As of September 30, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹52 crore.

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

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

The Company contributes all ascertained liabilities towards gratuity to the Infosys Limited Employees' Gratuity Fund Trust. In case of Infosys 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 Sept 30, 2017 and March 31, 2017, the plan assets have been primarily invested in insurer managed funds.

Actual return on assets for the three months ended September 30, 2017, and September 30, 2016 were ₹23 crore and ₹20 crore, respectively.

Actual return on assets for the six months ended September 30, 2017, and September 30, 2016 were ₹47 crore and ₹41 crore, respectively.

The Group expects to contribute ₹54 crore to the gratuity trusts during the remainder of fiscal 2018.

Maturity profile of defined benefit obligation:

	(In ₹ crore)
Within 1 year	166
1-2 year	171
2-3 year	182
3-4 year	195
4-5 year	204
5-10 years	991

2.20.2 Superannuation

The group contributed ₹43 crore and ₹42 crore to the superannuation plan during the three months ended September 30, 2017 and September 30, 2016, respectively ₹85 crore and ₹83 crore and same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

2.20.3 Provident fund

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below there is no shortfall as at September 30, 2017 and March 31, 2017, respectively.

The details of fund and plan asset position are as follows:

Particulars	(In ₹ crore)	
	As of	
	September 30, 2017	March 31, 2017
Plan assets at period end, at fair value	4,610	4,459
Present value of benefit obligation at period end	4,610	4,459
Asset recognized in Balance Sheet	-	-

The plan assets have been primarily invested in government securities.

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

Particulars	As of	
	September 30, 2017	March 31, 2017
Government of India (GOI) bond yield (%)	6.80	6.90
Remaining term to maturity of portfolio (years)	6.1	6.0
Expected guaranteed interest rate (%) - First year:	8.60	8.60
- Thereafter:	8.60	8.60

The Group contributed ₹121 crore and ₹116 crore to the provident fund during the three months ended September 30, 2017 and September 30, 2016, respectively. The Group contributed ₹236 crore and ₹230 crore to the provident fund during the six months ended September 30, 2017 and September 30, 2016, respectively. The same has been recognized in the Statement of Profit and Loss under the head employee benefit expense.

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

2.20.4 Employee benefit costs include:

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2,017	2,016	2,017	2,016
Salaries and bonus ⁽¹⁾⁽²⁾	9,404	9,459	18,576	18,557
Defined contribution plans	64	63	127	125
Defined benefit plans	136	126	267	248
	9,604	9,648	18,970	18,930

⁽¹⁾ Includes a reversal of employee stock compensation expense of ₹8 crore for the three months ended September 30, 2017 and an employee stock compensation cost of ₹38 crore, for the six months ended September 30, 2017. Similarly, includes employee stock compensation expense of ₹21 crore and ₹30 crore for the three months and six months ended September 30, 2016.

⁽²⁾ Included in the above is a reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. Refer note no. 2.11.

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

Particulars	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	228,58,65,361	228,56,41,710	228,57,62,186	228,56,32,081
Effect of dilutive common equivalent shares - share options outstanding	16,60,822	3,07,593	21,20,348	2,43,907
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	228,75,26,183	228,59,49,303	228,78,82,534	228,58,75,988

⁽¹⁾ Excludes treasury shares

For the three and six months ended September 30, 2017, 190,454 and 187,880 number of options to purchase equity shares had an anti-dilutive effect respectively. For the three months and six months ended September 30, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

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

(In ₹ crore)

Particulars	As at	
	September 30, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts ⁽¹⁾	1,816	1,997
[Net of amount paid to statutory authorities ₹4,844 crore (₹4,717 crore)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	596	1,149
Other commitments*	89	114

*Uncalled capital pertaining to investments

⁽¹⁾ Claims against the Company not acknowledged as debts as on September 30, 2017 include demands from the Indian Income tax authorities for payment of tax including interest for fiscals 2007 to 2013. The tax demands are mainly on account of disallowance of portion of deduction claimed u/s 10A in respect of export turnover, disallowance of portion of profits earned from outside India and profits earned from SEZ units under section 10AA of the Income Tax Act. The above matters are pending before various Appellate Authorities.

The Company is contesting the demands and the management including its tax advisors believe that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

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

2.23 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	Country	Holdings as at	
		September 30, 2017	March 31, 2017
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 McCamish Systems LLC ⁽¹⁾	U.S.	99.98%	99.98%
Portland Group Pty Ltd ⁽¹⁾	Australia	99.98%	99.98%
Infosys BPO Americas LLC. ⁽¹⁾⁽¹²⁾	U.S.	99.98%	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⁾⁽¹³⁾	Switzerland	-	-
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽³⁾⁽¹⁵⁾	Switzerland	-	-
Infosys Consulting (Belgium) NV (formerly Lodestone Management Consultants (Belgium) S.A.) ⁽⁴⁾	Belgium	99.90%	99.90%
Infosys Consulting GmbH (formerly Lodestone Management Consultants GmbH) ⁽³⁾	Germany	100%	100%
Infosys Consulting Pte Ltd. (formerly Lodestone Management Consultants Pte Ltd) ⁽¹⁶⁾	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⁾	The 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⁾⁽¹⁷⁾	Canada	-	-
Infosys Nova Holdings LLC. (Infosys Nova)	U.S.	100%	100%
Panaya Inc. (Panaya)	U.S.	100%	100%
Panaya Ltd. ⁽⁷⁾	Israel	100%	100%
Panaya GmbH ⁽⁷⁾	Germany	100%	100%
Panaya Pty Ltd. ⁽⁷⁾⁽¹⁴⁾	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%
Brilliant Basics Holdings Limited. ⁽¹⁸⁾	U.K.	100%	-
Brilliant Basics Limited ⁽¹⁹⁾	U.K.	100%	-
Brilliant Basics (MENA) DMCC ⁽¹⁹⁾	Dubai	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

⁽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 October 5, 2016

⁽¹⁴⁾ Liquidated effective November 16, 2016

⁽¹⁵⁾ Liquidated effective December 21, 2016

⁽¹⁶⁾ Wholly owned subsidiary of Infosys

⁽¹⁷⁾ Liquidated effective May 9, 2017

⁽¹⁸⁾ On September 8, 2017, Infosys acquired 100% of the voting interests in Brilliant Basics Holdings Limited., UK. Refer note no. 2.1

⁽¹⁹⁾ Wholly-owned subsidiary of Brilliant Basics Holding Limited.

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

Name of Associates	Country	Holdings as at	
		September 30, 2017	March 31, 2017
DWA Nova LLC ⁽¹⁾	U.S.	16%	16%

⁽¹⁾ Associate of Infosys Nova Holding LLC

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

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 Employees Welfare Trust	India	Controlled trust
Infosys Employee Benefits Trust	India	Controlled trust
Infosys Science Foundation	India	Controlled trust

Refer note no. 2.20 for information on transactions with post-employment benefit plans mentioned above.

List of key management personnel

Whole-time directors

U. B. Pravin Rao, Chief Operating officer (appointed as Interim-Chief Executive Officer and Managing Director effective August 18, 2017)

Dr. Vishal Sikka (resigned as Chief Executive Officer and Managing Director effective August 18, 2017 and as Executive Vice Chairman effective August 24, 2017)

Non-whole-time directors

Nandan M. Nilekani (appointed as Non-Executive, Non-Independent Chairman effective August 24, 2017)

Ravi Venkatesan (resigned from his position as Co-Chairman effective August 24, 2017)

Kiran Mazumdar-Shaw

Roopa Kudva

Dr. Punita Kumar-Sinha

D. N. Prahlad (appointed effective October 14, 2016)

D. Sundaram (appointed effective July 14, 2017)

Prof. Jeffrey Lehman, (resigned effective August 24, 2017)

R. Seshasayee (resigned effective August 24, 2017)

Prof. John Etchemendy (resigned effective August 24, 2017)

Executive Officers

M. D. Ranganath, Chief Financial Officer

David D. Kennedy, General Counsel and Chief Compliance Officer (resigned effective December 31, 2016)

Mohit Joshi, President (effective October 13, 2016)

Rajesh K. Murthy, President (effective October 13, 2016)

Ravi Kumar S, President and Deputy Chief Operating Officer (effective October 13, 2016)

Sandeep Dadlani, President (resigned effective July 14, 2017)

Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)

Gopi Krishnan Radhakrishnan - Acting General Counsel (resigned effective June 24, 2017)

Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer (appointed as executive officer effective July 14, 2017)

Company Secretary

A. G. S. Manikantha

Transaction with key management personnel:

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

Particulars	(In ₹ crore)			
	Three months ended September		Six months ended September 30,	
	2017	2016	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾⁽²⁾	(14)	14	12	35
Commission and other benefits to non-executive/independent directors	5	3	8	6
Total	(9)	17	20	41

⁽¹⁾ Includes a reversal of stock compensation cost of ₹35 crore recorded during the three months ended September 30, 2017 towards forfeiture of stock incentives granted to Dr. Vishal Sikka upon his resignation. (Refer to note 2.11)

⁽²⁾ Total employee stock compensation expense for the three months and six months ended September 30, 2017 includes a reversal of ₹29 crore and ₹17 crore, respectively towards key managerial personnel. For the three months and six months ended September 30, 2016, an employee stock compensation expense of ₹5 crore and ₹14 crore, respectively, was recorded towards key managerial personnel. (Refer to note 2.11)

2.24 SEGMENT REPORTING

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

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

Revenue and identifiable operating expenses in relation to segments are categorized based on items that are individually identifiable to that segment. Revenue for 'all other segments' represents revenue generated by IPS and revenue generated from customers located in India, Japan and China. Allocated expenses of segments include expenses incurred for rendering services from the 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. The management believes that it is not practical to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and adjusted against the total income of the Group.

