

TO ALL STOCK EXCHANGES

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

July 14, 2017

Dear Sir, Madam,

Sub: Outcome of Board meeting

This has reference to our letter dated July 6, 2017, regarding the captioned subject. The Board, at their meeting held on July 13-14, 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 ended June 30, 2017;
2. Took on record the audited standalone financial results of the Company as per IndAS for the quarter ended June 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 June 30, 2017.

Others

4. Based on the recommendations of the Audit Committee and Nomination and Remuneration Committee, the Board designated Inderpreet Sawhney, Group General Counsel as an executive officer for the purpose of reporting under the rules of Securities and Exchange Commission and Key Managerial Personnel as defined under IndAS 24-Related Party Disclosures effective, July 14, 2017. Inderpreet Sawhney joined the Company as Group General Counsel on July 3, 2017.
5. The Nomination and Remuneration Committee at its meeting held on July 13, 2017, approved the following grants to Inderpreet Sawhney -
 - a. 19,450 RSUs which will vest equally over a period of 4 years;
 - b. 38,700 RSUs which will vest over a period of 2 years in the ratio of 60:40; and
 - c. 44,450 stock options which vest equally over a period of 4 years.

The above stock incentive units are granted with effect from August 1, 2017 under the 2015 Stock Incentive Compensation Plan. 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.

6. Based on recommendations of the Nomination and Remuneration Committee, the Board approved and revised the compensation structure of M.D. Ranganath, Chief Financial Officer.
7. The Board 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. 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.

8. The Board approved and adopted the Charter for 'Committee of Directors' as follows:

The Committee of Directors will function as a bridge between the Board of Directors and the Management with a view to

- strengthen alignment on strategic direction for the business
- review periodically the execution of approved strategies
- support management with inputs in navigating the transformational journey.

We are enclosing herewith the financial results 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



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				
Audited consolidated financial results of Infosys Limited and its subsidiaries for the quarter ended June 30, 2017 prepared in compliance with the Indian Accounting Standards (Ind-AS)				
(in ₹ crore, except per equity share data)				
Particulars	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31,
	2017	2017	2016	2017
	Audited	Audited	Audited	Audited
Revenue from operations	17,078	17,120	16,782	68,484
Other income, net	814	746	753	3,080
Total Income	17,892	17,866	17,535	71,564
Expenses				
Employee benefit expenses	9,366	9,309	9,282	37,659
Cost of technical sub-contractors	1,061	1,000	917	3,833
Travel expenses	527	474	740	2,235
Cost of software packages and others	440	478	276	1,597
Communication expenses	125	149	120	549
Consultancy and professional charges	246	229	175	763
Depreciation and amortisation expenses	450	446	400	1,703
Other expenses	752	823	825	3,244
Total expenses	12,967	12,908	12,735	51,583
Profit before non-controlling interest / share in net profit / (loss) of associate	4,925	4,958	4,800	19,981
Share in net profit/(loss) of associate	-	(7)	(2)	(12)
Write-down of investment in associate*	(71)	(18)	-	(18)
Profit before tax	4,854	4,933	4,798	19,951
Tax expense:				
Current tax	1,499	1,249	1,467	5,653
Deferred tax	(128)	81	(105)	(55)
Profit for the period	3,483	3,603	3,436	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	(3)	20	(17)	(45)
Equity instruments through other comprehensive income, net	-	(5)	-	(5)
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on derivatives designated as cash flow hedges, net	(66)	11	-	39
Exchange differences on translation of foreign operations	107	(197)	38	(257)
Fair value changes on investments, net	27	(10)	-	(10)
Total other comprehensive income, net of tax	65	(181)	21	(278)
Total comprehensive income for the period	3,548	3,422	3,457	14,075
Paid up share capital (par value ₹5/- each, fully paid)	1,144	1,144	1,144	1,144
Other equity	67,838	67,838	60,600	67,838
Earnings per equity share (par value ₹5/- each)				
Basic (₹)	15.24	15.77	15.03	62.80
Diluted (₹)	15.23	15.76	15.03	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.

Notes:

1. The audited interim consolidated financial statements for the quarter ended June 30, 2017 have been taken on record by the Board of Directors at its meeting held on July 14, 2017. The statutory auditors have expressed an unqualified audit opinion. 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. Changes to the Board

The Board appointed D. Sundaram as an Independent Director of the Company effective July 14, 2017 based on the recommendations of the Nomination and Remuneration Committee of the Board.

3. Management Change

(1) The Company has appointed Inderpreet Sawhney as Group General Counsel and Chief Compliance Officer effective July 3, 2017. The Board in their meeting held on July 14, 2017 resolved to include Inderpreet Sawhney as key managerial personnel (KMP) as defined under Ind AS-24 - Related Party Disclosures and designate her as an Executive Officer of the Company for purposes of reporting under the rules of the Securities Exchange Commission effective from the date of the meeting.

The Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee, have approved the annual compensation of Inderpreet Sawhney. The cash compensation is \$ 0.90 million comprising of a fixed component of \$ 0.55 million, variable compensation of upto \$ 0.35 million and annual performance based stock grants. Accordingly, the Nomination and Remuneration committee approved the grant of 19,450 RSUs and 44,450 stock options with effect from August 1, 2017 under the 2015 Stock Incentive Compensation Plan (2015 Plan). These RSUs and stock options shall vest over a period of 4 years from the date of grant and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of shares and the exercise price of the stock options would be the market price as on the date of grant.

Additionally, the Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee approved a one time joining bonus of \$25,000 and a one-time grant of 38,700 RSUs to be granted with effect from August 1, 2017 based on the approval of the Nomination and remuneration committee at its meeting held on July 13, 2017. These RSUs will vest over a period of 2 years from the date of grant in the ratio of 60:40 and the exercise price will be equal to the par value of the shares.

(2) Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

(3) Sandeep Dadlani, President, resigned from the company effective July 14, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

MD

4. The company has asked, for business reasons, M.D Ranganath, the CFO to operate from the US. Accordingly, the Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee, have approved a revision to his salary comprising of fixed pay of \$ 0.69 million and a variable compensation of upto \$0.56 million effective July 1, 2017. In addition, in line with the executive compensation policy, he would be eligible for stock incentives as may be decided by Nomination and Remuneration committee from time to time based on performance.

5. 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. 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.

6. Information on dividends for the quarter ended June 30, 2017

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

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

Particulars	(in ₹ crore)			
	Quarter ended June 30, 2017	Quarter ended March 31, 2017	Quarter ended June 30, 2016	Year ended March 31, 2017
Revenue from operations	14,971	14,920	14,420	59,289
Profit before tax	4,716	4,783	4,460	18,938
Profit for the period	3,415	3,562	3,180	13,818

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

8. Segment reporting (Consolidated - Audited)

Particulars	(in ₹ crore)			
	Quarter ended June 30, 2017	Quarter ended March 31, 2017	Quarter ended June 30, 2016	Year ended March 31, 2017
Revenue by business segment				
Financial Services (FS)	4,594	4,655	4,551	18,555
Manufacturing (MFG)	1,863	1,918	1,844	7,507
Energy & utilities, Communication and Services (ECS)	3,957	3,963	3,719	15,430
Retail, Consumer packaged goods and Logistics (RCL)	2,695	2,710	2,861	11,225
Life Sciences, Healthcare and Insurance (HILIFE)	2,170	2,148	2,004	8,437
Hi-Tech	1,235	1,211	1,322	5,122
All other segments	564	515	481	2,208
Total	17,078	17,120	16,782	68,484
Less: Inter-segment revenue	-	-	-	-
Net revenue from operations	17,078	17,120	16,782	68,484
Segment profit before tax, depreciation and non-controlling interests:				
Financial Services (FS)	1,295	1,328	1,267	5,209
Manufacturing (MFG)	424	472	451	1,848
Energy & utilities, Communication and Services (ECS)	1,073	1,120	1,066	4,431
Retail, Consumer packaged goods and Logistics (RCL)	775	784	802	3,249
Life Sciences, Healthcare and Insurance (HILIFE)	598	596	522	2,308
Hi-Tech	273	291	321	1,277
All other segments	124	70	21	292
Total	4,562	4,661	4,450	18,614
Less: Other unallocable expenditure	451	449	403	1,713
Add: Unallocable other income	814	746	753	3,080
Add: Share in net profit/(loss) of associate	-	(7)	(2)	(12)
Less: Write-down of investment in associate	71	18	-	18
Profit before tax and non-controlling interests	4,854	4,933	4,798	19,951

Notes on segment information

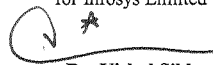
Business segments

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
July 14, 2017

By order of the Board
for Infosys Limited

Dr. Vishal Sikka
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 ended June 30, 2017, prepared as per International Financial Reporting Standards (IFRS) and reported in US dollars. A summary of the financial statements is as follows:

Particulars	(in US\$ million, except per equity share data)			
	Quarter ended June 30, 2017	Quarter ended March 31, 2017	Quarter ended June 30, 2016	Year ended March 31, 2017
Revenues	2,651	2,569	2,501	10,208
Cost of sales	1,692	1,614	1,592	6,446
Gross profit	959	955	909	3,762
Net profit	541	543	511	2,140
Earnings per equity share				
Basic	0.24	0.24	0.22	0.94
Diluted	0.24	0.24	0.22	0.94
Total assets	13,178	12,854	11,317	12,854
Cash and cash equivalents including current investments	5,184	5,027	4,681	5,027

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 July 14, 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.

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

(in ₹ crore except equity share data)

Particulars	Quarter ended June 30,	Year ended March 31,	Quarter ended June 30,
	2017	2017	2016
Revenue from operations	17,078	68,484	16,782
Profit before tax	4,854	19,951	4,798
Net profit after tax	3,483	14,353	3,436
Total comprehensive income for the period (comprising profit for the period after tax and other comprehensive income after tax)	3,548	14,075	3,457
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	15.24	62.80	15.03
Diluted	15.23	62.77	15.03

* 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.

Notes:

1. The audited interim consolidated financial statements for the quarter ended June 30, 2017 have been taken on record by the Board of Directors at its meeting held on July 14, 2017. The statutory auditors have expressed an unqualified audit opinion. 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. Changes to the Board

The Board appointed D. Sundaram as an Independent Director of the Company effective July 14, 2017 based on the recommendations of the Nomination and Remuneration Committee of the Board.

3. Management Change

(1) The Company has appointed Inderpreet Sawhney as Group General Counsel and Chief Compliance Officer effective July 3, 2017. The Board in their meeting held on July 14, 2017 resolved to include Inderpreet Sawhney as key managerial personnel (KMP) as defined under Ind AS-24 - Related Party Disclosures and designate her as an Executive Officer of the Company for purposes of reporting under the rules of the Securities Exchange Commission effective from the date of the meeting

The Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee, have approved the annual compensation of Inderpreet Sawhney. The cash compensation is \$ 0.90 million comprising of a fixed component of \$ 0.55 million, variable compensation of upto \$ 0.35 million and annual performance based stock grants. Accordingly, the Nomination and Remuneration committee approved the grant of 19,450 RSUs and 44,450 stock options with effect from August 1, 2017 under the 2015 Stock Incentive Compensation Plan (2015 Plan). These RSUs and stock options shall vest over a period of 4 years from the date of grant and shall be exercisable within the period as approved by the committee. The exercise price of the RSUs will be equal to the par value of shares and the exercise price of the stock options would be the market price as on the date of grant.

Additionally, the Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee approved a one time joining bonus of \$ 25,000 and a one-time grant of 38,700 RSUs to be granted with effect from August 1, 2017 based on the approval of the Nomination and Remuneration committee at its meeting held on July 13, 2017. These RSUs will vest over a period of 2 years from the date of grant in the ratio of 60:40 and the exercise price will be equal to the par value of the shares.

(2) Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

(3) Sandeep Dadlani, President resigned from the company effective July 14, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

4. The company has asked, for business reasons, M.D Ranganath, the CFO to operate from the US. Accordingly, the Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee, have approved a revision to his salary comprising of fixed pay of \$ 0.69 million and a variable compensation of upto \$0.56 million effective July 1, 2017. In addition, in line with the executive compensation policy, he would be eligible for stock incentives as may be decided by Nomination and Remuneration committee from time to time based on performance.

5. 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. 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.

6. Information on dividends for the quarter ended June 30, 2017

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

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

Particulars	Quarter ended June 30,	Year ended March 31,	Quarter ended June 30,
	2017	2017	2016
Revenue from operations	14,971	59,289	14,420
Profit before tax	4,716	18,938	4,460
Profit for the period	3,415	13,818	3,180

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

Certain statements in these results concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time-frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, 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 July 14, 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 ended June 30, 2017
prepared in compliance with the Indian Accounting Standards (Ind-AS)

(in ₹ crore, except per equity share data)

Particulars	Quarter Ended June 30,	Quarter Ended March 31,	Quarter Ended June 30,	Year Ended March 31,
	2017	2017	2016	2017
	Audited	Audited	Audited	Audited
Revenue from operations	14,971	14,920	14,420	59,289
Other income, net	723	733	761	3,062
Total income	15,694	15,653	15,181	62,351
Expenses				
Employee benefit expenses	7,752	7,667	7,605	30,944
Cost of technical sub-contractors	1,334	1,263	1,135	4,809
Travel expenses	391	342	576	1,638
Cost of software packages and others	314	341	224	1,235
Communication expenses	83	104	82	372
Consultancy and professional charges	185	176	119	538
Depreciation and amortisation expense	343	336	319	1,331
Other expenses	576	641	661	2,546
Total expenses	10,978	10,870	10,721	43,413
Profit before tax	4,716	4,783	4,460	18,938
Tax expense:				
Current tax	1,394	1,141	1,314	5,068
Deferred tax	(93)	80	(34)	52
Profit for the period	3,415	3,562	3,180	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	(2)	16	(17)	(42)
Equity instruments through other comprehensive income, net	-	(5)	-	(5)
<i>Items that will be reclassified subsequently to profit or loss</i>				
Fair value changes on derivatives designated as cash flow hedges, net	(66)	11	-	39
Fair value changes on investments, net	25	(10)	-	(10)
Total other comprehensive income, net of tax	(43)	12	(17)	(18)
Total comprehensive income, for the period	3,372	3,574	3,163	13,800
Paid-up share capital (par value ₹5/- each fully paid)	1,148	1,148	1,148	1,148
Other Equity	66,869	66,869	59,934	66,869
Earnings per equity share (par value ₹5 /- each)				
Basic (₹)	14.87	15.51	13.85	60.16
Diluted (₹)	14.86	15.51	13.85	60.15

Notes:

1. The audited interim condensed financial statements for the quarter ended June 30, 2017 have been taken on record by the Board of Directors at its meeting held on July 14, 2017. The statutory auditors have expressed an unqualified audit opinion. 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.