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

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

Business Segments

Three months ended September 30, 2017 and September 30, 2016 :

(In ₹ crore)								
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	4,718	1,916	4,122	2,742	2,301	1,254	514	17,567
	4,686	1,853	3,864	2,833	2,089	1,339	646	17,310
Identifiable operating expenses	2,383	1,031	2,077	1,324	1,172	656	318	8,961
	2,373	961	1,861	1,361	1,055	692	375	8,678
Allocated expenses	998	433	932	620	520	284	116	3,903
	1,018	423	881	646	476	305	148	3,897
Segmental operating income	1,337	452	1,113	798	609	314	80	4,703
	1,295	469	1,122	826	558	342	123	4,735
Unallocable expenses								457
								426
Other income, net								883
								760
Share in net profit/(loss) of associate								-
								(3)
Write-down of investment in associate								-
								-
Profit before tax								5,129
								5,066
Tax expense								1,403
								1,460
Profit for the period								3,726
								3,606
Depreciation and amortization expense								456
								424
Non-cash expenses other than depreciation and amortization								1
								2

Six months ended September 30, 2017 and September 30, 2016 :

(In ₹ crore)								
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenue from operations	9,312	3,779	8,079	5,437	4,471	2,489	1,078	34,645
	9,237	3,696	7,583	5,694	4,093	2,661	1,127	34,091
Identifiable operating expenses	4,684	2,038	4,044	2,620	2,240	1,332	627	17,585
	4,611	1,910	3,618	2,731	2,054	1,375	720	17,019
Allocated expenses	1,996	865	1,849	1,244	1,024	569	247	7,794
	2,065	866	1,776	1,335	959	624	263	7,888
Segmental operating income	2,632	876	2,186	1,573	1,207	588	204	9,266
	2,561	920	2,189	1,628	1,080	662	144	9,184
Unallocable expenses								909
								829
Other income, net								1,697
								1,513
Share in net profit/(loss) of associate								-
								(5)
Write-down of investment in associate								(71)
								-
Profit before tax								9,983
								9,863
Tax expense								2,774
								2,822
Profit for the period								7,209
								7,041
Depreciation and amortization expense								906
								824
Non-cash expenses other than depreciation and amortization								3
								5

Geographic SegmentsThree months ended September 30, 2017 and *September 30, 2016* :

	(In ₹ crore)				
Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	10,644	4,085	574	2,264	17,567
	10,641	3,896	587	2,186	17,310
Identifiable operating expenses	5,521	2,095	255	1,090	8,961
	5,444	1,956	250	1,028	8,678
Allocated expenses	2,401	920	109	473	3,903
	2,423	885	123	466	3,897
Segmental operating income	2,722	1,070	210	701	4,703
	2,774	1,055	214	692	4,735
Unallocable expenses					457
					426
Other income, net					883
					760
Share in net profit/(loss) of associate					-
					(3)
Write-down of investment in associate					-
					-
Profit before tax					5,129
					5,066
Tax expense					1,403
					1,460
Profit for the period					3,726
					3,606
Depreciation and amortization expense					456
					424
Non-cash expenses other than depreciation and amortization					1
					2

Six months ended September 30, 2017 and *September 30, 2016* :

	(In ₹ crore)				
Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	21,084	7,916	1,179	4,466	34,645
	21,041	7,764	1,045	4,241	34,091
Identifiable operating expenses	10,938	4,085	463	2,099	17,585
	10,780	3,801	498	1,940	17,019
Allocated expenses	4,816	1,804	228	946	7,794
	4,926	1,813	217	932	7,888
Segmental operating income	5,330	2,027	488	1,421	9,266
	5,335	2,150	330	1,369	9,184
Unallocable expenses					909
					829
Other income, net					1,697
					1,513
Share in net profit/(loss) of associate					-
					(5)
Write-down of investment in associate					(71)
					-
Profit before tax					9,983
					9,863
Tax expense					2,774
					2,822
Profit for the period					7,209
					7,041
Depreciation and amortization expense					906
					824
Non-cash expenses other than depreciation and amortization					3
					5

Significant clients

No client individually accounted for more than 10% of the revenues in the three months and six months ended September 30, 2017 and September 30, 2016.

2.25 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	(In ₹ crore)			
	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Revenue from operations	17,567	17,310	34,645	34,091
Cost of Sales	11,227	10,962	22,126	21,643
Gross profit	6,340	6,348	12,519	12,448
Operating expenses				
Selling and marketing expenses	846	897	1,735	1,817
General and administration expenses	1,248	1,142	2,427	2,276
Total operating expenses	2,094	2,039	4,162	4,093
Operating profit	4,246	4,309	8,357	8,355
Other income, net	883	760	1,697	1,513
Profit before non controlling interest / Share in net profit / (loss) of associate	5,129	5,069	10,054	9,868
Share in net profit/(loss) of associate	-	(3)	-	(5)
Write-down of investment in associate	-	-	(71)	-
Profit before tax	5,129	5,066	9,983	9,863
Tax expense:				
Current tax	1,471	1,469	2,971	2,936
Deferred tax	(68)	(9)	(197)	(114)
Profit for the period	3,726	3,606	7,209	7,041
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	(40)	3	(57)
Equity instruments through other comprehensive income, net	-	-	-	-
	6	(40)	3	(57)
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on derivatives designated as cash flow hedge, net	20	2	(46)	2
Exchange differences on translation of foreign operations	100	(51)	207	(13)
Fair value changes on investments, net	12	-	39	-
	132	(49)	200	(11)
Total other comprehensive income, net of tax	138	(89)	203	(68)
Total comprehensive income for the period	3,864	3,517	7,412	6,973
Profit attributable to:				
Owners of the Company	3,726	3,606	7,209	7,041
Non-controlling interests	-	-	-	-
	3,726	3,606	7,209	7,041
Total comprehensive income attributable to:				
Owners of the Company	3,864	3,517	7,412	6,973
Non-controlling interests	-	-	-	-
	3,864	3,517	7,412	6,973

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

Nandan M. Nilekani
Chairman

U. B. Pravin Rao
Interim-Chief Executive Officer
and Managing Director

D. Sundaram
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

Bengaluru
October 24, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Consolidated Financial Statements

We have audited the accompanying interim consolidated financial statements of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at September 30, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) for the three months and six months period ended on that date, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the six months period ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the interim consolidated financial statements").

Management's Responsibility for the Interim Consolidated Financial Statements

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

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

Auditor's Responsibility

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

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

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

made by the Company's Board of Directors, as well as evaluating the overall presentation of the interim consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid interim consolidated financial statements give a true and fair view in conformity with Ind AS 34 and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at September 30, 2017, the consolidated profit and consolidated total comprehensive income for the three months and six months period ended on that date, consolidated changes in equity and the consolidated cash flows for the six months period ended on that date.

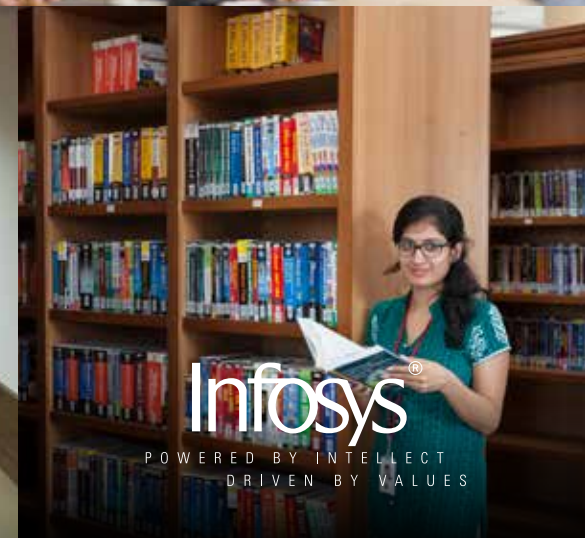
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

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

Bengaluru, October 24, 2017



CODE OF CONDUCT AND ETHICS



Infosys

POWERED BY INTELLECT
DRIVEN BY VALUES

Infosys CODE OF CONDUCT

Our Code of Conduct sets forth our core values, shared responsibilities, global commitments, and promises. It provides general guidance about the Company's expectations, highlights situations that may require particular attention, and references additional resources and channels of communication available to us. It is also the first step for you to get clarity on any questions relating to ethical conduct.

Our Code, however, cannot possibly address every situation we face at work. Therefore, the Code is by no means a substitute

for our good judgment, upon which Infosys depends. We must remember that each of us is responsible for our own actions and that the ethical choice is always the best choice.

Please review the entire Code and refer to it whenever you have a question on ethical conduct. As an annual process, you will be asked to confirm in writing that you have reviewed the Code, and understand and agree to adhere to our core values, shared responsibilities, global commitments, and promises.

This Code of Conduct is also available on our Company website at:
<http://www.infosys.com/investors/corporate-governance/Documents/CodeofConduct.pdf>.





A MESSAGE

from the Interim CEO & MD

Pravin Rao

Interim Chief Executive Officer and Managing Director

At Infosys, we are the proud stewards of an ever-evolving legacy that, over the years, has grown to include thousands of Infoscions, and therefore, hundreds of thousands of unique views. The coming together of so many people and experiences has led to the creation of a culture that is focused on learning and innovation, based on a strong bedrock of values of the highest standard. These values determine our day-to-day work-lives. They govern every decision that we make, and over time, have become ingrained in all that we do. In short, at Infosys, our values make us who we are. Therefore, each one of us is responsible for continuing and enhancing this culture.

Our shared core values – Client Value, Leadership by example, Integrity and Transparency, Fairness and Excellence – are a part of each Infoscion's DNA. We act with integrity, fairness and transparency in all our attempts to provide world-class solutions to the challenges faced by our stakeholders; our pursuit of excellence drives our proactive problem-finding methods to deliver greater value and build pioneering products; and all of these come together to embody our focused commitment to client value. These values instill in each one of us an unshakeable sense of purpose that goes beyond just our sphere of work; it drives us to look at the world outside to solve larger problems and provide greater services like upskilling available talent, building sustainable environmental practices, social programs that foster innovation and a focus on hands-on experience. That is our vision, to be an organization that truly makes a difference.

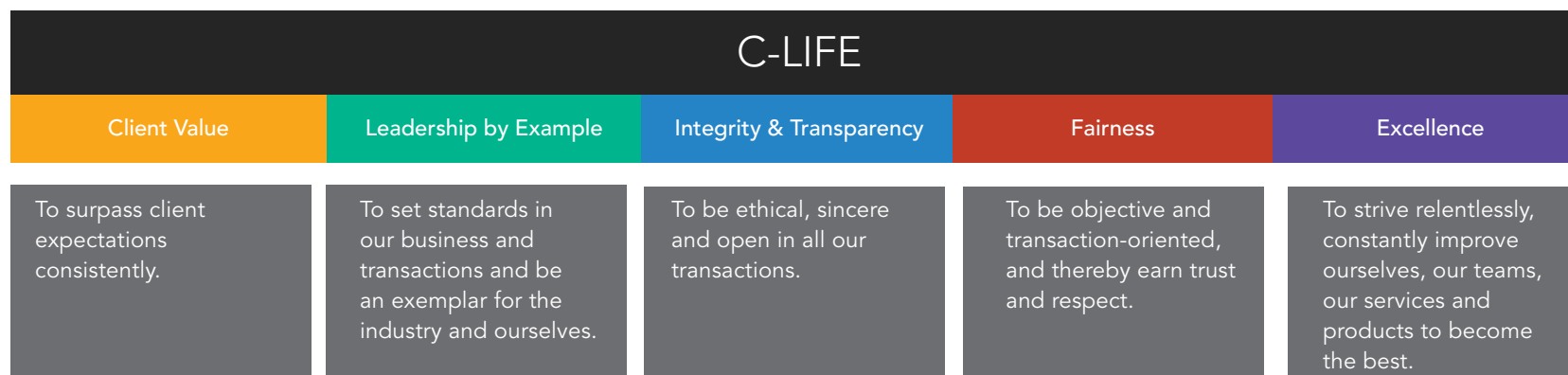
All of this is embodied in our Code of Conduct. This Code is a guideline which can help you to take an ethical decision and point you to the right thing to do. If you need anything more beyond the Code, you must raise your voice and ask. The responsibility of ensuring that the Code is adhered to, and that any violations are brought forward lies with each one of us. So, you play a vital role in helping us be the organization that never compromises on its values. It's a big ask, we know, but we shoulder this responsibility with you. To make it easier, we have multiple channels by which you can raise any concern. Our Helpline, launched in 2017, is an example of how we strive to provide you with multiple ways to raise integrity issues – through email, phone or the Internet. Use these forums to report integrity concerns, resting assured that our culture and values will ensure that you will not be retaliated against. When you raise concerns in good faith, we will protect you and will not tolerate retaliation by anyone, in any form.

With this Code, we believe that we have set our path within a strong framework in which we can all find and define our individual contributions and purpose. Along this journey, we will keep the legacy alive and live our culture, thereby guiding the transformation of our clients' businesses and ours, on the foundation of our values. Success and rewards are sure to follow, as they always have, and will.

Regards,
Pravin Rao

VALUES

Our values are the principles we use to run the Company on a daily basis. They are so important that they are the source of our entire Code — a sort of ethical backbone. They are clear and simple. Our values are the foundation of everything we do and they are encapsulated in the acronym C-LIFE.



Our values are also influenced by the principle of trusteeship. As Infosys, we are all trustees of the company's legacy — its resources, assets and opportunities. As trustees, we have an obligation to pass on a better, stronger Infosys than the one we received. By necessity this includes meeting or exceeding our commitments to stakeholders, developing the full potential of our employees, and building Infosys' reputation to make it the most respected company in the world.

But trusteeship at Infosys goes further than that; trusteeship also includes our corporate commitment to utilizing natural resources in a sustainable way and to improving the communities in which we live and work. An early adopter of a robust CSR agenda, along with sustained economic performance, we believe in the importance of social stewardship. We embrace responsibility for our company to create a positive impact in the communities in which we work and live. Our key programs are driven by the strong CSR platforms we've built over the years. Trusteeship to the Infosys means that we strive to create positive environmental, social and economic values in every aspect of our business.

THE CODE IS MORE THAN JUST WORDS ON A PAGE — IT'S A WAY OF LIFE FOR THE INFOSCIION

The Code of Conduct expresses Infosys' commitment to conducting business ethically. It explains what it means to act with integrity and transparency in everything we do and in accordance with our unique culture and values.

As members of the Infosys family, let us follow not only the letter of the Code, but its intent and spirit as well. This means we should:

- Understand the areas covered by the Code, Company policies and procedures, and laws that apply to our job.
- Follow the legal requirements of all locations where we do business.
- Conduct ourselves in ways that are consistent with the Code, Company policies and procedures, and laws.
- Speak up if we have concerns or suspect violations of the Code, Company policies and procedures, or laws.
- When requested, certify that we have reviewed, understand and agree to follow the Code.
- Understand that following the Code is a mandatory part of our job.

The Code cannot address every situation that may occur. We are expected to exercise good judgment and ask questions when we need guidance or clarification. Many resources are available to assist us. These include our managers, the Office of Integrity and Compliance, Human Resources, Legal Department, the Helpline, and other resources listed at the end of the Code. In addition to the Code, we should also be aware of all Company policies and procedures applicable to our work. You may refer to the [Policy Portal](#) which is a repository of all our policies.

WHAT ARE MY RESPONSIBILITIES?

I FOLLOW THE CODE

Our Code applies equally to all Infosys directors, officers and employees globally, across our subsidiaries. The Code also applies to our partners, suppliers, agents or others acting on the Company's behalf. As employees, it is important that we know and follow the Code as a guideline for decision-making that is paired with integrity.

I LEAD BY EXAMPLE

No matter what our role is, each one of us is expected to lead when it is a question of ethics and be accountable for our actions. We act with responsibility and integrity in tune with our C-LIFE values.

I AM THE EXAMPLE FOR MY TEAM

Most often, a manager is the first person to be contacted about a concern in our work environment. Managers have some specific responsibilities:

- Be a role model of ethical behavior.
- Encourage your team to raise issues and speak up.
- Communicate a positive message about your commitment to ethics and compliance.
- Promote our values, the Code of Conduct and compliance with policies and the law.
- Actively support ethics and compliance awareness and training programs.
- Have open avenues for communication.
- Listen and respond fairly to employee concerns.
- Find satisfactory and complete resolutions to ethical issues.
- Escalate concerns when additional assistance is needed.

Infosys' non-retaliation policy is an embodiment of our values and a cornerstone of our Code. If you observe violations of Infosys values and principles, you are encouraged to report such incidents to the Helpline. Infosys will protect you and ensure that you are not retaliated against because of any report that you raise in good faith. Infosys does not tolerate any form of retaliation (whether by a manager, co-worker or otherwise) against an individual because he or she made a good faith report of an integrity concern. This protection also extends to anyone who assists with or cooperates in an investigation or report of an integrity concern or question. We support those who support our values.

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SPEAK UP!

If you believe that you have been discriminated against, harassed or have not been given equal opportunities at work, you are encouraged to submit a complaint to:

- Your manager
- Your Skip-level manager
- Human Resources
- HEAR@infosys.com
- GRB@infosys.com, if you believe you have been sexually harassed
- Helpline



A RESPECTING EACH OTHER

AN EQUAL OPPORTUNITY WORKPLACE FREE OF DISCRIMINATION OR HARASSMENT

At Infosys, we strive to provide a work environment free of discrimination and harassment. We are an equal opportunity employer and employment decisions are based on merit and business needs. Our [Human Rights Statement](#) further illustrates our stand on this. Employees in the U.S. may also refer to our [U.S. equal opportunity statement](#).

We are committed to following fair employment practices that provide equal opportunities to all employees. We do not discriminate or allow harassment on the basis of race, color, religion, disability, gender, national origin, sexual orientation, gender identity, gender expression, age, genetic information, military status, or any other legally protected status. At Infosys, we value diversity and believe that a diverse workplace builds a competitive advantage.

To put these values in practice, all of us must ensure that decisions affecting employees are based on business factors only. For instance, decisions regarding hiring, promotion, termination, transfer, leave of absence or compensation should only be based on relevant business factors.

We must also ensure that we never verbally or physically mistreat others or engage in offensive behavior, and we should not tolerate those who do. This includes harassing, bullying, abusive or intimidating treatment, inappropriate language or gestures, disorderly conduct, violence and any other conduct that interferes with a co-worker's ability to do his or her job.