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(2) Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

(3) Sandeep Dadlani, President, resigned from the company effective July 14, 2017. The Board placed on record its appreciation for the services rendered by him during his tenure.

4. The company has asked, for business reasons, M.D Ranganath, the CFO to operate from the US. Accordingly, the Board of Directors in their meeting held on July 14, 2017, on recommendation of Nomination and Remuneration Committee, have approved a revision to his salary comprising of fixed pay of \$ 0.69 million and a variable compensation of upto \$0.56 million effective July 1, 2017. In addition, in line with the executive compensation policy, he would be eligible for stock incentives as may be decided by Nomination and Remuneration committee from time to time based on performance.

5. 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. 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.

6. Information on dividends for the quarter ended June 30, 2017

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

8. Segment reporting (Standalone-Audited)

Particulars	(in ₹ crore)			
	Quarter ended June 30,	Quarter ended March 31,	Quarter ended June 30,	Year ended March 31,
	2017	2017	2016	2017
Revenue by business segment				
Financial services (FS)	3,897	3,924	3,873	15,735
Manufacturing (MFG)	1,556	1,566	1,472	6,086
Energy & utilities, communication and services (ECS)	3,654	3,630	3,341	13,999
Retail, consumer packaged goods and logistics (RCL)	2,501	2,503	2,583	10,280
Life sciences, healthcare and insurance (HILIFE)	1,862	1,860	1,627	7,065
Hi-Tech	1,155	1,157	1,270	4,901
All Other Segments	346	280	254	1,223
Total	14,971	14,920	14,420	59,289
Less: Inter-segment revenue	-	-	-	-
Net revenue from operations	14,971	14,920	14,420	59,289
Segment profit before tax and depreciation:				
Financial Services (FS)	1,070	1,115	1,026	4,291
Manufacturing (MFG)	414	458	410	1,770
Energy & utilities, communication and services (ECS)	1,101	1,126	1,022	4,355
Retail, consumer packaged goods and logistics (RCL)	768	757	771	3,159
Life sciences, healthcare and insurance (HILIFE)	569	573	451	2,089
Hi-Tech	296	308	341	1,354
All other segments	119	52	-	199
Total	4,337	4,389	4,021	17,217
Less: Other unallocable expenditure	344	339	322	1,341
Add: Unallocable other income	723	733	761	3,062
Profit before tax	4,716	4,783	4,460	18,938

MDP

Notes on segment information:

Business segments

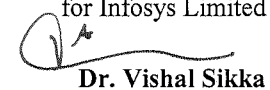
Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along 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
July 14, 2017

By order of the Board
for Infosys Limited


Dr. Vishal Sikka

Chief Executive Officer and Managing Director

Certain statements in these results concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time-frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, an inability to accurately predict economic or industry trends, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 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 July 14, 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 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 three months period ended June 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 ("Ind AS") 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 control 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 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



- (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 net profit, total comprehensive income and other financial information of the Company for the three months period ended June 30, 2017.

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

P. R. Ramesh

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

Bengaluru, July 14, 2017

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM 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 three months period ended June 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 have been prepared in accordance with Indian Accounting Standards 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 control 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 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:
 - a. includes the results of the subsidiaries and 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



**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 net profit and total comprehensive income for the period and other financial information of the Group for the three months period ended June 30, 2017.

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



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

Bengaluru, July 14, 2017

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 Limited
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 Limited.
23. Infosys Consulting SAS
24. Infosys Consulting s.r.o.
25. Lodestone Management Consultants GmbH
26. Lodestone Management Consultants Co. Limited
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 Limited.
35. Infosys Nova Holdings LLC.
36. Panaya Inc.
37. Panaya Limited.
38. Panaya GmbH
39. Panaya Japan Co. Limited.
40. Skava Systems Pvt. Limited.
41. Kallidus Inc.
42. Noah Consulting LLC
43. Noah Information Management Consulting Inc.
44. Infosys Science Foundation
45. Infosys Limited Employees' Welfare Trust
46. Infosys Employee Benefits Trust

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List of Associates:

1. DWA Nova LLC

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

Bangalore, India – July 14, 2017

Q1 revenues grew sequentially by 3.2% in USD terms; 2.7% in constant currency terms

Q1 revenues grew 6.0% year-on-year in USD terms

Q1 operating margin at 24.1%, flat as compared to Q1 17

Utilization excluding trainees increased by 2% to 84%

FY 18 revenue guidance retained at 6.5%-8.5% in constant currency. FY 18 operating margin guidance retained at 23%-25%

Operating cash flow was \$ 644 million, as compared to \$ 547 million in Q4 17

Liquid assets including cash and cash equivalents and investments were \$6,091 million as on June 30, 2017 as compared to \$5,979 million as on March 31, 2017

Financial Highlights

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

- **Revenues were \$2,651 million for the quarter ended June 30, 2017**
QoQ growth of 3.2% in reported terms; 2.7% in constant currency terms
YoY growth of 6.0% in reported terms; 6.3% in constant currency terms
- **Operating profit was \$638 million for the quarter ended June 30, 2017**
QoQ growth of 0.7%; YoY growth of 6.0%
- **Net profit was \$541 million for the quarter ended June 30, 2017**
QoQ decline of 0.4%; YoY growth of 5.8%

“Our persistent focus on execution in Q1 is reflected in broad-based performance on multiple fronts– revenue growth, resilient margins despite multiple headwinds, healthy cash generation and overall business results. I am encouraged by the uptick in revenue per employee for six quarters in a row, and the strong momentum in our new high growth services and software, as we accelerate our focus on innovation-led growth.” **said Dr. Vishal Sikka, CEO.** “The widespread adoption of our grassroots innovation and education initiatives continue to fuel our transformation, and I am proud to see Infosys embrace and drive Infosys toward becoming a next-generation services company.”

“We had broad-based growth across geographical and industry segments. Our initiatives on operational discipline led to record levels of utilization and better realization during the quarter.” **said U B Pravin Rao, COO.** “Our new services and software offerings are helping us strengthen our positioning in the market.”

“Our relentless focus on strong cash generation led to a healthy operating cash flow. Further, our continued emphasis on operational efficiencies enabled us to mitigate the impact of margin headwinds during the quarter.” **said M. D. Ranganath, CFO.** “We successfully navigated yet another quarter of significant currency volatility through our hedging”

Outlook

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

- Revenues are expected to grow 6.5%-8.5% in constant currency*;
- Revenues are expected to grow 7.1%-9.1% in USD terms based on the exchange rates as of June 30, 2017**

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

***Currency rates as of June 30, 2017 - AUD/USD – 0.77; Euro/USD – 1.14; GBP/USD – 1.30*

BUSINESS HIGHLIGHTS

In Q1, we continued to help clients drive automation and innovation into the core of their businesses leveraging our renewed traditional services, our new services in areas such as Cloud Ecosystem, Big Data and Analytics, API and Micro Services, Data and Mainframe Modernization, Cyber Security and IoT Engineering Services, and our software-led offerings, especially our next-generation Artificial Intelligence (AI) Platform Nia. We also continued to drive our cultural transformation through education and learning, leveraging Zero Distance to drive our grassroots innovation culture, introducing new curriculum and training programs for in-demand skills of the future, and building on our strategy to leverage our global talent with the best local talent in the key markets in which we operate.

In April, we launched Infosys Nia, building on and accelerating, our work over the last 2.5 years to help clients embrace AI. With 160+ engagements across 70+ clients, Nia continues to be central to all our conversations with clients as we work with them to transform their businesses.

We further enhanced our global footprint this quarter, in line with our strategy to establish global competency centers, employ the best talent in the market and bring our education and training capabilities closer to our clients. In April, we opened a new Development Center focused on Engineering Services in Croatia. In May, we announced our commitment to hire 10,000 American workers over the next two years and establish four technology and innovation hubs in the U.S. The first will open in Indiana in August 2017 and the second hub will be opened in North Carolina. Additionally, we recently expanded our presence in China with a new campus in Shanghai, to create an ecosystem of local talent training, new tech labs and an incubator for startups.

RENEW

In Q1, we worked closely with clients to renew their traditional IT services and infrastructure, including modernizing their mission critical applications, with key engagements with Edgewell Personal Care, and more.

Edgewell Personal Care, is a US-based consumer products company that manufactures and markets a number of well-known brands, including Schick, Wilkinson Sword, Playtex, Banana Boat, Hawaiian Tropic, Wet Ones and Edge.

"Edgewell partnered with Infosys to implement a leading-edge transformation of our global ERP landscape to drive the company's IT innovation. Over the next 1-2 years, Infosys will deliver SAP S/4 HANA solutions in North America and Asia. These solutions will enable us to deliver significant process simplification and operating efficiencies. As part of this journey, we recently migrated our global Manufacturing system to SAP S/4 HANA and the project successfully went live in May 2017. Infosys is currently engaged in migrating our Order to Cash and Financial Systems to SAP S/4 HANA for North America and also deploying the SAP S/4 HANA global template solution to our Asia Pacific markets. We look forward to continuing our collaboration with Infosys in our ERP modernization journey." - **Tony Bender, Chief Information Officer & Vice President, Global Business Services**

PrimeRevenue, a leader in working capital financial technology, optimizes cash flow for more than 20,000 customers in over 70 countries, and processed more than \$100 billion in supply chain transactions in 2016.

"We selected Infosys to assist in optimizing our data architecture to support processing billions of dollars in supply chain finance transactions every month. In our quickly growing fintech marketplace, Infosys is one of our key partners supporting PrimeRevenue's current phase of very high-growth." - **Wes Dean, Chief Technology Officer, PrimeRevenue, Inc.**

We also continued to drive grassroots innovation in every project through our **Zero Distance (ZD) initiative**. We started this program in March 2015, and today, more than 16,500 ideas have been produced, of which more than 2,200 have been implemented with clients globally.

Myer, Australia's largest department store group and a leader in Australian retailing recently leveraged our Zero Distance idea and deployed the 'My Picker App' for fulfilling their retail orders.

"Our 'My Picker App' has a huge strategic relevance for Myer, significantly reducing the time to pick and pack orders by 20%, driving down the labor cost of fulfilment by an estimated \$1.8m based on FY17 units and rapidly growing our omni channel business. We have been able to reduce our fulfilment duration target from 32.5 hours to 24 hours, and increase our pick success target from 85% to 90%. Infosys proactively partnered and led the way on this project by producing a working prototype to demonstrate how this app would work, converting a concept into reality, and gelling well in a cross- functional agile team with Myer." - **Mark Cripsey, Chief Digital and Data Officer, Myer**

NEW

We continued to see momentum in our new services, in our software-led offerings and in leveraging Design Thinking. The new services that we have launched over the course of the last two years are seeing strong traction in key accounts.

Our software portfolio is already forming a critical part of our business, both in terms of amplifying our existing services and in creating new business opportunities. Panaya and Skava have continued their momentum, with Skava now a full-fledged eCommerce platform, extending its reach beyond retail through its micro services based architecture.

We launched the Infosys Boundaryless Data Lake offering powered by the Information Grid Solution on Amazon Web Services (AWS).

"Infosys partnered with Levi Strauss & Co's e-commerce business to build a first party data analytics solution on AWS. The solution, built by Infosys, enables consumer insights of clickstream and e-commerce data to activate consumer revenue growth actions across marketing touch points." - **Abigail Johnson, Senior Program Manager eCommerce, Levi Strauss & Co**

"ERM, the world's leading sustainability consulting company is working with Infosys to harness technology and data to transform our business. We have embarked on a journey to re-imagine sustainability challenges for our clients by leveraging Design Thinking principles of empathy and rapid prototyping. Innovation is at the heart of this transformation and we believe Design Thinking can help us reinvent our business and create new sources of value. In our recent Design Thinking engagement with Infosys, we believe we have taken the initial steps to transform our ways of thinking about sustainability challenges and mapping them to the Digital Technology ecosystem. I am pleased to say that with Infosys' help we have started to build the momentum to rapidly prototype Digital solutions and embrace agile ways of working to address sustainability challenges for our global client base." - **Keryn James, Group Chief Executive, ERM**

"In partnering with Infosys Consulting, their Design Thinking approach and methodologies helped our team to think out-of-the-box and through a fresh lens around how we could transform our HR onboarding process. This led to new innovations for us around our use of mobile, virtual reality and other digitally-centric experiences that will give our employees an enriching, unique connection to BP." - **Olivier Dubuisson, Employee Experience Director, BP**

Adient is the global leader in automotive seating, with revenues of \$17 billion and over 200 plants that supplies automotive seats and components for over 25,000,000 cars a year. In response to the rapidly evolving automotive industry, Adient leadership launched a digital transformation, with Design Thinking being a catalyst. Infosys has delivered Design Thinking innovation engagements for Adient regional centers globally, to enable and accelerate this transformation and help Adient on its goal to become an exponential company.