The Company's Anti-Discrimination and Anti-Harassment Policy applies to all persons involved in the operations of the Company and prohibits harassment by any employee of the Company towards other employees as well as outside vendors and customers. If you have any questions relating to what constitutes discrimination or harassment, or any other questions or concerns pertaining to discrimination or harassment, please refer to the [Policy on Prevention and Redressal of Harassment at Infosys](#) or any of the location-specific procedures found on your local policy page on the Company intranet. If you wish to report a concern, you may reach out to us using any of the relevant channels noted in the "Speak Up" section on the previous page, or simply call the Helpline listed throughout this Code of Conduct.

A SAFE PLACE TO WORK

To work effectively, all of us need a healthy and safe work environment. All forms of substance abuse as well as the use or distribution of drugs and alcohol while at work is prohibited. Unless required as part of your role (for instance for security personnel where deemed necessary), possession and / or use of weapons / firearms or ammunition while on business of the Company is prohibited. All of us should be safe at our place of work. Should you observe any unsafe situations at work, please reach out to the Helpline. Please also take the time to familiarize yourselves with emergency procedures and the safety manuals applicable to your location.



B ETHICS IN OUR BUSINESS ACTIVITIES

Infosys enjoys a hard-won reputation for honesty, integrity and fair dealing. Without question, this reputation for integrity is an invaluable part of our success. There are certain regulations that Infosys is subject to and we should ensure that we comply both in letter and in spirit with these as is applicable.

PREVENTING CORRUPTION

The United States Senate in 1977 stated "Corporate bribery is bad business. In our free market system it is basic that the sale of products should take place on the basis of price, quality, and service. Corporate bribery is fundamentally destructive of this basic tenet."

GOVERNMENT OFFICIALS

Particular care must be taken when interacting with government officials. This includes employees of any government, candidates for political office, members of royal families and employees of businesses controlled by the government.

Corruption diverts public resources from priorities such as health, education, and infrastructure and impedes economic growth. Corruption undermines public accountability and the rule of law. Corruption is anti-competitive, increases costs of doing business globally and introduces significant uncertainty into business. Bribery thus raises the risks of doing business, putting a company's bottom line and reputation in jeopardy. Companies that pay bribes to win business ultimately undermine their own long-term interests and the best interests of their investors.

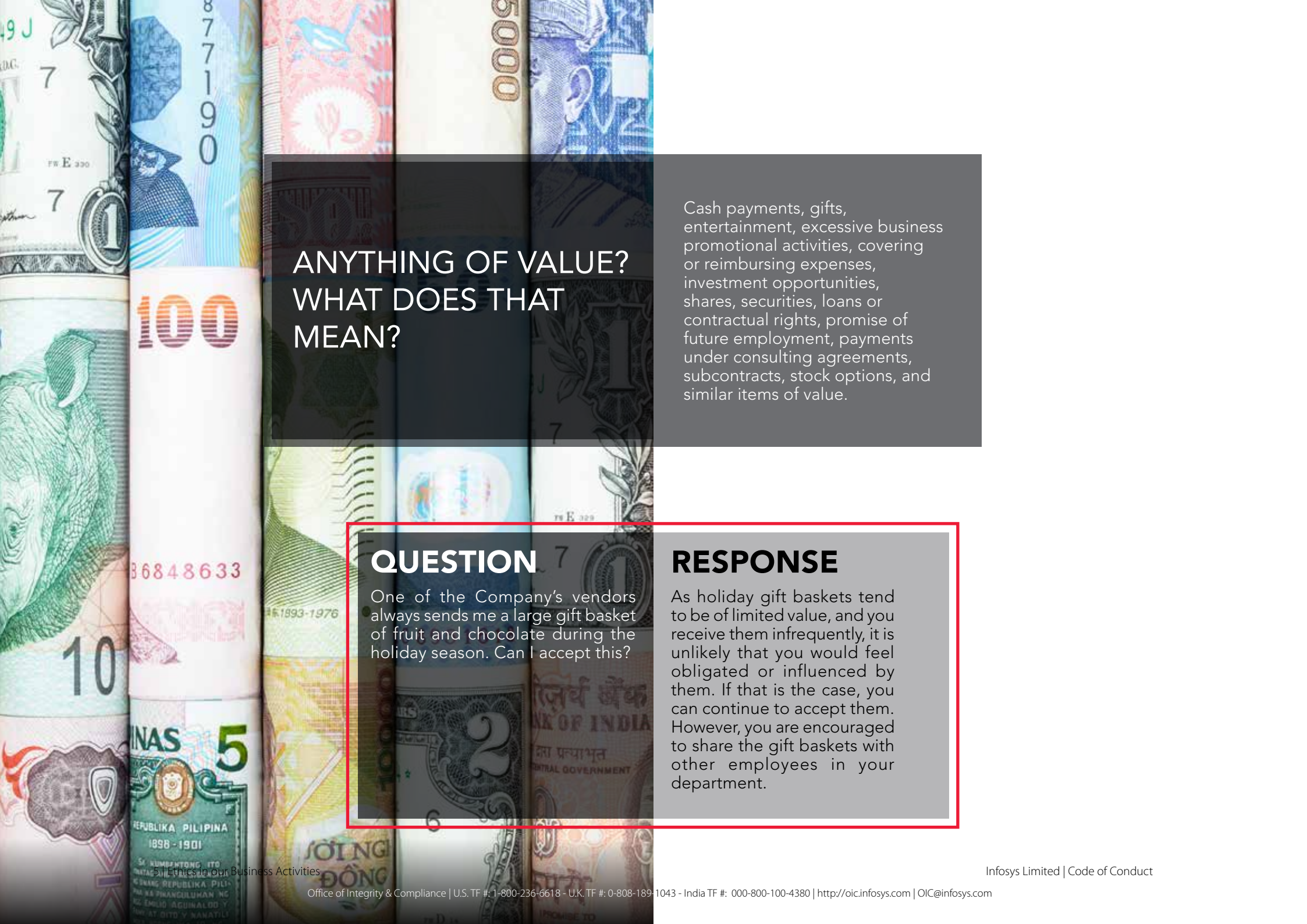
As a global company, apart from the Prevention of Corruption Act, 1988 (India), Infosys is subject to all relevant anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA) (as if it were a U.S. incorporated company) and the Bribery Act 2010 (U.K.). These prohibit bribery of government officials and commercial partners.

We should never offer, directly or indirectly, any form of gift, entertainment or anything of value to any government official, commercial partners including customers or their representatives to:

- Obtain or retain business;
- Influence business decisions; or
- Secure an unfair advantage

This includes bribes, kickbacks and facilitation payments.

What is a bribe? A bribe is **anything of value** that may be seen as an attempt to influence an action or a decision in order to obtain or retain business or acquire an improper advantage. This could include money, gifts, favors, use of company resources, entertainment or other items of value.



ANYTHING OF VALUE? WHAT DOES THAT MEAN?

Cash payments, gifts, entertainment, excessive business promotional activities, covering or reimbursing expenses, investment opportunities, shares, securities, loans or contractual rights, promise of future employment, payments under consulting agreements, subcontracts, stock options, and similar items of value.

QUESTION

One of the Company's vendors always sends me a large gift basket of fruit and chocolate during the holiday season. Can I accept this?

RESPONSE

As holiday gift baskets tend to be of limited value, and you receive them infrequently, it is unlikely that you would feel obligated or influenced by them. If that is the case, you can continue to accept them. However, you are encouraged to share the gift baskets with other employees in your department.

What is a kickback? A kickback is a form of corruption that involves two parties agreeing that a portion of their sales or profits will be kicked back (given back) to the purchasing party in exchange for making the deal.

What is a facilitation payment? Certain countries may have a practice of 'facilitation payments', which are payments to government officials to expedite or ensure routine actions, such as issuing visas, work permits, licenses etc.

Infosys doesn't do any of these, nor do we allow third parties acting on our behalf, such as agents, consultants, suppliers and contractors to make any payments like these.

Also remember that while managing these relationships, we must be on the watch for any actions relating to bribery, kickbacks, improper payments or other corrupting influences. We can and will be held responsible for the conduct of our third parties if they violate the law while working on our behalf.

GIFTS AND ENTERTAINMENT

In connection with certain holidays and other occasions, it is customary in many parts of the world to give gifts of nominal value to customers, government officials and other parties who have a business relationship with the Company. However, we should be careful that while doing so, we do not violate any regulations or do anything that is contrary to our C-LIFE values.

When we make a gift to a customer, a government official or any third party, we should keep the following in mind:

- It is not done to obtain or retain business or gain an improper advantage in business;
- It is lawful under the laws of the country where the gift is being given and permitted under the policies of the client;
- It constitutes a bona fide promotion or goodwill expenditure;
- It is not in the form of cash;
- The gift is of nominal value (on an individual and aggregate basis);

- The gift is accurately recorded in the Company's books and records;
- In any event, you must comply with our gifts and entertainment policy.

Accepting Gifts: The same principles apply if a customer or supplier wishes to give us a gift or any other token of their appreciation.

Reach out to the Office of Integrity & Compliance by writing to OIC@infosys.com to understand the process we need to follow.

CHARITABLE CONTRIBUTIONS

Infosys believes that charitable contributions and donations are an integral part of its corporate social responsibility. Typical areas for granting support are education and research, social welfare, disaster relief and other similar social causes.

Before making a charitable contribution on behalf of Infosys, we should keep in mind the following:

- The recipient is a registered, tax-paying, recognized organization.
- The contributions are permissible under applicable local laws.
- Contributions are made without demand or expectation of business return.
- Beneficiaries of such contributions should not be related to the directors or executive officers of Infosys.
- Contributions shall not be made in cash or to the private account of an individual.
- Any amounts contributed or donations made towards charitable causes shall be fairly and accurately reflected in Infosys' books of accounts.

We have a strict diligence process for charitable contributions. Reach out to the Office of Integrity & Compliance by writing to OIC@infosys.com to understand the diligence we need to follow.



Red Flags While Transacting with Third Parties

- Background check reveals a flawed background or reputation.
- Transaction involves a country known for corrupt payments. Refer to Transparency International's list for this (www.transparency.org).
- Agent suggested by a government official.
- Agent objects to anti-corruption compliance requirements.
- Agent has a personal or business relationship with a government official.
- Unusual contract terms or payment arrangements such as payment in cash, payment in another country's currency or payment to a financial institution outside the country where the contract is performed.
- Requests that identity of the agent be kept confidential.
- Commission exceeds the 'going rate' or must be paid in cash.
- Indication that 'facilitation payments are required' to 'get the business moving'.
- Request false invoices or any other type of false documentation; or
- Payment in a third country or in another party's name.

QUESTION

I have some shares of Infosys as part of my portfolio. I need to sell them as I am in need of money. How do I proceed?

RESPONSE

Read the Company's Insider Trading Policy. You should follow the pre-clearance procedures for trading and trade only when the trading window is open.

TRANSACTIONING WITH THIRD PARTIES

We try, to the extent reasonably practicable, to directly interact with government officials. However, if third party agents are required to interface with government authorities on behalf of Infosys, we should verify the credentials and reputation of such a third party agent prior to any agreement with them and ensure that a formal contract is executed, including appropriate provisions requiring the third party agent to comply with applicable anti-corruption and local laws. A copy of this Code must be provided to such third party agents.

Keep in mind that the Company and individual directors, officers or employees may be liable for a payment made by a third party agent, if the Company makes a payment or transfers other value to that third party agent knowing that it will be given to a government official.

We ensure that the fee, commission or other remuneration paid to intermediaries or third party agents is reasonable, bona fide and commensurate with the functions and services performed. We should keep track of such expenses so that they are fairly and accurately reflected in Infosys' books of accounts.

TRADING IN COMPANY SHARES

Infosys is a publicly traded company. This means that the shares of Infosys may be traded by the public. The price of our shares may fluctuate on the basis of information about the Company's activities. This fluctuation should be on the basis of information available to the public. If someone is aware of, for example, management changes or an upcoming acquisition and uses it to buy or sell our shares before such information is made public, they may be subject to penalties under insider trading laws.

How is this relevant to me?

In the course of our everyday work, as an employee, a consultant or a vendor, we may have access to "material" non-public Company information. Material non-public information is information about a company that (i) is not in the public domain, and (ii) that an investor would find useful to decide whether

to trade in the Company's securities. This could include information about potential new businesses of the Company, acquisitions, Company strategy, information on potential litigation and so on. The list is quite exhaustive.

Under applicable securities laws, it is unlawful for a person who has such information to trade in the shares of the Company or to disclose such information to others who may trade. This activity is commonly referred to as 'insider trading'. Insider trading may lead to imprisonment, fines and insider traders may even be subject to private lawsuits.

So what does this mean?

- Take care that we do not disclose material non-public information to anyone outside the Company, including family and friends.
- Ensure that we do not trade in the shares of Infosys or any company involved with Infosys while you have material non-public information about them. Additionally, the Company imposes a trading blackout period each quarter and members of the Board, executive officers and employees are not to trade in Company securities during this period.

For more details, read the Company's [Insider Trading Policy](#). All questions regarding the Company's Insider Trading Policy should be directed to insidertrading@infosys.com.

Prohibition against Short Selling of Company Securities

No Company director, officer, employee or third party agent may, directly or indirectly, sell any equity security, including derivatives, of the Company if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale") within the applicable settlement cycle.



QUESTION

My spouse is starting a company. To fulfil regulatory requirements, I need to be appointed a director on the company. I will also be a majority shareholder in the company which is in the business of online food delivery. Is there a problem if I do this?

RESPONSE

From the facts, it does not appear that your spouse's start-up is in the same business as Infosys. Remember that you may not use Infosys time, property, or other resources to help your spouse. Good luck!

Understanding Regulated Trade Restrictions

Export Control Regulations

Many countries maintain controls on where products or software may be exported to – these are called ‘export controls’. Under these laws, an ‘export’ occurs when a product, service, technology or certain type of information is given to a foreign person in another country or to any foreign citizen or representative of another country, regardless of where that person is located. Some of the strictest export controls are maintained by the United States. For example, U.S. export regulations apply both to exports from the U.S. and to exports of products from other countries, when those products contain U.S.-origin components or technology. Other countries, including in Europe, also have strict export control regulations.

What do you need to do?

- Early on in any customer engagement, you should carefully consider the obligations of the Company and the customer with respect to export controls.
- Export regulations are complex. While you should familiarize yourself with export control regulations, understand that these regulations are complex, and enlist the assistance of the Office of Integrity & Compliance at an early stage by writing to OIC@infosys.com.

EXPORT CONTROL REGULATIONS

Even if duplicated and packaged abroad, software created in the United States may be subject to these regulations. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute a controlled export.

Anti-Boycott Laws

In the course of our work, we may receive requests for our Company to boycott certain countries, companies or other entities. We should not cooperate with any boycott that is not initiated by the U.S. or Indian governments. This may be considered as an illegal foreign boycott. Be alert to these situations, as these requests may be contained as part of larger documents such as master service agreements, invoices or statements of work. Please contact the Office of Integrity and Compliance at OIC@infosys.com if you have questions.

Conflict of Interest

What does conflict of interest mean?

When the interests or benefits of one person conflict with the interests or benefits of the Company, a conflict of interest is said to occur. We must avoid situations involving actual or potential conflict of interest so that even the slightest doubt about our integrity is not raised.

Conflicts of interest also occur when we or our family members receive improper personal benefits, or preferential treatment as a result of our position, or the position of a family member, in the Company. Remember that such situations might impact our judgment or responsibilities towards our Company and our shareholders and customers.

When could I be faced with a ‘conflict of interest’ issue?

Some examples include:

Outside Employment

If you take part in any activity that enhances or supports a competitor’s position or accept simultaneous employment with any other company or business entity, it is considered outside employment and a conflict of interest. This includes performing services as an employee, agent or contractor for a customer, supplier or any other entity that has a business relationship with the Company while working at Infosys.



QUESTION

I work in a country where the laws are different from those in the country where I am based. Does the Code cover both locations?

RESPONSE

Infosys respects the letter and the spirit of the laws and customs of every place where we do business. The Code is intended to be broad enough to cover everyone worldwide, but laws vary from place to place. What may be lawful in one place may be unlawful in another. Employees must always perform their jobs in compliance with applicable laws, policies and procedures. If you are concerned about a possible conflict involving our Code, Company policies and procedures, and any local laws or customs contact any of the resources listed at the end of the Code.

Working with Family and Friends

To avoid conflicts of interest and any appearance of favoritism, ensure that you do not work directly for, supervise or make employment decisions about a family member. This includes positions or assignments within the same department and the employment of such individuals in positions that have a financial or other dependence or influence (e.g., an auditing or control relationship, or a supervisor / subordinate relationship).

Please reach out to your manager and unit HR manager if you have any questions about this. The Human Resources Department is responsible for determining whether an acknowledged relationship is covered by the policy.

Related Party Transactions

You should also avoid conducting Company business with a relative, or with a business in which a relative is associated in any significant role. Relatives include spouse, siblings, children, parents, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, step relationships, and in-laws.

Material transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Audit Committee. As a listed entity, the Company is subject to certain legal obligations to report such material related party transactions to regulators and it is important that all such transactions be fully disclosed, conducted at arm's length and with no preferential treatment.

Relationships at Work

Personal or romantic involvement with a competitor, supplier, or another employee of the Company might affect your ability to exercise good

judgment on behalf of the Company. This could lead to conflict of interest. Personal relationships and romantic liaisons between employees who are in a manager-employee reporting structure may lead to team management challenges and reduced morale. Such relationships must be disclosed to the manager immediately, who may take appropriate corrective action.

Outside Directorships

It is a conflict of interest for employees or directors to serve as a director of any company that competes with the Company. With prior approval of the Office of Integrity and Compliance, employees may serve on the boards of two other business entities, provided such entities do not compete with Infosys.

Outside Investments

You should not have a financial interest, including through a relative, in any organization if that interest would give or appear to give you a conflict of interest with the Company. You should be particularly sensitive to financial interests in competitors, suppliers, customers, distributors and strategic partners. Questions in this regard should be directed to OIC@infosys.com.

When faced with such issues, ask yourself:

- Would this create or appear to create an unfair incentive for me or my friends and family?
- Am I putting Infosys at risk of violating laws or agreements with our customers?
- Would this look bad if it was brought up in social media?
- Would this distract me from doing my job?

Loans

Loans and guarantees to employees by the Company could constitute improper personal benefits depending on the facts and circumstances. Loans by the Company to, or guarantees by the Company of obligations of, any director or executive officer or their family members are prohibited by law.

What should I do if I have any questions?

- All such situations must be disclosed by reaching out to the Helpline. Remember, having a conflict of interest situation may not necessarily be



VALUES IN ACTION

WHAT DOES IT MEAN TO ACT WITH INTEGRITY AND TRANSPARENCY?