Infosys worked with **Spark NZ** to design a series of design thinking-based leadership programs for their high potential talent and teams. Over 6 months, in a 'pop up' design space in Auckland, 120 leaders from Spark NZ were given new skills and perspectives on how to use Design Thinking to be more competitive in a disruptive market – how to do more with less. Teams of Spark 'DT Ninjas' worked with Infosys over 6-8 weeks

investigating, designing and Lo-Fi prototyping new ways to address long-term problems for Spark and their customers. Over this period, the teams had intensive bootcamps, ongoing coaching and real 'fieldwork' assignments. We're excited that from the CXO level to the Service Desk, those involved rated this experience with Infosys as one of the most important, valuable and impactful professional development experiences they can remember. Infosys is proud to have played a role in helping add to the digital DNA of Spark NZ – helping their leaders and teams find new ways of finding, framing and solving important problems through design thinking, challenging their assumptions and moving quickly through prototyping with a focus on the customer experience.

TAFE NSW has taken a proactive approach to managing the disruptive forces impacting the training and education market in Australia by focusing on creating innovative solutions that will enable TAFE NSW to meet the needs of students and industry with greater agility. Infosys will help provide TAFE NSW a distinct advantage to drive its transformation and deliver tangible efficiencies by letting it drive its customer centric goals of being a contemporary and sustainable business skilling the NSW workforce, while optimizing, automating and managing its core finance business processes.

As one of the world's largest manufacturers of named brand home improvement and new home construction products, promotions are a critical part of **Masco Corporation's** many companies.

"Infosys is helping us take the initial step towards the advanced analytics landscape and drive the predictability of sales and effectiveness of our business. As part of this effort, the Infosys Nia team helped us align our sales data across years and analyze the historical data, the effectiveness of our strategy and the impact of our decisions across various channels." - **Viren Shah, Chief Information Officer, Masco Cabinetry**

"By leveraging and integrating a broad set of artificial intelligence technologies, Infosys is supporting customers on their journey toward business transformation. The modular set up of Infosys Nia allows for more flexibility when addressing diverse sets of use cases. On this journey, Infosys' expansive AI and cognitive computing capabilities provide customers with solutions that put data at the center of their service delivery strategies." - **Dr. Tom Reuner, Senior Vice-President, HfS Research**

The Commercial Bank, Qatar, successfully completed a pilot on a cloud-based blockchain network with Infosys Finacle.

"This pilot has demonstrated the immense potential of blockchain to provide the best customer experience for our clients and given us a glimpse of what more we could do on this powerful platform. We are delighted with the success of this pilot across the Commercial Bank Group and want to expand our cluster to form closed group networks for trade and cash transactions with more banks in South Asia, Egypt, Philippines, UAE and other countries with higher transaction volumes. We hope to leverage what is quickly becoming the largest emerging consortium, in terms of transactions, and offer a wider range of products and services to individuals and organizations alike, on this platform." - **Joseph Abraham, Chief Executive Officer, Commercial Bank**

Nature's Bounty is the flagship brand of The Nature's Bounty Co., a family of wellness brands committed to providing people with high quality products to complement lifestyles and physical health.

"Our decision to partner with Infosys to transform and upgrade our HR, compensation and payroll processes was strategic to streamline and improve HR processes, and meet global rollout deadlines. Infosys implemented innovative solutions to automate processes including CEO approval workflows, self-service applications for end users, an analytics dashboard for management, and a custom tax calculation for payroll." - **Elaine McLaughlin, Senior Director – Payroll and HR Systems, Nature's Bounty**

Leroy-Somer is a world-leading specialist in industrial alternators and drive systems, designing and manufacturing highly innovative eco-technological solutions to serve the industrial and commercial markets.

"We deployed the Oracle Transportation Management Cloud Service in just weeks – a timeframe vital to our business continuity – with the help of Infosys. In addition, we have optimized our supply chain processes, thereby improving customer service significantly." - **Olivier Couret, Logistics Director, Leroy-Somer**

"Infosys has helped the **College of American Pathologists** drive a practice of continuous improvement in our Infrastructure and Applications Support functions. Infosys has learned about our organization, business and processes from working side by side in daily partnership with IS and business team members. They've identified

and implemented, or helped us implement, improvements in test automation, load testing and refresh process automation, leading to a 90% manual activity reduction, significantly shorter release times, greater environment availability, increased load testing effectiveness, reduced downtime and higher quality. Through recommended process improvements, Infosys has helped us ensure more predictable, reliable, and available environments resulting in significant productivity improvement to our development and release processes. Infosys is further helping us modernize our digital infrastructure. We are actively looking at features that Infosys' SKAVA offers for eCommerce services including multi-channel capabilities and rapid implementation cycles. SKAVA promises the opportunity to promote our applications on any handheld or desktop device - an increasingly important driver of user adoption and satisfaction."- **Greg Gleason, Chief Information Officer, College of American Pathologists**

In Q1, the EdgeVerve business delivered strong performance with 36 wins (Finacle 24 + Edge 12) and 38 go lives (Finacle 21 + Edge 17) from both the Finacle and Edge suite of solutions across various market regions.

Finacle continued to strengthen its position as a platform of choice for digital transformation and enabling new business models for banks.

MauBank, Mauritius, adopted the Infosys Finacle Leasing Solution this quarter.

"MauBank is committed to being the most progressive and preferred bank in Mauritius. Our aim of ensuring world-class banking services along with industry leading growth, is tied to consolidating our operations on best of breed banking platforms. We believe the Finacle Leasing Solution will help us scale our leasing operations and boost productivity, thus positioning the service line as a key business driver." - **Sayyad Khodabocus, Head - IT Applications, MauBank**

INVESTMENTS & ECOSYSTEM

We continue to deepen our partnerships, invest in technology and expertise that complement our strategy, and participate with clients and partners in the technical communities that drive value for clients and create new opportunities for Infosys.

Huawei signed an Alliance MoU with Infosys to explore joint solutions in the Business Support Systems (BSS) domain bringing together Huawei's industry leading BSS products and Infosys' strength in Consulting, Systems Integration and Application Development and Maintenance (ADM) services.

Infosys launched the joint Retail Point of Sale (RPOS) and Enterprise Device as a Service (DaaS) solutions to help businesses accelerate digital transformation for the enterprise. This was launched as part of the HP Global System Integrator (GSI) Alliance Program.

Infosys and SmartBear, a leading provider of software quality tools, entered into a strategic alliance this quarter. As part of this alliance, Infosys will support customers who leverage SmartBear tools across the world.

CULTURE

Through this quarter, we have advanced our investments in life-long learning for Infoscions. The Digital Tutor social learning platform which is now made available on cloud and accessible on mobile devices, has gained momentum with 3,528 learning videos that are accessible to our employees. Additionally, the Infosys Learning Platform has been enhanced with 177 courses on topics spanning different technologies and business effectiveness, and has witnessed over 45,000 unique users till date. Following the launch of Infosys Nia in April 2017, we have trained over 2,100 employees in this new product. **Design Thinking**, the driving force for change at Infosys, has now covered 142,218 employees across the organization. We recently extended our [partnership with Udacity](#), to accelerate the pace of skill adoption in new technologies and industry skills for new trainees.

AWARDS & RECOGNITION

- Infosys received awards towards **Best CEO, Best CFO and Best Investor Relations** at the 2017 All-Asia Executive Team rankings by Institutional Investor magazine in the Technology/IT Services and Software sector
- Infosys positioned as a **Leader** in NelsonHall Vendor Evaluation & Assessment Tool (NEAT) on Digital Transformation Services

- Infosys inducted into the **Winner's Circle** in the HfS Blueprint Guide: Industry 4.0 Services
- Infosys positioned as a **Leader** in Everest Group's IT Outsourcing in Capital Markets PEAK Matrix Assessment 2017
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BEYOND BUSINESS

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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

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Infosys Limited and subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except equity share data)

	June 30, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	3,579	3,489
Current investments	1,609	1,538
Trade receivables	1,934	1,900
Unbilled revenue	611	562
Prepayments and other current assets	822	749
Derivative financial instruments	4	44
Total current assets	8,559	8,282
Non-current assets		
Property, plant and equipment	1,834	1,807
Goodwill	573	563
Intangible assets	113	120
Investment in associate	-	11
Non-current investments	937	984
Deferred income tax assets	104	83
Income tax assets	941	881
Other non-current assets	117	123
Total Non-current assets	4,619	4,572
Total assets	13,178	12,854
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	40	57
Derivative financial instruments	7	-
Current income tax liabilities	703	599
Client deposits	2	5
Unearned revenue	309	274
Employee benefit obligations	220	209
Provisions	63	63
Other current liabilities	1,178	954
Total current liabilities	2,522	2,161
Non-current liabilities		
Deferred income tax liabilities	29	32
Other non-current liabilities	18	24
Total liabilities	2,569	2,217
Equity		
Share capital- ₹5 (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,679,962 (2,285,655,150), net of 11,264,702 (11,289,514) treasury shares as of June 30, 2017 (March 31, 2017), respectively	199	199
Share premium	594	587
Retained earnings	12,050	12,190
Cash flow hedge reserve	(4)	6
Other reserves	51	-
Other components of equity	(2,281)	(2,345)
Total equity attributable to equity holders of the company	10,609	10,637
Non-controlling interests	-	-
Total equity	10,609	10,637
Total liabilities and equity	13,178	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 June 30, 2017	Three months ended June 30, 2016
Revenues	2,651	2,501
Cost of sales	1,692	1,592
Gross profit	959	909
Operating expenses:		
Selling and marketing expenses	138	137
Administrative expenses	183	170
Total operating expenses	321	307
Operating profit	638	602
Other income, net	127	112
Share in associate's profit / (loss)	-	-
Write-down of investment in associate*	(11)	-
Profit before income taxes	754	714
Income tax expense	213	203
Net profit	541	511
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	-	(2)
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	4	-
Fair value changes on derivatives designated as cash flow hedge, net	(10)	-
Foreign currency translation	60	(173)
Total other comprehensive income, net of tax	54	(180)
Total comprehensive income	595	331
Profit attributable to:		
Owners of the Company	541	511
Non-controlling interests	-	-
	541	511
Total comprehensive income attributable to:		
Owners of the Company	595	331
Non-controlling interests	-	-
	595	331
Earnings per equity share		
Basic (\$)	0.24	0.22
Diluted (\$)	0.24	0.22
Weighted average equity shares used in computing earnings per equity share		
Basic	2,285,657,604	2,285,622,329
Diluted	2,287,058,148	2,285,768,122

* 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

NOTE:

1. The unaudited **Condensed Consolidated Balance sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months ended June 30, 2017 have been taken on record at the Board meeting held on July 14, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com

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

Bangalore, India – July 14, 2017

Q1 revenues grew sequentially by 3.2% in USD terms; 2.7% in constant currency terms

Q1 revenues in INR terms declined 0.2% sequentially; grew 1.8% year-on-year

Q1 operating margin at 24.1%, flat as compared to Q1 17

Utilization excluding trainees increased by 2% to 84%

FY 18 revenue guidance retained at 6.5%-8.5% in constant currency. FY 18 operating margin guidance retained at 23%-25%

Operating cash flow was ₹4,151 crore, as compared to ₹3,625 crore in Q4 17

Liquid assets including cash and cash equivalents and investments were ₹39,335 crore as on June 30, 2017 as compared to ₹38,773 crore as on March 31, 2017

Financial Highlights

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

- **Revenues were ₹17,078 crore for the quarter ended June 30, 2017**
QoQ decline of 0.2%; YoY growth of 1.8%
- **Operating profit was ₹4,111 crore for the quarter ended June 30, 2017**
QoQ decline of 2.4%; YoY growth of 1.6%
- **Net profit was ₹3,483 crore for the quarter ended June 30, 2017**
QoQ decline of 3.3%; YoY growth of 1.4%

“Our persistent focus on execution in Q1 is reflected in broad-based performance on multiple fronts– revenue growth, resilient margins despite multiple headwinds, healthy cash generation and overall business results. I am encouraged by the uptick in revenue per employee for six quarters in a row, and the strong momentum in our new high growth services and software, as we accelerate our focus on innovation-led growth.” **said Dr. Vishal Sikka, CEO.** “The widespread adoption of our grassroots innovation and education initiatives continue to fuel our transformation, and I am proud to see Infosys embrace and drive Infosys toward becoming a next-generation services company.”

“We had broad-based growth across geographical and industry segments. Our initiatives on operational discipline led to record levels of utilization and better realization during the quarter.” **said U B Pravin Rao, COO.** “Our new services and software offerings are helping us strengthen our positioning in the market.”

“Our relentless focus on strong cash generation led to a healthy operating cash flow. Further, our continued emphasis on operational efficiencies enabled us to mitigate the impact of margin headwinds during the quarter.” **said M. D. Ranganath, CFO.** “We successfully navigated yet another quarter of significant currency volatility through our hedging”

Outlook

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

- Revenues are expected to grow 6.5%-8.5%% in constant currency*;
- Revenues are expected to grow 3.0%-5.0% in INR terms based on the exchange rates as of June 30, 2017**

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

**Currency rates as of June 30, 2017 – 1 US \$ = Rs. 64.58

BUSINESS HIGHLIGHTS

In Q1, we continued to help clients drive automation and innovation into the core of their businesses leveraging our renewed traditional services, our new services in areas such as Cloud Ecosystem, Big Data and Analytics, API and Micro Services, Data and Mainframe Modernization, Cyber Security and IoT Engineering Services, and our software-led offerings, especially our next-generation Artificial Intelligence (AI) Platform Nia. We also continued to drive our cultural transformation through education and learning, leveraging Zero Distance to drive our grassroots innovation culture, introducing new curriculum and training programs for in-demand skills of the future, and building on our strategy to leverage our global talent with the best local talent in the key markets in which we operate.