Acting with integrity and transparency means that we should be ethical, sincere and open in all our transactions. Personal accountability goes a long way in showing our clients

and our employees that they can rely on us. That is why, as employees and leaders of Infosys, we keep our commitments and walk the talk. We speak up when we are uncomfortable or uncertain, especially when it comes to actions, conditions and behaviors that contradict our values and culture.

wrong, however your failure to disclose it will be a violation of this Code.

- Additionally, you must also disclose your potential conflict of interest on an annual basis to your unit HR. You should continue to disclose such circumstances each year in your annual Code training if the potential conflict is ongoing.

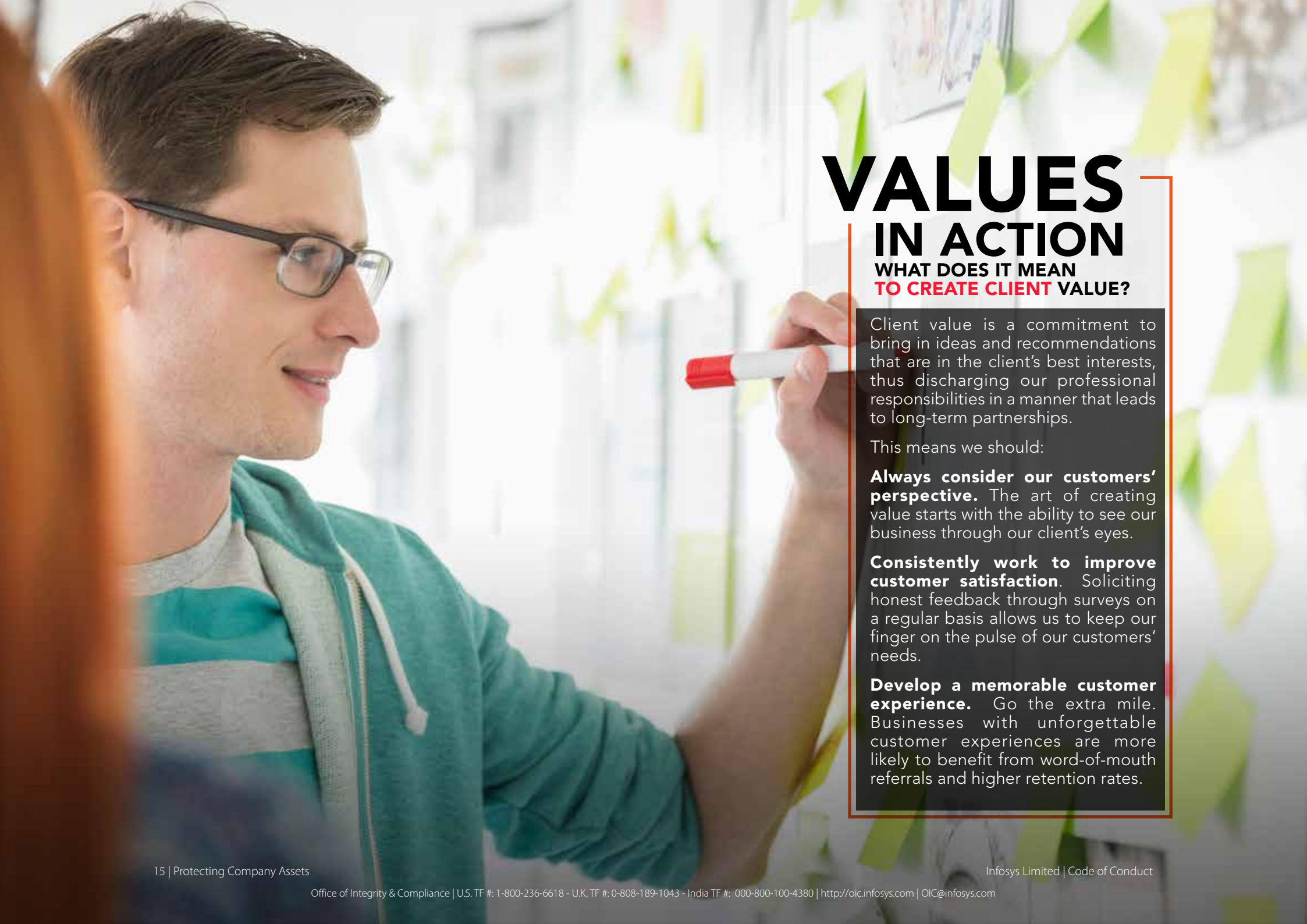
Since the situations for other conflicts of interest are wide and many, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts, you should raise it to the Helpline.

POLITICAL ACTIVITIES

Infosys reserves the right to communicate its position on important issues to the elected representatives and other government officials. Infosys' funds or assets must not be used as contribution for political campaigns or political practices under any circumstances without the prior written approval of the Board. For obtaining such approvals, please reach out to the Helpline. We do not seek reimbursement for political contributions or use Infosys resources for personal political activities. We also do not indicate in any manner that we represent our Company's opinion about a candidate for office or any political cause or decision of any government.

LOBBYING

If our work includes meetings with government, elected officials, all of which might be construed as 'lobbying', we must be aware that such activities are regulated. We should not claim to represent our Company at such meetings unless we are specifically designated by the Company to do so. As in all other spheres of our activity, any meetings of this sort should be carried out with high integrity, in line with our C-LIFE values.



VALUES IN ACTION

WHAT DOES IT MEAN
TO CREATE CLIENT VALUE?

Client value is a commitment to bring in ideas and recommendations that are in the client's best interests, thus discharging our professional responsibilities in a manner that leads to long-term partnerships.

This means we should:

Always consider our customers' perspective. The art of creating value starts with the ability to see our business through our client's eyes.

Consistently work to improve customer satisfaction. Soliciting honest feedback through surveys on a regular basis allows us to keep our finger on the pulse of our customers' needs.

Develop a memorable customer experience. Go the extra mile. Businesses with unforgettable customer experiences are more likely to benefit from word-of-mouth referrals and higher retention rates.



PROTECTING COMPANY ASSETS

Company Confidential Information

For the Company, its confidential information is a valuable asset and every director, employee and agent of the Company must protect it. Confidential information includes all non-public information (regardless of its source) that might be of use to the Company's competitors or harmful to the Company if disclosed. We must take care that all confidential information is used for Company business purposes only.

Upon joining Infosys, all employees sign a Confidentiality and Nondisclosure Agreement which details their confidentiality obligations to the Company. As employees, we have access to significant amounts of company information that may not be available to the public, and we should preserve the confidentiality of information obtained in the Company's service. Information of a confidential, private and sensitive nature must be used responsibly and controlled and protected to prevent its prohibited, arbitrary or careless disclosure.

Unless the Company has provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, we are prohibited from disclosing confidential Company information. Confidential or proprietary information about clients, our organization, or other parties, which has been gained through employment or affiliation with Infosys, may not be used for personal advantage or for the benefit of third parties.

We are also responsible for properly labeling all documentation in accordance with the [Information Labelling and Classification Policy](#). This responsibility

includes the safeguarding, securing and proper disposal of confidential information and extends to confidential information of third parties, which is explained elsewhere in this Code.

Improper Opportunities

When we receive information as part of our job, we should not trade with it for our personal benefit. Neither should we pass on the information to our friends and family members or indirectly compete with the Company. Information obtained as part of our job should not be taken advantage of even after we leave the organization.

Company Intellectual Property

The intellectual property (IP) of the Company must be protected as a vital business asset. Our IP portfolio includes copyrights, patents, trademarks, service marks, trade secrets, design rights, logos, brands and know-how. We must use our IP focusing on protecting these assets. It is important to ensure that to the extent permitted by law, the rights to all IP created using the Company's time and expense that which are within the scope of our duties are assigned to and are the property of the Company. We should promptly disclose any works, inventions or developments we create to obtain legal protection over them. Please contact the IP Cell at iphelp@infosys.com if you have any questions.



VALUES IN ACTION

WHAT DOES IT MEAN TO LEAD BY EXAMPLE?

At Infosys, we strive to set standards in all our business dealings and to be an exemplar for the industry and our fellow Infoscions. Each one of us can lead by example in acting with integrity and transparency.

This means we should:

Act with fairness and honesty in all our dealings — be objective and transaction-oriented.

Make sure that those whom we supervise and those to whom we report understand and follow the Code, Company policies and applicable laws.

Know what resources are available to help.

Support employees who, in good faith, ask questions, raise concerns, or cooperate with investigations.

Raise any integrity concerns immediately. Problems caused by violations of the Code, Company policies or applicable laws seldom get better with the passage of time — they frequently get worse.

Providing Information to the Media

To protect our confidential information from misuse and to ensure that only accurate information about the Company is disclosed, we have designated our Corporate Communications team to handle exchanges with the media. Additionally, our Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Investor Relations Department are the official Company spokespeople for financial matters. All inquiries or calls from the press and financial analysts should be referred to the Corporate Communications team. We must not post or discuss information concerning the Company's services or business on the Internet unless we are authorized to do so. Neither must we create a perception that we are speaking or posting on behalf of the Company. Remember that your online posts will be available for a long time, so think carefully prior to posting any information that could affect our Company.

For more information, you may read the [Corporate Policy Statement on Investor Relations](#) which establishes who in the Company may communicate information.

Physical Access Control

Infosys has developed procedures covering physical access control to ensure privacy of communications, maintenance of the security of the Company communication equipment, and safeguard Company assets from theft, misuse and destruction. We are responsible for complying with the security policies in your location. You must not defeat or cause to defeat the purpose for which the access control was implemented. For more details please read the Company's [Information Security Policy](#).