In April, we launched Infosys Nia, building on and accelerating, our work over the last 2.5 years to help clients embrace AI. With 160+ engagements across 70+ clients, Nia continues to be central to all our conversations with clients as we work with them to transform their businesses.

We further enhanced our global footprint this quarter, in line with our strategy to establish global competency centers, employ the best talent in the market and bring our education and training capabilities closer to our clients. In April, we opened a new Development Center focused on Engineering Services in Croatia. In May, we announced our commitment to hire 10,000 American workers over the next two years and establish four technology and innovation hubs in the U.S. The first will open in Indiana in August 2017 and the second hub will be opened in North Carolina. Additionally, we recently expanded our presence in China with a new campus in Shanghai, to create an ecosystem of local talent training, new tech labs and an incubator for startups.

RENEW

In Q1, we worked closely with clients to renew their traditional IT services and infrastructure, including modernizing their mission critical applications, with key engagements with Edgewell Personal Care, and more.

Edgewell Personal Care, is a US-based consumer products company that manufactures and markets a number of well-known brands, including Schick, Wilkinson Sword, Playtex, Banana Boat, Hawaiian Tropic, Wet Ones and Edge.

"Edgewell partnered with Infosys to implement a leading-edge transformation of our global ERP landscape to drive the company's IT innovation. Over the next 1-2 years, Infosys will deliver SAP S/4 HANA solutions in North America and Asia. These solutions will enable us to deliver significant process simplification and operating efficiencies. As part of this journey, we recently migrated our global Manufacturing system to SAP S/4 HANA and the project successfully went live in May 2017. Infosys is currently engaged in migrating our Order to Cash and Financial Systems to SAP S/4 HANA for North America and also deploying the SAP S/4 HANA global template solution to our Asia Pacific markets. We look forward to continuing our collaboration with Infosys in our ERP modernization journey." - **Tony Bender, Chief Information Officer & Vice President, Global Business Services**

PrimeRevenue, a leader in working capital financial technology, optimizes cash flow for more than 20,000 customers in over 70 countries, and processed more than \$100 billion in supply chain transactions in 2016.

"We selected Infosys to assist in optimizing our data architecture to support processing billions of dollars in supply chain finance transactions every month. In our quickly growing fintech marketplace, Infosys is one of our key partners supporting PrimeRevenue's current phase of very high-growth." - **Wes Dean, Chief Technology Officer, PrimeRevenue, Inc.**

We also continued to drive grassroots innovation in every project through our **Zero Distance (ZD) initiative**. We started this program in March 2015, and today, more than 16,500 ideas have been produced, of which more than 2,200 have been implemented with clients globally.

Myer, Australia's largest department store group and a leader in Australian retailing recently leveraged our Zero Distance idea and deployed the 'My Picker App' for fulfilling their retail orders.

"Our 'My Picker App' has a huge strategic relevance for Myer, significantly reducing the time to pick and pack orders by 20%, driving down the labor cost of fulfilment by an estimated \$1.8m based on FY17 units and rapidly growing our omni channel business. We have been able to reduce our fulfilment duration target from 32.5 hours to 24 hours, and increase our pick success target from 85% to 90%. Infosys proactively partnered and led the way on this project by producing a working prototype to demonstrate how this app would work, converting a concept into reality, and gelling well in a cross- functional agile team with Myer." - **Mark Cripsey, Chief Digital and Data Officer, Myer**

NEW

We continued to see momentum in our new services, in our software-led offerings and in leveraging Design Thinking. The new services that we have launched over the course of the last two years are seeing strong traction in key accounts.

Our software portfolio is already forming a critical part of our business, both in terms of amplifying our existing services and in creating new business opportunities. Panaya and Skava have continued their momentum, with Skava now a full-fledged eCommerce platform, extending its reach beyond retail through its micro services based architecture.

We launched the Infosys Boundaryless Data Lake offering powered by the Information Grid Solution on Amazon Web Services (AWS).

"Infosys partnered with Levi Strauss & Co's e-commerce business to build a first party data analytics solution on AWS. The solution, built by Infosys, enables consumer insights of clickstream and e-commerce data to activate consumer revenue growth actions across marketing touch points." - **Abigail Johnson, Senior Program Manager eCommerce, Levi Strauss & Co**

"ERM, the world's leading sustainability consulting company is working with Infosys to harness technology and data to transform our business. We have embarked on a journey to re-imagine sustainability challenges for our clients by leveraging Design Thinking principles of empathy and rapid prototyping. Innovation is at the heart of this transformation and we believe Design Thinking can help us reinvent our business and create new sources of value. In our recent Design Thinking engagement with Infosys, we believe we have taken the initial steps to transform our ways of thinking about sustainability challenges and mapping them to the Digital Technology ecosystem. I am pleased to say that with Infosys' help we have started to build the momentum to rapidly prototype Digital solutions and embrace agile ways of working to address sustainability challenges for our global client base." - **Keryn James, Group Chief Executive, ERM**

"In partnering with Infosys Consulting, their Design Thinking approach and methodologies helped our team to think out-of-the-box and through a fresh lens around how we could transform our HR onboarding process. This led to new innovations for us around our use of mobile, virtual reality and other digitally-centric experiences that will give our employees an enriching, unique connection to BP." - **Olivier Dubuisson, Employee Experience Director, BP**

Adient is the global leader in automotive seating, with revenues of \$17 billion and over 200 plants that supplies automotive seats and components for over 25,000,000 cars a year. In response to the rapidly evolving automotive industry, Adient leadership launched a digital transformation, with Design Thinking being a catalyst. Infosys has delivered Design Thinking innovation engagements for Adient regional centers globally, to enable and accelerate this transformation and help Adient on its goal to become an exponential company.

Infosys worked with **Spark NZ** to design a series of design thinking-based leadership programs for their high potential talent and teams. Over 6 months, in a 'pop up' design space in Auckland, 120 leaders from Spark NZ were given new skills and perspectives on how to use Design Thinking to be more competitive in a disruptive market – how to do more with less. Teams of Spark 'DT Ninjas' worked with Infosys over 6-8 weeks

investigating, designing and Lo-Fi prototyping new ways to address long-term problems for Spark and their customers. Over this period, the teams had intensive bootcamps, ongoing coaching and real 'fieldwork' assignments. We're excited that from the CXO level to the Service Desk, those involved rated this experience with Infosys as one of the most important, valuable and impactful professional development experiences they can remember. Infosys is proud to have played a role in helping add to the digital DNA of Spark NZ – helping their leaders and teams find new ways of finding, framing and solving important problems through design thinking, challenging their assumptions and moving quickly through prototyping with a focus on the customer experience.

TAFE NSW has taken a proactive approach to managing the disruptive forces impacting the training and education market in Australia by focusing on creating innovative solutions that will enable TAFE NSW to meet the needs of students and industry with greater agility. Infosys will help provide TAFE NSW a distinct advantage to drive its transformation and deliver tangible efficiencies by letting it drive its customer centric goals of being a contemporary and sustainable business skilling the NSW workforce, while optimizing, automating and managing its core finance business processes.

As one of the world's largest manufacturers of named brand home improvement and new home construction products, promotions are a critical part of **Masco Corporation's** many companies.

"Infosys is helping us take the initial step towards the advanced analytics landscape and drive the predictability of sales and effectiveness of our business. As part of this effort, the Infosys Nia team helped us align our sales data across years and analyze the historical data, the effectiveness of our strategy and the impact of our decisions across various channels." - **Viren Shah, Chief Information Officer, Masco Cabinetry**

"By leveraging and integrating a broad set of artificial intelligence technologies, Infosys is supporting customers on their journey toward business transformation. The modular set up of Infosys Nia allows for more flexibility when addressing diverse sets of use cases. On this journey, Infosys' expansive AI and cognitive computing capabilities provide customers with solutions that put data at the center of their service delivery strategies." - **Dr. Tom Reuner, Senior Vice-President, HfS Research**

The Commercial Bank, Qatar, successfully completed a pilot on a cloud-based blockchain network with Infosys Finacle.

"This pilot has demonstrated the immense potential of blockchain to provide the best customer experience for our clients and given us a glimpse of what more we could do on this powerful platform. We are delighted with the success of this pilot across the Commercial Bank Group and want to expand our cluster to form closed group networks for trade and cash transactions with more banks in South Asia, Egypt, Philippines, UAE and other countries with higher transaction volumes. We hope to leverage what is quickly becoming the largest emerging consortium, in terms of transactions, and offer a wider range of products and services to individuals and organizations alike, on this platform." - **Joseph Abraham, Chief Executive Officer, Commercial Bank**

Nature's Bounty is the flagship brand of The Nature's Bounty Co., a family of wellness brands committed to providing people with high quality products to complement lifestyles and physical health.

"Our decision to partner with Infosys to transform and upgrade our HR, compensation and payroll processes was strategic to streamline and improve HR processes, and meet global rollout deadlines. Infosys implemented innovative solutions to automate processes including CEO approval workflows, self-service applications for end users, an analytics dashboard for management, and a custom tax calculation for payroll." - **Elaine McLaughlin, Senior Director – Payroll and HR Systems, Nature's Bounty**

Leroy-Somer is a world-leading specialist in industrial alternators and drive systems, designing and manufacturing highly innovative eco-technological solutions to serve the industrial and commercial markets.

"We deployed the Oracle Transportation Management Cloud Service in just weeks – a timeframe vital to our business continuity – with the help of Infosys. In addition, we have optimized our supply chain processes, thereby improving customer service significantly." - **Olivier Couret, Logistics Director, Leroy-Somer**

"Infosys has helped the **College of American Pathologists** drive a practice of continuous improvement in our Infrastructure and Applications Support functions. Infosys has learned about our organization, business and processes from working side by side in daily partnership with IS and business team members. They've identified

and implemented, or helped us implement, improvements in test automation, load testing and refresh process automation, leading to a 90% manual activity reduction, significantly shorter release times, greater environment availability, increased load testing effectiveness, reduced downtime and higher quality. Through recommended process improvements, Infosys has helped us ensure more predictable, reliable, and available environments resulting in significant productivity improvement to our development and release processes. Infosys is further helping us modernize our digital infrastructure. We are actively looking at features that Infosys' SKAVA offers for eCommerce services including multi-channel capabilities and rapid implementation cycles. SKAVA promises the opportunity to promote our applications on any handheld or desktop device - an increasingly important driver of user adoption and satisfaction."- **Greg Gleason, Chief Information Officer, College of American Pathologists**

In Q1, the EdgeVerve business delivered strong performance with 36 wins (Finacle 24 + Edge 12) and 38 go lives (Finacle 21 + Edge 17) from both the Finacle and Edge suite of solutions across various market regions.

Finacle continued to strengthen its position as a platform of choice for digital transformation and enabling new business models for banks.

MauBank, Mauritius, adopted the Infosys Finacle Leasing Solution this quarter.

"MauBank is committed to being the most progressive and preferred bank in Mauritius. Our aim of ensuring world-class banking services along with industry leading growth, is tied to consolidating our operations on best of breed banking platforms. We believe the Finacle Leasing Solution will help us scale our leasing operations and boost productivity, thus positioning the service line as a key business driver." - **Sayyad Khodabocus, Head - IT Applications, MauBank**

INVESTMENTS & ECOSYSTEM

We continue to deepen our partnerships, invest in technology and expertise that complement our strategy, and participate with clients and partners in the technical communities that drive value for clients and create new opportunities for Infosys.

Huawei signed an Alliance MoU with Infosys to explore joint solutions in the Business Support Systems (BSS) domain bringing together Huawei's industry leading BSS products and Infosys' strength in Consulting, Systems Integration and Application Development and Maintenance (ADM) services.

Infosys launched the joint Retail Point of Sale (RPOS) and Enterprise Device as a Service (DaaS) solutions to help businesses accelerate digital transformation for the enterprise. This was launched as part of the HP Global System Integrator (GSI) Alliance Program.

Infosys and SmartBear, a leading provider of software quality tools, entered into a strategic alliance this quarter. As part of this alliance, Infosys will support customers who leverage SmartBear tools across the world.

CULTURE

Through this quarter, we have advanced our investments in life-long learning for Infoscions. The Digital Tutor social learning platform which is now made available on cloud and accessible on mobile devices, has gained momentum with 3,528 learning videos that are accessible to our employees. Additionally, the Infosys Learning Platform has been enhanced with 177 courses on topics spanning different technologies and business effectiveness, and has witnessed over 45,000 unique users till date. Following the launch of Infosys Nia in April 2017, we have trained over 2,100 employees in this new product. **Design Thinking**, the driving force for change at Infosys, has now covered 142,218 employees across the organization. We recently extended our [partnership with Udacity](#), to accelerate the pace of skill adoption in new technologies and industry skills for new trainees.

AWARDS & RECOGNITION

- Infosys received awards towards **Best CEO, Best CFO and Best Investor Relations** at the 2017 All-Asia Executive Team rankings by Institutional Investor magazine in the Technology/IT Services and Software sector
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Infosys Limited and subsidiaries

Condensed Consolidated Balance Sheets as of

(In ₹ crore except share data)

	June 30, 2017	March 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	23,117	22,625
Current investments	10,388	9,970
Trade receivables	12,488	12,322
Unbilled revenue	3,945	3,648
Prepayments and other current assets	5,312	4,856
Derivative financial instruments	24	284
Total current assets	55,274	53,705
Non-current assets		
Property, plant and equipment	11,848	11,716
Goodwill	3,701	3,652
Intangible assets	730	776
Investment in associate	-	71
Non-current investments	6,061	6,382
Deferred income tax assets	679	540
Income tax assets	6,076	5,716
Other non-current assets	756	797
Total Non-current assets	29,851	29,650
Total assets	85,125	83,355
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	260	367
Derivative financial instruments	45	2
Current income tax liabilities	4,539	3,885
Client deposits	16	32
Unearned revenue	1,998	1,777
Employee benefit obligations	1,423	1,359
Provisions	404	405
Other current liabilities	7,612	6,186
Total current liabilities	16,297	14,013
Non-current liabilities		
Deferred income tax liabilities	197	207
Other non-current liabilities	117	153
Total liabilities	16,611	14,373
Equity		
Share capital- ₹5 par value 240,00,00,000 (240,00,00,000) equity shares authorized, issued and outstanding 228,56,79,962 (228,56,55,150), net of 1,12,64,702 (1,12,89,514) treasury shares, as of June 30, 2017 (March 31, 2017), respectively	1,144	1,144
Share premium	2,401	2,356
Retained earnings	64,149	65,056
Cash flow hedge reserves	(27)	39
Other reserves	329	-
Other components of equity	518	387
Total equity attributable to equity holders of the company	68,514	68,982
Non-controlling interests	-	-
Total equity	68,514	68,982
Total liabilities and equity	85,125	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 June 30, 2017	Three months ended June 30, 2016
Revenues	17,078	16,782
Cost of sales	10,900	10,681
Gross profit	6,178	6,101
Operating expenses:		
Selling and marketing expenses	888	920
Administrative expenses	1,179	1,134
Total operating expenses	2,067	2,054
Operating profit	4,111	4,047
Other income, net	814	753
Share in associate's profit/(loss)	-	(2)
Write-down of investment in associate*	(71)	-
Profit before income taxes	4,854	4,798
Income tax expense	1,371	1,362
Net profit	3,483	3,436
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	(3)	(17)
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 derivative designated as cash flow hedge, net	(66)	-
Exchange differences on translation of foreign operations	107	38
Fair value changes on investments, net	27	-
Total other comprehensive income, net of tax	65	(14)
Total comprehensive income	3,548	3,422
Profit attributable to:		
Owners of the Company	3,483	3,436
Non-controlling interests	-	-
	3,483	3,436
Total comprehensive income attributable to:		
Owners of the Company	3,548	3,422
Non-controlling interests	-	-
	3,548	3,422
Earnings per equity share		
Basic (₹)	15.24	15.03
Diluted (₹)	15.23	15.03
Weighted average equity shares used in computing earnings per equity share		
Basic	2,285,657,604	2,285,622,329
Diluted	2,287,058,148	2,285,768,122

* 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

NOTE:

1. The audited **Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Comprehensive Income** for the three months ended June 30, 2017 have been taken on record at the Board meeting held on July 14, 2017
2. A Fact Sheet providing the operating metrics of the company can be downloaded from www.infosys.com

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In ₹ crore, except share data

Particulars	Jun 30,		Growth % Q1 18 over Q1 17	Mar 31, 2017	Growth % Q1 18 over Q4 17
	2017	2016			
Revenues	17,078	16,782	1.8	17,120	(0.2)
Cost of sales	10,900	10,681	2.1	10,770	1.2
Gross Profit	6,178	6,101	1.3	6,350	(2.7)
Operating Expenses:					
<i>Selling and marketing expenses</i>	888	920	(3.5)	889	(0.1)
<i>Administrative expenses</i>	1,179	1,134	4.0	1,249	(5.6)
Total Operating Expenses	2,067	2,054	0.6	2,138	(3.3)
Operating Profit	4,111	4,047	1.6	4,212	(2.4)
Other Income, net	814	753	8.1	746	9.1
Share in associate's profit/(loss)	-	(2)	-	(7)	-
Write-down of investment in associate	(71)	-	-	(18)	-
Profit before income taxes	4,854	4,798	1.2	4,933	(1.6)
Income tax expense	1,371	1,362	0.7	1,330	3.1
Net Profit	3,483	3,436	1.4	3,603	(3.3)
Earnings per equity share					
Basic (₹)	15.24	15.03	1.4	15.77	(3.3)
Diluted (₹)	15.23	15.03	1.3	15.76	(3.4)

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, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is ₹71 crore. The write-down in the carrying value of this investment during the quarter ended March 31, 2017 was ₹18 crore.

Statement of Comprehensive Income for three months ended,

(As per IFRS)

In US \$ million, except share data

Particulars	Jun 30,		Growth % Q1 18 over Q1 17	Mar 31, 2017	Growth % Q1 18 over Q4 17
	2017	2016			
Revenues	2,651	2,501	6.0	2,569	3.2
Cost of sales	1,692	1,592	6.3	1,614	4.8
Gross Profit	959	909	5.5	955	0.4
Operating Expenses:					
<i>Selling and marketing expenses</i>	138	137	0.7	133	3.8
<i>Administrative expenses</i>	183	170	7.6	188	(2.7)
Total Operating Expenses	321	307	4.6	321	0.0
Operating Profit	638	602	6.0	634	0.7
Other Income, net	127	112	13.4	112	13.4
Share in associate's profit/(loss)	-	-	-	(1)	-
Write-down of investment in associate	(11)	-	-	(3)	-
Profit before income taxes	754	714	5.6	742	1.6
Income tax expense	213	203	4.9	199	7.0
Net Profit	541	511	5.8	543	(0.4)
Earnings per equity share					
Basic (\$)	0.24	0.22	5.8	0.24	(0.4)
Diluted (\$)	0.24	0.22	5.8	0.24	(0.4)

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, an Infosys Innovation Fund Investment. The impact of write down on Q1 18 net profit is \$11 million. The write-down in the carrying value of this investment during the quarter ended March 31, 2017 was \$3 million.

Revenues by Client Geography

(In %)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
North America	61.1	62.3	62.0	61.9
Europe	22.4	22.1	23.0	22.5
India	3.6	3.2	2.7	3.2
Rest of the world	12.9	12.4	12.3	12.4
Total	100.0	100.0	100.0	100.0

Revenues by Service Offering

(in %)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Business IT Services	62.0	61.9	62.4	62.3
Application Development	15.4	15.3	14.4	15.2
Application Maintenance	16.7	16.8	19.5	17.9
Infrastructure Management Services	8.4	8.5	8.3	8.4
Testing Services	9.3	9.0	9.1	9.1
Product Engineering Services	4.1	4.0	3.5	3.8
Business Process Management	5.0	5.1	4.9	5.0
Others	3.1	3.2	2.7	2.9
Consulting, Package Implementation & Others	32.6	32.6	32.1	32.3
Products and Platforms	5.4	5.5	5.5	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 %)

	Q1 18
New Services *	8.3
New Software (Edge, NIA, Panaya, Skava)	1.6

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

Revenues by Project Type *

(in %)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Fixed Price	49.3	49.4	45.7	48.0
Time & Materials	50.7	50.6	54.3	52.0
Total	100.0	100.0	100.0	100.0

* Excluding products

Revenues by Client Industry

(in %)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Banking & Financial Services, Insurance	33.3	33.5	32.8	33.2
Banking & financial services	27.1	27.4	27.2	27.3
Insurance	6.2	6.1	5.6	5.9
Manufacturing & Hi-Tech	22.2	22.4	22.8	22.6
Retail & Life Sciences	22.7	22.7	24.2	23.4
Retail & CPG	14.2	14.1	15.5	14.7
Transport & Logistics	1.9	2.0	1.9	2.0
Life Sciences	4.6	4.6	4.7	4.6
Healthcare	2.0	2.0	2.1	2.1
Energy, Utilities, Communications & Services	21.8	21.4	20.2	20.8
Energy & Utilities	5.2	5.0	4.7	4.9
Telecom	10.4	9.9	9.4	9.4
Others	6.2	6.5	6.1	6.5
Total	100.0	100.0	100.0	100.0

Client Data

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Number of Clients				
Active	1,164	1,162	1,126	1,162
Added during the period (gross)	59	71	95	321
Number of million dollar clients*				
1 Million dollar +	606	598	574	598
5 Million dollar +	279	282	268	282
10 Million dollar +	190	189	180	189
25 Million dollar +	97	91	87	91
50 Million dollar +	56	56	52	56
75 Million dollar +	31	31	31	31
100 Million dollar +	18	19	17	19
Client contribution to revenues				
Top client	3.3%	3.3%	3.6%	3.4%
Top 10 clients	20.0%	20.2%	22.2%	21.0%
Top 25 clients	36.0%	36.5%	38.0%	36.7%
Repeat business	99.4%	96.2%	98.8%	97.3%
Days Sales Outstanding	68	68	66	68

*LTM (Last twelve months) Revenues

Effort and Utilization - Consolidated IT Services

(in %)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Effort				
Onsite	30.1	30.0	29.9	29.8
Offshore	69.9	70.0	70.1	70.2
Revenues				
Onsite	56.6	56.7	57.0	56.8
Offshore	43.4	43.3	43.0	43.2
Utilization				
Including trainees	80.2	78.2	76.5	77.6
Excluding trainees	84.0	82.0	80.5	81.7

Person Months Data - Consolidated IT Services

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Billed – Onsite	112,748	110,574	104,721	431,824
– Offshore	262,338	258,408	245,332	1,015,978
TOTAL	375,086	368,982	350,053	1,447,802
Non Billable	71,463	80,799	84,864	323,638
Trainees	20,897	22,044	22,882	95,310
Sales & Support	27,152	27,737	28,965	114,707
TOTAL	494,598	499,562	486,764	1,981,457

Effort and Revenues - Consolidated IT Services

Particulars	Jun 30,		Growth % Q1 18 over Q1 17	Mar 31, 2017	Growth % Q1 18 over Q4 17
	2017	2016			
Effort - (Person months)					
Onsite	112,748	104,721	7.7	110,574	2.0
Offshore	262,338	245,332	6.9	258,408	1.5
Total	375,086	350,053	7.2	368,982	1.7
Revenues – (\$ million)					
Onsite	1,358.19	1,283.43	5.8	1,316.48	3.2
Offshore	1,043.40	968.51	7.7	1,004.79	3.8
Total	2,401.59	2,251.94	6.6	2,321.27	3.5

Revenue per Employee

(In US \$ K)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Revenue per Employee - Consolidated	51.9	51.4	50.9	51.4

Employee Metrics

(Nos.)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Total employees	1,98,553	2,00,364	1,97,050	2,00,364
S/W professionals	1,86,882	1,88,665	1,84,644	1,88,665
Billable	1,78,494	1,78,474	173,154	1,78,474
Banking product group	4,770	4,753	4,910	4,753
Trainees	3,618	5,438	6,580	5,438
Sales & Support	11,671	11,699	12,406	11,699
Gross addition	8,645	9,130	13,268	44,235
Attrition	10,456	8,529	10,262	37,915
Net addition	(1,811)	601	3,006	6,320
Attrition % (Annualized Standalone)	16.9%	13.5%	15.8%	15.0%
Attrition % (Annualized Consolidated)	21.0%	17.1%	21.0%	19.2%

Rupee Dollar Rate (₹)

	Quarter ended			Year Ended
	Jun 30, 2017	Mar 31, 2017	Jun 30, 2016	Mar 31, 2017
Period closing rate	64.58	64.85	67.53	64.85
Period average rate	64.41	66.73	67.08	67.11

Constant Currency Reporting

Reported revenues	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Revenues (\$ mn)	2,651	2,569	2,551	2,587	2,501
Sequential growth (%)	3.2	0.7	(1.4)	3.5	2.2
YoY growth (%)	6.0	5.0	6.0	8.2	10.9

Constant currency – Q o Q	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Revenues (\$ mn)	2,628	2,552	2,579	2,599	2,489
Sequential growth (%)	2.7	0.0	(0.3)	3.9	1.7

Constant currency – Y o Y	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Revenues (\$ mn)	2,659	2,576	2,582	2,605	2,529
YoY growth (%)	6.3	5.3	7.3	8.9	12.1

Notes:

Basis of computation

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

Average rate of USD	Q1 18	FY 17	Q4 17	Q3 17	Q2 17	Q1 17
AUD	0.75	0.75	0.76	0.74	0.76	0.74
EURO	1.11	1.09	1.07	1.07	1.12	1.12
GBP	1.28	1.30	1.25	1.23	1.31	1.43

3. Proportion of revenues from major global currencies:

Revenue by currency (%)	Q1 18	FY 17	Q4 17	Q3 17	Q2 17	Q1 17
AUD	7.8	7.3	7.3	7.1	7.5	7.3
EURO	10.1	9.6	9.5	10.0	9.6	9.4
GBP	5.4	5.8	5.3	5.1	6.0	6.6

Q1 2018

Geographical segment – growth

North America grew by 1.3% both sequentially and in constant currency

Europe grew by 4.7% sequentially; and 3.1% in constant currency

India grew by 14.2% sequentially; and 11.2% in constant currency

Rest of the world grew by 7.3% sequentially; and by 6.9% in constant currency

Industry segment – growth

FSI grew by 2.6% sequentially; and 2.0% in constant currency

MFG & Hi-Tech grew by 2.0% sequentially; and 1.5% in constant currency

RCL grew by 3.1% sequentially; and 2.6% in constant currency

ECS grew by 5.5% sequentially; and 4.9% in constant currency

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Balance Sheets as of

(Dollars in millions except equity share data)