Use of Company Assets

The use of Infosys assets for individual profit or any unlawful, unauthorized personal or unethical purpose is prohibited. Our information technology,

Speaking to the Media

Any inappropriate or inaccurate response, even a simple 'NO' or disclaimer of information, may result in adverse publicity and could otherwise gravely affect the Company's legal position.

intellectual property (e.g., copyrights, patents, and trademarks), facilities, equipment, machines, software, and cash may be used for business purposes only, including responsible and accurate expense reimbursement, and in accordance with applicable policies.

Other assets (e.g., computers, printers, and copiers) may be used for minor and incidental personal purposes provided such use is kept to a minimum, and does not create any significant incremental costs, interfere with work duties, or violate any laws or Infosys policies. The

use of any Infosys resources for personal political activities is prohibited.

Computer hardware, software, data, and facilities are valuable resources that need protection from potential destruction, theft, or misuse. These resources may also include confidential client or Infosys information that requires safeguarding. It is your responsibility to prevent unauthorized access through the use of ID badges, passwords, or other security codes, and physical security measures (such as using computer cable locks, not leaving computers unattended in cars, and other normal precautions).

Copyrighted materials (e.g., books, music, software, and magazines) should not be reproduced, distributed, or altered without permission of the copyright owner or an authorized agent. Software used in connection with the business of Infosys should be properly licensed and used only in accordance with that license. Using unlicensed software could constitute copyright infringement and may be grounds for disciplinary action. For more information, please read the Company's policies on use of Company assets.

Expense Claims

Each supervisor, manager, and individual employee has an obligation to each other and to the Company to comply with Infosys business expenses and reimbursement policies and practices. All business-related expense claims must be authorized by your manager before being incurred. Personal expenses will not be reimbursed by the Company.



QUESTION

I recently started working at Infosys. I previously worked for a competitor and just realized I may be involved in developing technology for Infosys that is very similar to what I developed for my prior employer. Should I inform my manager?

RESPONSE

Yes, immediately inform your supervisor that there may be a conflict with your obligations to a prior employer, but take care not to disclose any confidential information belonging to the prior employer in doing so. You should follow any obligation to your prior employer not to disclose or use their confidential technical information. Infosys expects you to honor your confidentiality obligations to your prior employer. When in doubt about the scope of obligations to a prior employer contact our IP Cell.

D

COMMITTED

TO OUR CUSTOMERS AND OUR SUPPLIERS

To many people, you are the only “Infosys” that they will ever meet—as such you are a brand ambassador and a representative of the Company. For instance, if our job involves working with current or potential Company customers / suppliers, we must act in a manner that is representative of our C-LIFE values. The goodwill our Company enjoys is one of our most important assets, and we must preserve and enhance our reputation through our actions.

Fair Dealings

We must deal fairly with the Company’s customers, suppliers, partners, service providers, competitors and anyone else with whom we interact while at work. We should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts or any other unfair dealing practice.

Confidential Information of Clients and Third Parties

The Confidentiality and Nondisclosure Agreement we sign when we join the Company details our confidentiality obligations to the Company and its clients. We have access to significant amounts of client information that may not be available to the public, and we are required to preserve the confidentiality of information obtained in client service. Information of a confidential, private and sensitive nature must be used responsibly and controlled and protected to prevent its prohibited, arbitrary or careless disclosure. Unless the client has

provided its specific consent, which should preferably be in writing, or there is a legal or professional right or duty to disclose, we are prohibited from disclosing confidential client information.

Confidential or proprietary information about clients, our organization, or other parties, which has been gained through employment or affiliation with Infosys, may not be used for personal advantage or for the benefit of third parties.

Free and Fair Competition

At Infosys, we believe that a free and fair market benefits all of us and ensures that our clients receive the best quality products and services at the best prices. Most countries we operate in have laws to encourage and protect free and fair market competition by regulating anti-competitive conduct, including unfair acts by market leaders. These laws regulate our relationships with our customers, competitors, distributors and resellers.

What do we need to know? What is regulated? How do we comply?

- Anti-trust laws generally address the following areas: Unfair pricing practices (including price discrimination), secret rebates, exclusive dealerships or distributorships which are questionable, restrictions on carrying competing products and other practices. If you come across any such questionable practices in the course of your work, for instance, while bidding for services, please contact the Helpline.



QUESTION

My department is in the process of choosing a vendor. One of my employees recommended a company owned by his sister. I have heard good things about this company from other sources. Can I consider this company even though one of my employees is related to the owner?

RESPONSE

This company can compete for the work, but the employee who is related to the owner cannot be involved in decisions about choosing the vendor. Nor can the employee be involved in managing the vendor, if chosen. Your employee should also understand that he cannot provide any confidential Infosys information or other advantage to his sister that would help her company be selected. Also, you should consult your manager about any actual or apparent conflicts of interest under the circumstances, particularly where family members are involved.

- You should not knowingly make false or misleading statements regarding our competitors or the products and services of our competitors, customers or suppliers.
- Collusion among competitors is illegal. Our communications with competitors should always avoid subjects such as prices or other terms and conditions of sale, customers and suppliers. You should not enter into an agreement or understanding, written or oral, express or implied, with any competitor on these subjects.

Industrial Espionage

Our commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws. As a lawful competitor and to help ensure the integrity of the competitive marketplace, we must respect our competitors. Take care that we do not appropriate or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

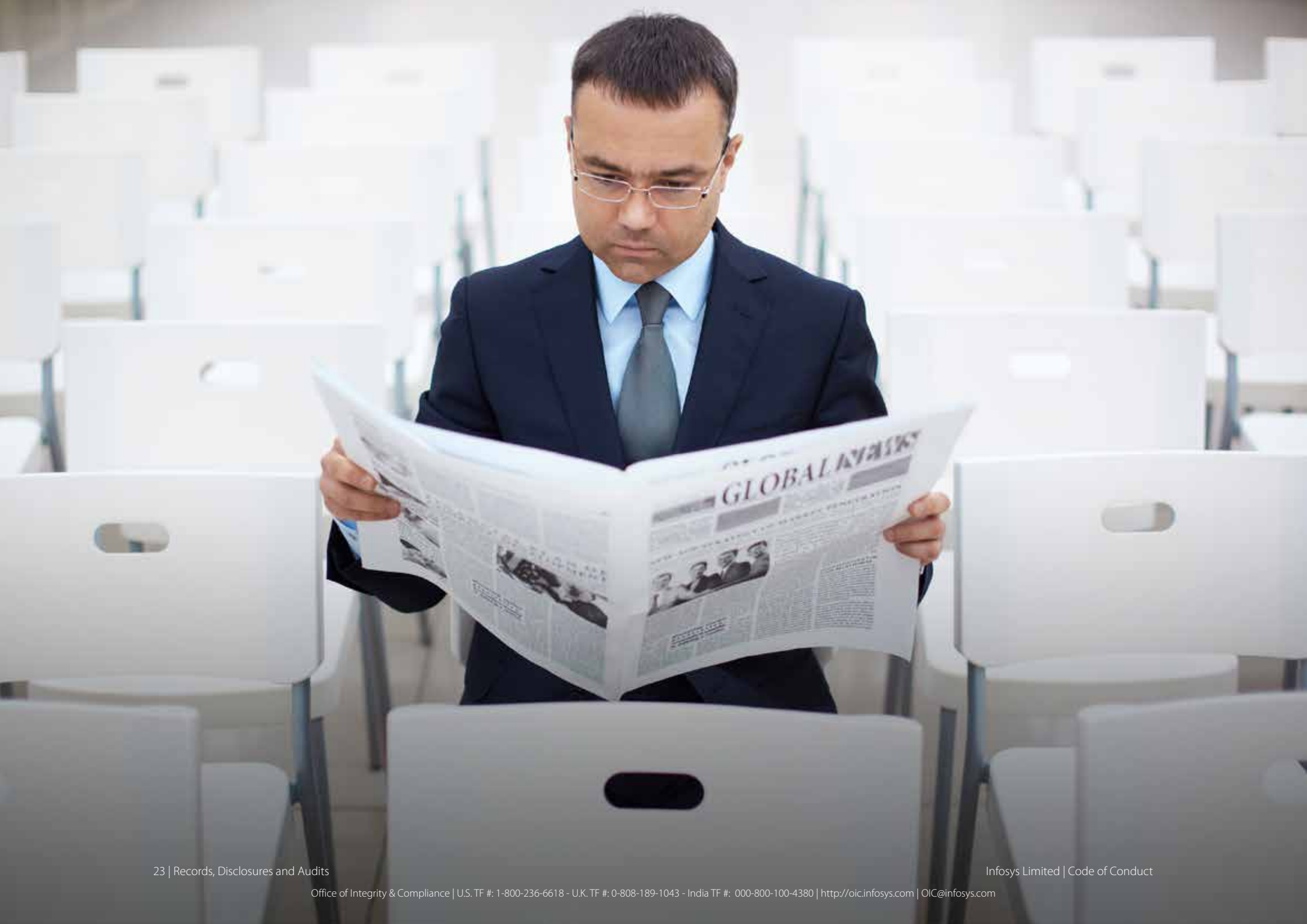
Governmental Relations

While all our clients are treated with respect, we should be especially careful while dealing with government clients. There are significant penalties in many countries, including debarment and monetary penalties for organizations that fail to follow the law while working for government clients. The principles set out in 'Preventing Corruption' must be strictly followed by all who interact with

government officials especially with respect to gifts and entertainment. We should not attempt to influence government employees in any manner other than what is agreed in our contractual arrangement with the government. Employment opportunities for former government officials must not be discussed without first seeking guidance and approval of the Office of Integrity and Compliance. Similarly, we should not initiate discussions for any contract with any business in which a government official or employee holds a significant interest, without the prior approval of the Office of Integrity and Compliance. Reach out to the Helpline for approvals.