	Note	June 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	3,579	3,489
Current investments	2.2	1,609	1,538
Trade receivables		1,934	1,900
Unbilled revenue		611	562
Prepayments and other current assets	2.4	822	749
Derivative financial instruments	2.3	4	44
Total current assets		8,559	8,282
Non-current assets			
Property, plant and equipment	2.7	1,834	1,807
Goodwill	2.8	573	563
Intangible assets		113	120
Investment in associate	2.13	-	11
Non-current investments	2.2	937	984
Deferred income tax assets		104	83
Income tax assets		941	881
Other non-current assets	2.4	117	123
Total Non-current assets		4,619	4,572
Total assets		13,178	12,854
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		40	57
Derivative financial instruments	2.3	7	-
Current income tax liabilities		703	599
Client deposits		2	5
Unearned revenue		309	274
Employee benefit obligations		220	209
Provisions	2.6	63	63
Other current liabilities	2.5	1,178	954
Total current liabilities		2,522	2,161
Non-current liabilities			
Deferred income tax liabilities		29	32
Other non-current liabilities	2.5	18	24
Total liabilities		2,569	2,217
Equity			
Share capital - ₹5/- (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,285,679,962 (2,285,655,150), net of 11,264,702 (11,289,514) treasury shares, as of June 30, 2017 (March 31, 2017), respectively		199	199
Share premium		594	587
Retained earnings		12,050	12,190
Cash flow hedge reserve		(4)	6
Other reserves		51	-
Other components of equity		(2,281)	(2,345)
Total equity attributable to equity holders of the Company		10,609	10,637
Non-controlling interests		-	-
Total equity		10,609	10,637
Total liabilities and equity		13,178	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

R. Seshasayee
Chairman

Ravi Venkatesan
Co- Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries

Unaudited Condensed Consolidated Statement of Comprehensive Income

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

	Note	Three months ended June 30,	
		2017	2016
Revenues		2,651	2,501
Cost of sales	2.15	1,692	1,592
Gross profit		959	909
Operating expenses:			
Selling and marketing expenses	2.15	138	137
Administrative expenses	2.15	183	170
Total operating expenses		321	307
Operating profit		638	602
Other income, net		127	112
Share in associate's profit/ (loss)		-	-
Write down of investment in associate	2.13	(11)	-
Profit before income taxes		754	714
Income tax expense	2.11	213	203
Net profit		541	511
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		-	(2)
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9		-	(5)
Equity instruments through other comprehensive income, net		-	-
		-	(7)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Fair value changes on investments, net	2.2	4	-
Fair value changes on derivatives designated as cash flow hedge, net		(10)	-
Foreign currency translation		60	(173)
		54	(173)
Total other comprehensive income, net of tax		54	(180)
Total comprehensive income		595	331
Profit attributable to:			
Owners of the Company		541	511
Non-controlling interests		-	-
		541	511
Total comprehensive			
Owners of the Company		595	331
Non-controlling interests		-	-
		595	331
Earnings per equity share			
Basic (\$)		0.24	0.22
Diluted (\$)		0.24	0.22
Weighted average equity shares used in computing earnings per equity share	2.12		
Basic		2,285,657,604	2,285,622,329
Diluted		2,287,058,148	2,285,768,122

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

R. Seshasayee
Chairman

Ravi Venkatesan
Co- Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Infosys Limited and Subsidiaries
Unaudited Condensed Consolidated Statement of Changes in Equity

(Dollars in millions except equity share data)

	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	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 three months ended June 30, 2016								
Cumulative impact of reversal of unrealized gain on quoted debt securities on adoption of IFRS 9 ⁽³⁾	-	-	-	-	-	-	(5)	(5)
Shares issued on exercise of employee stock options (Refer note 2.10)	12,406	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(41)	41	-	-	-
Transfer from other reserves on utilization	-	-	-	41	(41)	-	-	-
Employee stock compensation expense (Refer note 2.10)	-	-	1	-	-	-	-	1
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	(2)	(2)
Dividends (including corporate dividend tax)	-	-	-	(580)	-	-	-	(580)
Net profit	-	-	-	511	-	-	-	511
Foreign currency translation	-	-	-	-	-	-	(173)	(173)
Balance as of June 30, 2016	2,285,633,494	199	571	11,014	-	-	(2,708)	9,076
Balance as of April 1, 2017	2,285,655,150	199	587	12,190	-	6	(2,345)	10,637
Changes in equity for the three months ended June 30, 2017								
Shares issued on exercise of employee stock options (Refer note 2.10)	24,812	-	-	-	-	-	-	-
Transfer to other reserves	-	-	-	(75)	75	-	-	-
Transfer from other reserves on utilization	-	-	-	24	(24)	-	-	-
Employee stock compensation expense (Refer note 2.10)	-	-	7	-	-	-	-	7
Fair value changes on derivatives designated as cash flow hedge, net of taxes (Refer note 2.3)	-	-	-	-	-	(10)	-	(10)
Equity instruments through other comprehensive income, net of taxes (Refer note 2.2)	-	-	-	-	-	-	-	-
Fair value changes on investments, net of taxes (Refer note 2.2)	-	-	-	-	-	-	4	4
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	-	(630)	-	-	-	(630)
Net profit	-	-	-	541	-	-	-	541
Foreign currency translation	-	-	-	-	-	-	60	60
Balance as of June 30, 2017	2,285,679,962	199	594	12,050	51	(4)	(2,281)	10,609

⁽¹⁾ excludes treasury shares of 11,264,702 as of June 30, 2017, 11,289,514 as of April 1, 2017, 11,311,170 as of June 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 unaudited interim condensed consolidated financial statements.

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

R. Seshasayee
Chairman

Ravi Venkatesan
Co- Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

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

	Note	Three months ended June 30,	
		2017	2016
Operating activities:			
Net Profit		541	511
Adjustments to reconcile net profit to net cash provided by operating activities :			
Depreciation and amortisation	2.15	70	60
Income on investments		(37)	(8)
Income tax expense	2.11	213	203
Effect of exchange rate changes on assets and liabilities		(1)	3
Impairment loss on financial assets		(1)	2
Other adjustments		10	10
Changes in Working Capital			
Trade receivables and unbilled revenue		(72)	(122)
Prepayments and other assets		(25)	(127)
Trade payables		(17)	(18)
Client deposits		(3)	-
Unearned revenue		35	31
Other liabilities and provisions		118	18
Cash generated from operations		831	563
Income taxes paid		(187)	(111)
Net cash provided by operating activities		644	452
Investing activities:			
Expenditure on property, plant and equipment, net of sale proceeds, including changes in retention money and capital creditors		(86)	(128)
Loans to employees		3	3
Deposits placed with corporation		(1)	(9)
Income on investments		13	4
Payment of contingent consideration pertaining to acquisition of business	2.9	(5)	(5)
Investment in equity and preference securities		(2)	(4)
Investment in others		(1)	-
Investment in quoted debt securities		-	(1)
Redemption of quoted debt securities		1	1
Investment in certificate of deposits		(44)	-
Redemption of certificate of deposits		23	-
Investment in liquid mutual fund units and fixed maturity plan securities		(2,557)	(1,587)
Redemption of liquid mutual fund units and fixed maturity plan securities		2,604	1,515
Net cash used in investing activities		(52)	(211)
Financing activities:			
Payment of dividend		(522)	(481)
Net cash used in financing activities		(522)	(481)
Effect of exchange rate changes on cash and cash equivalents		20	(97)
Net increase/(decrease) in cash and cash equivalents		70	(240)
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	3,579	4,598
Supplementary information:			
Restricted cash balance	2.1	93	76

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

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

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Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys is a leading provider in 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 of India Limited. The Company's American Depositary Shares representing equity shares are also listed on the New York Stock Exchange (NYSE), Euronext London and Euronext Paris.

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

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 condensed consolidated interim financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

c. Business combinations and intangible assets

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

d. Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the 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 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 ratably over the term of the underlying maintenance arrangement.

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

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

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

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

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

1.7 Property, plant and equipment

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. (Refer 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 of 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 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 a hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.9.3 Derecognition of financial instruments

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

1.10 Fair value of financial instruments

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

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

1.11 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Goodwill

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

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

(ii) Intangible assets and property, plant and equipment

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

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

1.12 Employee benefits

1.12.1 Gratuity

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

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The Company fully contributes all ascertained liabilities to the Infosys Limited Employees' Gratuity Fund Trust (the Trust). In case of Infosys 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 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 their 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 a 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:

During the quarter, 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:

During the quarter, 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>(Dollars in millions)</i>	
	As of	
	June 30, 2017	March 31, 2017
Cash and bank deposits	2,398	2,296
Deposits with financial institutions	1,181	1,193
	3,579	3,489

Cash and cash equivalents as of June 30, 2017 and March 31, 2017 include restricted cash and bank balances of \$93 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 :

	<i>(Dollars in millions)</i>	
	As of	
	June 30, 2017	March 31, 2017
Current accounts		
ANZ Bank, Taiwan	1	-
Banamex Bank, Mexico (U.S. Dollar account)	1	1
Bank of America, Mexico	12	8
Bank of America, USA	149	159
Bank Zachodni WBK S.A, Poland	2	1
Barclays Bank, UK	1	-
Bank Leumi, Israel (US Dollar account)	6	-
Bank Leumi, Israel	1	2
BNP Paribas Bank, Norway	7	3
China Merchants Bank, China	-	1
Citibank N.A, China	24	10
Citibank N.A., China (U.S. Dollar account)	3	2
Citibank N.A., Costa Rica	-	1
Citibank N.A., Australia	8	3
Citibank N.A., Brazil	3	5
Citibank N.A., Japan	1	2
Citibank N.A., New Zealand	1	2
Citibank N.A., South Africa	2	2
Citibank N.A., USA	14	12
Citibank N.A., EEFC (U.S. Dollar account)	9	-
Commerzbank, Germany	3	3
Deutsche Bank, India	2	2
Deutsche Bank, Philippines	1	1
Deutsche Bank, Philippines (U.S. Dollar account)	-	1
Deutsche Bank, Poland	2	2
Deutsche Bank, Poland (Euro account)	-	1
Deutsche Bank, EEFC (Australian Dollar account)	-	6
Deutsche Bank, EEFC (Euro account)	5	4
Deutsche Bank, EEFC (U.S. Dollar account)	13	12
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	1	2
Deutsche Bank, Belgium	10	2
Deutsche Bank, Malaysia	-	1
Deutsche Bank, Czech Republic	2	1
Deutsche Bank, Czech Republic (Euro account)	1	1
Deutsche Bank, Czech Republic (U.S. Dollar account)	5	5
Deutsche Bank, France	1	1
Deutsche Bank, Germany	2	8
Deutsche Bank, Netherlands	1	-
Deutsche Bank, Russia	1	-
Deutsche Bank, Russia (U.S. Dollar account)	1	-
Deutsche Bank, Singapore	-	1
Deutsche Bank, Switzerland	4	1
Deutsche Bank, United Kingdom	7	4

Deutsche Bank, USA	-	2
ICICI Bank, India	7	8
ICICI Bank, EEFC (U.S. Dollar account)	3	1
ICICI Bank - Unpaid dividend account	4	2
Nordbanken, Sweden	3	5
Punjab National Bank, India	2	1
Raiffeisen Bank, Czech Republic	1	1
Raiffeisen Bank, Romania	1	1
Royal Bank of Canada, Canada	19	13
State Bank of India, India	9	1
Silicon Valley Bank, USA	1	1
Silicon Valley Bank, (Euro account)	2	3
Union Bank of Switzerland AG, (Euro account)	-	1
Wells Fargo Bank N.A., USA	6	5
Yes Bank, India	1	-
	366	318
Deposit accounts		
Axis Bank	167	181
Bank BGZ BNP Paribas S.A	24	28
Barclays Bank	128	127
Canara Bank	40	40
Citibank	23	26
Deutsche Bank, Poland	16	11
HDFC Bank	378	72
HSBC Bank	77	77
ICICI Bank	840	751
IDBI Bank	-	270
IDFC Bank	31	31
IndusInd Bank	30	29
Kotak Mahindra Bank Limited	83	83
South Indian Bank	70	69
Standard Chartered Bank	-	77
Syndicate Bank	8	8
Yes Bank	117	98
	2,032	1,978
Deposits with financial institutions		
HDFC Limited, India	1,073	1,085
LIC Housing Finance Limited	108	108
	1,181	1,193
Total	3,579	3,489

2.2 Investments

The carrying value of investments are as follows:

		(Dollars in millions)	
		As of	
		June 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		242	278
Fixed maturity plan securities			
Fair Value		24	23
Fair Value through Other comprehensive income			
Quoted debt securities			
Fair value		74	16
Certificate of deposits			
Fair value		1,264	1,219
Unquoted equity and preference securities			
Fair value		4	-
		1,609	1,538
(ii) Non-current			
Amortised cost			
Quoted debt securities			
Cost		294	293
Fair value through Other comprehensive income			
Quoted debt securities			
Fair value		549	597
Unquoted equity and preference securities			
Fair value		23	25
Fair value through profit and loss			
Unquoted convertible promissory note			
Fair value		1	1
Fixed maturity plan securities			
Fair Value		64	63
Others			
Fair value		6	5
		937	984
Total investments		2,546	2,522
Investments carried at amortized cost		295	295
Investments carried at fair value through other comprehensive income		1,914	1,857
Investments carried at fair value through profit and loss		337	370

Liquid mutual funds:

The fair value of liquid mutual funds as of June 30, 2017 was \$242 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 as of June 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 of June 30, 2017 and March 31, 2017 was \$344 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 June 30, 2017 was \$623 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 \$4 million, net of taxes of less than \$1 million, has been recognized in other comprehensive income for the three months ended June 30, 2017.

Certificate of deposits:

The fair value of certificate of deposits as of June 30, 2017 was \$1,264 million and as of March 31, 2017 was \$1,219 million. The fair value is based on market observable inputs. The unrealised loss of less than \$1 million, net of taxes of less than \$1 million, has been recognized in other comprehensive income for the three months ended June 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 June 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 Note 2.1)	3,579	-	-	-	-	3,579
Investments (Refer Note 2.2)						
Liquid mutual funds	-	-	242	-	-	242
Fixed maturity plan securities	-	-	88	-	-	88
Quoted debt securities	295	-	-	-	623	918
Certificate of deposits	-	-	-	-	1,264	1,264
Unquoted equity and preference securities	-	-	-	27	-	27
Unquoted investments others	-	-	6	-	-	6
Unquoted convertible promissory note	-	-	1	-	-	1
Trade receivables	1,934	-	-	-	-	1,934
Unbilled revenue	611	-	-	-	-	611
Prepayments and other assets (Refer Note 2.4)	459	-	-	-	-	459
Derivative financial instruments	-	-	4	-	-	4
Total	6,878	-	341	27	1,887	9,133
Liabilities:						
Trade payables	40	-	-	-	-	40
Derivative financial instruments	-	-	1	-	6	7
Client deposits	2	-	-	-	-	2
Other liabilities including contingent consideration (Refer Note 2.5)	869	-	6	-	-	875
Total	911	-	7	-	6	924

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

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 Note 2.1)	3,489	-	-	-	-	3,489
Investments (Refer Note 2.2)						
Liquid mutual funds	-	-	278	-	-	278
Fixed maturity plan securities	-	-	86	-	-	86
Quoted debt securities	295	-	-	-	613	908
Certificate of deposits	-	-	-	-	1,219	1,219
Unquoted equity and preference securities	-	-	-	25	-	25
Unquoted investments others	-	-	5	-	-	5
Unquoted convertible promissory note	-	-	1	-	-	1
Trade receivables	1,900	-	-	-	-	1,900
Unbilled revenue	562	-	-	-	-	562
Prepayments and other assets (Refer Note 2.4)	410	-	-	-	-	410
Derivative financial instruments	-	-	36	-	8	44
Total	6,656	-	406	25	1,840	8,927
Liabilities:						
Trade payables	57	-	-	-	-	57
Derivative financial instruments	-	-	-	-	-	-
Client deposits	5	-	-	-	-	5
Other liabilities including contingent consideration (Refer Note 2.5)	763	-	13	-	-	776
Total	825	-	13	-	-	838

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

Fair value hierarchy

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

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

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

The fair value hierarchy of assets and liabilities as of June 30, 2017 is as follows:

(Dollars in millions)				
	As of June 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 2.2)	242	242	-	-
Investments in fixed maturity plan securities (Refer Note 2.2)	88	-	88	-
Investments in quoted debt securities (Refer Note 2.2)	967	851	116	-
Investments in certificate of deposit (Refer Note 2.2)	1,264	-	1,264	-
Investments in equity and preference securities (Refer Note 2.2)	27	-	-	27
Investment in unquoted investments others (Refer Note 2.2)	6	-	-	6
Investments in unquoted convertible promissory note (Refer Note 2.2)	1	-	-	1
Derivative financial instruments- gain on outstanding foreign exchange forward and option contracts	4	-	4	-
Liabilities				
Derivative financial instruments- loss on outstanding foreign exchange forward and option contracts	1	-	1	-
Liability towards contingent consideration (Refer Note 2.5)*	6	-	-	-

During the three months ended June 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 prices.

*Discounted \$7 million at 14%.

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

(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 Note 2.2)	278	278	-	-
Investments in fixed maturity plan securities (Refer Note 2.2)	86	-	86	-
Investments in quoted debt securities (Refer Note 2.2)	947	565	382	-
Investments in certificate of deposit (Refer Note 2.2)	1,219	-	1,219	-
Investments in equity and preference securities (Refer Note 2.2)	25	-	-	25
Investment in unquoted investments others (Refer Note 2.2)	5	-	-	5
Investments in unquoted convertible promissory note (Refer 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 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 June 30, 2017 from March 31, 2017 is on account of settlement of contingent consideration of \$7 million and change in discount rates and passage of time.

Income from financial assets or liabilities is as follows:

<i>(Dollars in millions)</i>		
	Three months ended June 30,	
	2017	2016
Interest income on financial assets carried at amortized cost	66	97
Interest income on financial assets fair valued through other comprehensive income	32	-
Dividend income on investments carried at fair value through profit or loss	-	3
Gain / (loss) on investments carried at fair value through profit or loss	11	-
	109	100

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 June 30, 2017:

	<i>(Dollars in millions)</i>					
	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	Total
Cash and cash equivalents	215	25	9	24	132	405
Trade receivables	1,291	207	118	100	109	1,825
Unbilled revenue	336	75	50	23	50	534
Other assets	59	7	3	3	14	86
Trade payables	(12)	(6)	(5)	(1)	(13)	(37)
Client deposits	(1)	-	-	-	(1)	(2)
Accrued expenses	(158)	(32)	(26)	(6)	(21)	(243)
Employee benefit obligation	(88)	(14)	(3)	(24)	(23)	(152)
Other liabilities	(133)	(22)	(8)	(4)	(40)	(207)
Net assets / (liabilities)	1,509	240	138	115	207	2,209

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

	<i>(Dollars in millions)</i>					
	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 each of the three months ended June 30, 2017 and June 30, 2016, every percentage point depreciation / appreciation in the exchange rate between the Indian rupee and the U.S. dollar has affected the company's incremental operating margins by approximately 0.49%.

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 options contracts:

	<i>(In millions)</i>	
	As of	
	June 30, 2017	March 31, 2017
Derivatives designated as cash flow hedges		
Forward contracts		
In Euro	70	95
In United Kingdom Pound Sterling	45	40
In Australian dollars	90	130
Option Contracts		
In Euro	65	40
In United Kingdom Pound Sterling	10	-
In Australian dollars	40	-
Other derivatives		
Forward contracts		
In U.S. dollars	566	526
In Euro	91	114
In United Kingdom Pound Sterling	97	75
In Australian dollars	35	35
In Swiss Franc	-	10
In Singapore dollars	5	5
In Swedish Krona	50	50
In New Zealand dollars	5	-
In Canadian dollars	13	-
In Polish Zloty	37	-
Options contracts		
In U.S. dollars	223	195
In Euro	45	25
In United Kingdom Pound Sterling	20	30
In Canadian dollars	-	13

The Group recognized a net gain on derivative financial instruments of \$3 million for the three months ended June 30, 2017 and \$7 million for the three months ended June 30, 2016, which is included under other income.

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

	<i>(Dollars in millions)</i>	
	As of	
	June 30, 2017	March 31, 2017
Not later than one month	434	355
Later than one month and not later than three months	786	666
Later than three months and not later than one year	261	329
	1,481	1,350

During the three months ended June 30, 2017, the group has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to revenue in 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 ended June 30, 2017:

(Dollars in millions)

	Three months ended June 30, 2017
Balance at the beginning of the period	6
Gain / (Loss) recognised in other comprehensive income during the period	(6)
Amount reclassified to revenue during the period	(7)
Tax impact on above	3
Balance at the end of the period	(4)

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

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

(Dollars in millions)

	As of			
	June 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	7	(10)	44	-
Amount set off	(3)	3	-	-
Net amount presented in balance sheet	4	(7)	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 \$1,934 million and \$1,900 million as of June 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to \$611 million and \$562 million as of June 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:

(In %)

	Three months ended June 30,	
	2017	2016
Revenue from top customer	3.3	3.6
Revenue from top ten customers	20.0	22.2

Credit risk exposure

The reversal of allowance for lifetime expected credit loss on customer balances for the three months ended June 30, 2017 was \$1 million and allowance for lifetime expected credit loss on customer balances was \$2 million for the three months ended June 30, 2016.

(Dollars in millions)

	Three months ended June 30,	
	2017	2016
Balance at the beginning	63	44
Translation differences	1	(1)
Impairment loss recognized/(reversed)	(1)	2
Write offs	-	-
Balance at the end	63	45

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

(Dollars in millions except otherwise stated)

	As of	
	June 30, 2017	March 31, 2017
Trade receivables	1,934	1,900
Unbilled revenues	611	562
Days Sales Outstanding- DSO (days)	68	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 June 30, 2017, the Group had a working capital of \$6,037 million including cash and cash equivalents of \$3,579 million and current investments of \$1,609 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 June 30, 2017 and March 31, 2017, the outstanding employee benefit obligations were \$220 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 June 30, 2017:

(Dollars in millions)					
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	40	-	-	-	40
Client deposits	2	-	-	-	2
Other liabilities (excluding liability towards contingent consideration - Refer Note 2.5)	864	5	-	-	869
Liability towards contingent consideration on an undiscounted basis -Refer Note 2.5	7	-	-	-	7

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

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

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

(Dollars in millions)		
	As of	
	June 30, 2017	March 31, 2017
Current		
Rental deposits	2	1
Security deposits	1	2
Loans to employees	39	42
Prepaid expenses ⁽¹⁾	78	68
Interest accrued and not due	132	89
Withholding taxes and others ⁽¹⁾	312	291
Advance payments to vendors for supply of goods ⁽¹⁾	13	20
Deposit with corporations	221	218
Deferred contract cost ⁽¹⁾	12	12
Other assets	12	6
	822	749
Non-current		
Loans to employees	4	5
Security deposits	14	13
Deposit with corporations	7	7
Prepaid gratuity ⁽¹⁾	6	12
Prepaid expenses ⁽¹⁾	17	15
Deferred contract cost ⁽¹⁾	42	44
Rental Deposits	27	27
	117	123
	939	872
Financial assets in prepayments and other assets	459	410

⁽¹⁾ Non financial assets

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

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

2.5 Other liabilities

Other liabilities comprise the following:

(Dollars in millions)		
	As of	
	June 30, 2017	March 31, 2017
Current		
Accrued compensation to employees	357	290
Accrued expenses	441	399
Withholding taxes and others ⁽¹⁾	199	189
Retainage	31	34
Liabilities of controlled trusts	22	22
Liability towards contingent consideration (Refer note 2.9)	6	7
Tax on dividend ⁽¹⁾	107	-
Deferred rent ⁽¹⁾	2	-
Others	13	13
	1,178	954
Non-Current		
Liability towards contingent consideration (Refer note 2.9)	-	6
Accrued compensation to employees	5	5
Deferred income - government grant on land use rights ⁽¹⁾	7	6
Deferred income ⁽¹⁾	6	7
	18	24
	1,196	978
Financial liabilities included in other liabilities	875	776
Contingent consideration on undiscounted basis	7	14

⁽¹⁾ Non financial liabilities

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

2.6 Provisions

Provisions comprise the following:

(Dollars in millions)		
	As of	
	June 30, 2017	March 31, 2017
Provision for post sales client support and other provisions	63	63
	63	63

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

		(Dollars in millions)
		Three months ended June 30, 2017
Balance at the beginning		63
Translation differences		-
Provision recognized/(reversed)		2
Provision utilized		(2)
Balance at the end		63

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

As of June 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 \$47 million (₹301 crore) and \$46 million (₹301 crore), respectively.

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

2.7 Property, plant and equipment

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

	<i>(Dollars in millions)</i>						
	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	-	8	9	25	6	-	48
Deletions	-	-	-	(5)	-	-	(5)
Translation difference	1	5	2	4	2	-	14
Gross carrying value as of June 30, 2017	273	1,136	477	724	269	5	2,884
Accumulated depreciation as of April 1, 2017	(4)	(376)	(301)	(471)	(168)	(3)	(1,323)
Depreciation	-	(10)	(16)	(26)	(10)	-	(62)
Accumulated depreciation on deletions	-	-	-	5	-	-	5
Translation difference	-	(2)	(1)	(3)	(1)	-	(7)
Accumulated depreciation as of June 30, 2017	(4)	(388)	(318)	(495)	(179)	(3)	(1,387)
Capital work-in progress as of June 30, 2017							337
Carrying value as of June 30, 2017	269	748	159	229	90	2	1,834
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 three months ended June 30, 2016:

	<i>(Dollars in millions)</i>						
	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	1	5	24	27	8	-	65
Deletions	-	-	-	(2)	-	-	(2)
Translation difference	(4)	(18)	(8)	(12)	(5)	1	(46)
Gross carrying value as of June 30, 2016	241	942	408	628	221	5	2,445
Accumulated depreciation as of April 1, 2016	(3)	(332)	(243)	(395)	(149)	(3)	(1,125)
Depreciation	-	(8)	(13)	(24)	(7)	-	(52)
Accumulated depreciation on deletions	-	-	-	2	-	-	2
Translation difference	-	6	5	7	4	-	22
Accumulated depreciation as of June 30, 2016	(3)	(334)	(251)	(410)	(152)	(3)	(1,153)
Capital work-in progress as of June 30, 2016							332
Carrying value as of June 30, 2016	238	608	157	218	69	2	1,624
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:

	<i>(Dollars in millions)</i>						
	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 \$99 million as of June 30, 2017 and March 31, 2017 each, towards deposits paid under certain lease-cum-sale agreements to acquire land, including agreements where the company has an option to either purchase the properties or renew the lease on expiry of the lease period.

The contractual commitments for capital expenditure were \$138 million and \$177 million as of June 30, 2017 and March 31, 2017, respectively.

2.8 Goodwill

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

	<i>(Dollars in millions)</i>	
	As of	
	June 30, 2017	March 31, 2017
Carrying value at the beginning	563	568
Translation differences	10	(5)
Carrying value at the end	573	563

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units (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 following table presents the allocation of goodwill to operating segments as at March 31, 2017:

Segment	<i>(Dollars in millions)</i>	
	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 CGUs 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 CGUs which is represented by the Energy & utilities, Communication and Services segment.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections over a period of five years. 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 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:

	<i>In %</i>
	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 June 30, 2017 and June 30, 2016, a post-acquisition employee remuneration expense of \$2 million and \$5 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. 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 three months ended June 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 June 30, 2017 and March 31, 2017 is \$7 million and \$14 million on an undiscounted basis.