Selecting Suppliers

The Company's suppliers make significant contributions to our success. We strive to create an environment where our suppliers are confident that they will be treated with respect. We select our significant suppliers or enter into significant supplier agreements through a competitive bid process where possible. For more information, read our Supplier Code of Conduct.



E RECORDS, DISCLOSURES AND AUDITS

MAINTAINING ACCURATE RECORDS

The integrity of our financial transactions and records is critical to the operation of our business. Our shareholders' trust is based on their confidence in the accurate recording of our financial transactions. Additionally, as a listed company, we are bound by certain standards for accurate financial reporting and we are required to have appropriate internal controls and procedures. If you have responsibility for or any involvement in financial reporting or accounting, you should have an appropriate understanding of, and you should seek in good faith to adhere to, relevant accounting and financial reporting principles, standards, laws, rules and regulations and the company's financial and accounting policies, controls and procedures.

If you are a senior officer, you should seek to ensure that the internal controls and procedures in your business area are in place, understood and followed.

Additionally you should take every precaution, whether you are otherwise required to be familiar with finance or accounting matters or not, to ensure that every business record or report with which you deal is honestly filled in, accurate, complete and reliable. For more information, refer to the [Policies on Reimbursement of Official Expenses](#). Additional policies may be applicable, based on your location.



VALUES IN ACTION

WHAT DOES IT MEAN TO BE FAIR?

Fairness in the workplace is about respecting the rights of all those who work with us.

This means we should:

Treat employees fairly, keeping differing skills, abilities and circumstances in mind.

As a manager, make our expectations and evaluation criteria known.

At every stage, give employees an equal chance to be heard — whether it is allowing them to share great ideas or to air grievances.

Discourage politicking. Establish a reputation for discouraging this practice and encouraging team members to communicate openly with each other to solve issues.

Give credit generously. Employees should be recognized for their ideas and contributions.

ENSURING ACCURATE PUBLIC DISCLOSURES

Infosys is committed to provide full, fair, accurate, timely and clear disclosures in reports and documents that we file with, or submit to our regulators and in our other public communications. To enable this, we must ensure that we comply with our disclosure controls and procedures, and our internal control over financial reporting.

AUDITORS

Our outside auditors have a duty to review our records in a fair and accurate manner. We must cooperate with them in good faith and in accordance with law. We must never mislead them in any manner regarding financial records, processes, controls or procedures or other matters which they may enquire about.

INTERACTING WITH REGULATORS

We must fully and truthfully cooperate with any examination or request for information from a regulator or law enforcement agency. Any contact with law enforcement agencies or regulators must be coordinated through the Legal Department.

RECORDS ON LEGAL HOLD

DO NOT

- enter information in the Company's records that hides the true nature of any financial or non-financial transaction or result;
- establish any undisclosed or unrecorded fund, account, asset or liability for any improper purpose;
- enter into any transaction or agreement that could affect the accurate and timely recording of revenues or expenses.

In certain circumstances, such as litigation or government investigations, you may be informed by the Legal Department that a legal hold is placed on records for which you are responsible. A legal hold prevents the destruction of documents which may be required for such investigations. We must all comply with instructions of the Legal Department if a legal hold is placed.

Unless released in writing by the Legal Department, a legal hold remains effective. If you have any questions about a legal hold, contact the person who has sent you the notice of legal hold.

RECORD RETENTION

All Company records shall be maintained in accordance with our [Document Retention and Archival Policy](#).



F

ADMINISTERING OUR CODE

The Office of Integrity and Compliance is responsible for administering the Code and reports to the General Counsel and the Audit Committee of the Company.

INVESTIGATIONS

We have put in place a process to review and investigate all potential legal or Code violations. Investigations will be conducted in confidence and will be respectful and fair. If an allegation is substantiated by an investigation, the appropriate management team will review the findings and determine the final outcome. Should you report a potential violation in good faith, you are assured of all support by the Company. This support is extended to any person who is assisting in any investigation or process with respect to such a violation as well. You can report any potential violation in good faith without ever worrying, for instance if it will affect you professionally. Any such retaliation may be immediately reported to the Helpline. If you are the subject of an external investigation, you should immediately report this to your manager unless it is prohibited by law.

AMENDMENTS / MODIFICATIONS TO OUR CODE

Our Company's Board is responsible for approving and issuing the Code. The Code was first effective on April 10, 2003, with revisions through October 24, 2017. Our Code is reviewed annually to determine whether

revisions may be required due to changes in the law or regulations, or changes in our business or the business environment. The Board of Directors must approve any changes to our Code.

ACKNOWLEDGEMENT

Each year, we distribute the Code to our employees. Additionally, annual training on the Code may be required as part of your role. Employees and our Board of Directors are required to acknowledge that they have read and understood the Code. Our Independent directors may be required to acknowledge acceptance of the Code for Independent Directors as well. You must remember that under no circumstances does your failure to read our Code, sign an acknowledgement or certify online exempt you from your obligation to comply with our Code.

WAIVERS

Any waiver of our Code requires the prior written approval of the Office of Integrity and Compliance or, in certain circumstances, the Board of Directors or a committee thereof. Waivers will be promptly disclosed as required by applicable law.



VALUES IN ACTION

WHAT DOES IT MEAN TO BE EXCELLENT?

'Excellence' can be defined as the quality of excelling, possessing good qualities in high degree. It is about developing a winning mindset that says, "I want to be great at what I do. I want my work and my personal life to be successful."

This means we should:

Match behavior with values

Demonstrate our positive personal values in all we do and say. Be sincere and real.

Learn from mistakes

View failures as feedback that provides us with the information we need to learn, grow and succeed.

Speak with purpose

Think before we speak. Make sure your intention is positive and your words are sincere.

Make the most of every moment

Focus our attention on the present moment. Keep a positive attitude.

Take responsibility for actions

Be responsible for our thoughts, feelings, words and actions. 'Own' the choices you make and the results that follow.

Be willing to do things differently

Recognize what's not working and be willing to change what you are doing to achieve your goal.

Be balanced

Balance is about considering everything that's meaningful and important to us when we make choices about how we spend our time and energy. When we find the right balance, we are happy, healthy, satisfied and productive.

DISCIPLINARY ACTIONS

If you violate our Code, the Company will take appropriate disciplinary action.

The matters covered in this Code are of the utmost importance to the Company, its shareholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our directors, officers, employees and third party agents to adhere to these rules in carrying out their duties for the Company.

We take violations of this Code, Company policies and applicable laws seriously. Where appropriate, the Company takes prompt corrective action, up to and including termination of employment. We strive for consistency and fairness in discipline for Code violations. Discipline may include a verbal or written warning; suspension with or without pay; loss or reduction of bonus or stock options; or, for the most serious offenses or repeated misconduct, termination of employment.

Any disciplinary action depends on the nature, severity, and frequency of the violation. It may vary depending upon local law. Please understand that those who violate the laws or regulations mentioned in the Code could expose themselves and the Company to substantial civil damages and criminal penalties.

Corrective action may be taken if you:

- Violate the Code, Company policies and procedures, or applicable laws.
- Direct others to violate the Code, Company policies and procedures, or applicable laws.
- Are aware of a violation or potential violation, and fail to report it.
- Fail to effectively monitor the actions of people you manage.
- Do not cooperate in a Company audit or investigation.
- Fail to participate in required training.
- Retaliate against someone for reporting a concern in good faith or for participating in an investigation of such a report.
- Disclose information learned during an internal investigation.

SPEAK UP

Confidential. Toll-free. 24/7.

Report your concerns to your manager, Human Resources manager, or the Helpline. The helpline numbers are:

- U.S. Toll Free #: 1-800-236-6618
- U.K. Toll Free #: 0-808-189-1043
- India Toll Free #: 000-800-100-4380
- You can also report at <http://oic.infosys.com>

Use the helpline to report:

- Inaccuracy of financial records
- Accounting and auditing irregularities
- Bribery, corruption or illegal payments
- Criminal conduct and violations of law
- Discrimination and harassment
- Conflicts of interest

You can also write to whistleblower@infosys.com,
or to the Chief Compliance Officer at complianceoffice@infosys.com.
If you have concerns about reaching out to the Chief Compliance Officer,

you may write to Audit.Committee@infosys.com as well.

For more details, read the Company's Whistleblower Policy available on the Infosys intranet and on the Infosys website at:
<http://www.infosys.com/investors/corporate-governance/Documents/whistleblower-policy.pdf>.

If you have concerns relating to your fellow employees' behavior, you can also reach out to HEAR@infosys.com.

Grievances relating to sexual harassment may be raised by writing to GRB@infosys.com.

RETALIATION IS AGAINST OUR VALUES

All such reports may be made without fear of reprisal and with the assurance that the Company is behind you. Threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF CONDUCT AND ETHICS

I have received and read the Company's Code of Conduct and Ethics. I understand the standards and policies contained in the Company Code of Conduct and Ethics and understand that there may be additional policies or laws specific to my job and/or the location of my posting. I further agree to follow the values of the Company in all that I do and comply with the Company Code of Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Office of Integrity & Compliance, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

Employee Name

Employee No

Signature

Date

Please sign and return this form to the Human Resources Department.

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- User Password Policy
- Whistleblower Policy

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