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 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 11,264,702 and 11,289,514 shares, as of June 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 100,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to CEO:

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of time-based RSUs of fair value \$2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. Time based RSUs of fair value of \$2 million for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADSs.

Based on fiscal 2017 performance evaluation, the Board, on the recommendations of nomination and remuneration committee, approved on April 13, 2017, performance based equity and stock options for fiscal 2017 comprising 132,483 RSUs amounting to \$1.9 million and 330,525 ESOPs amounting to \$0.96 million. Further, the Board, also approved the annual time-based vesting grant for fiscal 2018 to Dr. Vishal Sikka, comprising of 137,741 RSUs amounting to \$2 million. These RSUs and ESOPs have been granted effective May 2, 2017. 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. Though the performance based awards for fiscal 2018 and the time based RSU's for the remaining employment term have not been granted as of June 30, 2017, in accordance with IFRS 2 Share-based Payment, the company has recorded employee stock based compensation expense.

Stock incentives granted to COO:

The Nomination and Remuneration 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 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 KMP (other than CEO and COO)

On November 1, 2016, 245,750 RSUs and 502,550 stock options were granted under the 2015 plan, to key management personnel, excluding CEO and COO, based on fiscal 2016 performance. Additionally, on November 1, 2016, 1,500 RSUs were granted to the Acting General Counsel and the same were outstanding as of June 30, 2017. These RSUs and stock options will 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.

During the three months ended June 30, 2017 and June 30, 2016, we recorded an employee stock compensation expense of \$2 million and \$1 million, respectively towards key managerial personnel including CEO and COO.

Stock incentive granted to other employees:

During fiscal 2017, the company granted 2,506,740 RSUs and 703,300 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. These instruments will vest over a period of 4 years and are subject to continued service.

The company recorded an employee stock compensation expense in the statement of comprehensive income for the three months ended June 30, 2017 and June 30, 2016 of \$7 million and \$1 million, respectively. Further, the cash settled stock compensation expense (included above) for the three months ended June 30, 2017 and June 30, 2016 was less than \$1 million and Nil, respectively. This comprises of expense pertaining to CEO, COO, other KMP and other employees. As of June 30, 2017 and March 31, 2017 94,090 and 106,845 incentive units were outstanding (net of forfeitures).

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

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

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

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transaction during the three months ended June 30, 2017 and June 30, 2016 is set out below:

Particulars	Three months ended June 30, 2017		Three months ended June 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan Indian equity shares (RSU - IES)				
Outstanding at the beginning*	2,003,928	5	221,505	5
Granted	31,750	5	-	-
Forfeited and expired	31,695	5	-	-
Exercised	24,812	5	12,406	5
Outstanding at the end	1,979,171	5	209,099	5
Exercisable at the end	-	-	-	-
2015 Plan Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	309,650	998	-	-
Granted	50,200	919	-	-
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	359,850	987	-	-
Exercisable at the end	-	-	-	-

Particulars	Three months ended June 30, 2017	
	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan American Depository Shares (RSU - ADS)		
Outstanding at the beginning	957,445	0.07
Granted	302,814	0.07
Forfeited and expired	13,425	0.07
Exercised	-	-
Outstanding at the end	1,246,834	0.07
Exercisable at the end	-	-
2015 Plan Employee Stock Options (ESOPs- ADS)		
Outstanding at the beginning	888,000	15.26
Granted	396,925	14.54
Forfeited and expired	-	-
Exercised	-	-
Outstanding at the end	1,284,925	15.05
Exercisable at the end	-	-

There was no activity in 2015 plan during the three months ended June 30, 2016 involving equity shares represented by ADS
During the three months ended June 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was \$14.60.

During the three months ended June 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was \$18.

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of June 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: ADS and IES			
0.07 (RSU)	3,226,005	1.71	0.07
14 - 16 (ESOP)	1,644,775	6.98	15.09
	4,870,780	3.49	5.15

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: ADS and IES			
0.07 (RSU)	2,961,373	1.88	0.07
14 - 16 (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	14.52	14.52
Exercise price (₹)/ (\$- ADS)	5.00	919	0.07	14.54
Expected volatility (%)	21-25	25-28	23-26	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	13.50	2.91

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:

<i>(Dollars in millions)</i>		
	Three months ended June 30,	
	2017	2016
Current taxes		
Domestic taxes	167	163
Foreign taxes	66	56
	233	219
Deferred taxes		
Domestic taxes	(14)	(5)
Foreign taxes	(6)	(11)
	(20)	(16)
Income tax expense	213	203

Income tax expense for the three months ended June 30, 2017 and June 30, 2016 includes reversals (net of provisions) of \$2 million and provisions (net of reversals) of \$1 million respectively, pertaining to prior periods.

Entire deferred income tax for the three months ended June 30, 2017 and June 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:

<i>(Dollars in millions)</i>		
	Three months ended June 30,	
	2017	2016
Profit before income taxes	754	714
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	261	248
Tax effect due to non-taxable income for Indian tax purposes	(93)	(72)
Overseas taxes	35	28
Tax provision (reversals), overseas and domestic	(2)	1
Effect of differential overseas tax rates	2	-
Effect of exempt non operating income	(3)	(4)
Effect of unrecognized deferred tax assets	11	-
Effect of non-deductible expenses	5	5
Additional deduction on research and development expense	(1)	(2)
Others	(2)	(1)
Income tax expense	213	203

The applicable Indian statutory tax rate for fiscal 2018 and fiscal 2017 is 34.61%.

During the quarter ended June 30, 2017 and June 30, 2016, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which was valid upto March 31, 2017. The weighted tax deduction is equal to 150% for quarter ended June 30, 2017 and 200% for quarter ended June 30, 2016 of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR which is pending approval.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Reinvestment 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 June 30, 2017, claims against the group not acknowledged as debts from the Indian Income tax authorities net of amount paid to statutory authorities of \$771 million (₹4,982 crore) amounted to \$230 million (₹1,489 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 June 30, 2017 include demand from the Indian Income tax authorities for payment of tax including interest upon completion of their tax assessment for fiscal 2007, 2008, 2009, 2010, 2011, 2012 and 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, 2011, 2012 and 2013.

Demand for fiscal 2007, 2008 and 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, 2008, 2009, 2010 and 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. During the quarter the Company has received the appeal order for fiscal 2007, 2008 and 2009 allowing deduction under section 10AA of the Income Tax Act for the units and deduction of foreign currency expenditure from export and total turnover. The order giving effect for the above mentioned years has not been received. The Company is in the process of filing appeal for fiscal 2007, 2008 and 2009 before Hon'ble Income Tax Appellate tribunal against the issues which are held against the Company by the Commissioner of Income Tax (Appeals) Bangalore. Demand for fiscal 2012 and 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2013 is pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore.

The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

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

	Three months ended June 30,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	2,285,657,604	2,285,622,329
Effect of dilutive common equivalent shares- share options outstanding	1,400,544	145,793
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	2,287,058,148	2,285,768,122

⁽¹⁾ excludes treasury shares

For the three months ended June 30, 2017, 264,886 number of options to purchase equity shares had an anti-dilutive effect.

For the three months ended June 30, 2016 there were no outstanding options 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.

Transactions with key management personnel

The following were the changes in key management personnel:-

- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017
- Inderpreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as an Executive Officer effective July 14, 2017
- Sandeep Dadlani, President, resigned from the company effective July 14, 2017

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

	(Dollars in millions)	
	Three months ended June 30,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾	4	3
Commission and other benefits to non-executive/ independent directors	1	-
Total	5	3

⁽¹⁾ Includes employee stock compensation expense of \$2 million and \$1 million for the three months ended June 30, 2017 and June 30, 2016, respectively towards key management personnel. Refer to note 2.10

Investment in Associate

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 \$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 June 30, 2017 and June 30, 2016

(Dollars in millions)

	FS	MFG	ECS	RCL	HILIFE	Hi-Tech	All other segments	Total
Revenues	713	289	614	418	337	192	88	2,651
	678	275	554	426	299	197	72	2,501
Identifiable operating expenses	357	156	306	201	166	105	48	1,339
	334	142	262	204	149	102	51	1,244
Allocated expenses	155	67	142	97	78	45	20	604
	156	66	133	103	72	47	18	595
Segment profit	201	66	166	120	93	42	20	708
	188	67	159	119	78	48	3	662
Unallocable expenses								70
								60
Operating profit								638
								602
Other income, net								127
								112
Share in associate's profit / (loss)								-
								-
Write-down of investment in associate								(11)
								-
Profit before income taxes								754
								714
Income tax expense								213
								203
Net profit								541
								511
Depreciation and amortisation								70
								60
Non-cash expenses other than depreciation and amortisation								-
								-

2.14.2 Geographic Segments

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

(Dollars in millions)

	North America	Europe	India	Rest of the World	Total
Revenues	1,621	594	94	342	2,651
	1,550	576	68	307	2,501
Identifiable operating expenses	841	309	32	157	1,339
	796	275	37	136	1,244
Allocated expenses	375	137	19	73	604
	373	138	14	70	595
Segment profit	405	148	43	112	708
	381	163	17	101	662
Unallocable expenses					70
					60
Operating profit					638
					602
Other income, net					127
					112
Share in associate's profit / (loss)					-
					-
Write-down of investment in associate					(11)
					-
Profit before income taxes					754
					714
Income tax expense					213
					203
Net profit					541
					511
Depreciation and amortisation					70
					60
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 ended June 30, 2017 and June 30, 2016.

2.15 Break-up of expenses

Cost of sales

	<i>(Dollars in millions)</i>	
	Three months ended June 30,	
	2017	2016
Employee benefit costs	1,293	1,235
Depreciation and amortisation	70	60
Travelling costs	61	84
Cost of technical sub-contractors	165	137
Cost of software packages for own use	34	27
Third party items bought for service delivery to clients	34	14
Operating lease payments	12	11
Consultancy and professional charges	2	1
Communication costs	8	8
Repairs and maintenance	11	12
Provision for post-sales client support	2	3
Total	1,692	1,592

Sales and marketing expenses

	<i>(Dollars in millions)</i>	
	Three months ended June 30,	
	2017	2016
Employee benefit costs	104	99
Travelling costs	12	15
Branding and marketing	14	17
Operating lease payments	3	2
Consultancy and professional charges	2	2
Communication costs	1	1
Others	2	1
Total	138	137

Administrative expenses

	<i>(Dollars in millions)</i>	
	Three months ended June 30,	
	2017	2016
Employee benefit costs	57	50
Consultancy and professional charges	34	25
Repairs and maintenance	35	38
Power and fuel	8	9
Communication costs	10	9
Travelling costs	9	11
Rates and taxes	8	6
Operating lease payments	5	3
Insurance charges	2	2
Impairment loss recognised/(reversed) on financial assets	1	2
Contributions towards Corporate Social Responsibility	7	7
Others	7	8
Total	183	170

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

Condensed Consolidated Balance Sheets as of	Note	June 30, 2017	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	2.1	23,117	22,625
Current investments	2.2	10,388	9,970
Trade receivables		12,488	12,322
Unbilled revenue		3,945	3,648
Prepayments and other current assets	2.4	5,312	4,856
Derivative financial instruments	2.3	24	284
Total current assets		55,274	53,705
Non-current assets			
Property, plant and equipment	2.7	11,848	11,716
Goodwill	2.8	3,701	3,652
Intangible assets		730	776
Investment in associate	2.13	-	71
Non-current investments	2.2	6,061	6,382
Deferred income tax assets		679	540
Income tax assets		6,076	5,716
Other non-current assets	2.4	756	797
Total non-current assets		29,851	29,650
Total assets		85,125	83,355
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables		260	367
Derivative financial instruments	2.3	45	2
Current income tax liabilities		4,539	3,885
Client deposits		16	32
Unearned revenue		1,998	1,777
Employee benefit obligations		1,423	1,359
Provisions	2.6	404	405
Other current liabilities	2.5	7,612	6,186
Total current liabilities		16,297	14,013
Non-current liabilities			
Deferred income tax liabilities		197	207
Other non-current liabilities	2.5	117	153
Total liabilities		16,611	14,373
Equity			
Share capital - ₹5 par value 240,00,00,000 (240,00,00,000) equity shares authorized, issued and outstanding 2,28,56,79,962 (2,28,56,55,150), net of 1,12,64,702 (1,12,89,514) treasury shares as of June 30, 2017 (March 31, 2017), respectively		1,144	1,144
Share premium		2,401	2,356
Retained earnings		64,149	65,056
Cash flow hedge reserves		(27)	39
Other reserves		329	-
Other components of equity		518	387
Total equity attributable to equity holders of the Company		68,514	68,982
Non-controlling interests		-	-
Total equity		68,514	68,982
Total liabilities and equity		85,125	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

R. Seshasayee

Chairman

Ravi Venkatesan

Co-Chairman

Dr. Vishal Sikka

Chief Executive Officer
and Managing Director

U. B. Pravin Rao

Chief Operating Officer
and Whole-time Director

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

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

Condensed Consolidated Statements of Comprehensive Income		Three months ended June 30,	
	Note	2017	2016
Revenues		17,078	16,782
Cost of sales	2.15	10,900	10,681
Gross profit		6,178	6,101
Operating expenses:			
Selling and marketing expenses	2.15	888	920
Administrative expenses	2.15	1,179	1,134
Total operating expenses		2,067	2,054
Operating profit		4,111	4,047
Other income, net		814	753
Share in associate's profit/ (loss)		-	-2
Write-down of investment in associate	2.13	(71)	-
Profit before income taxes		4,854	4,798
Income tax expense	2.11	1,371	1,362
Net profit		3,483	3,436
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of the net defined benefit liability/asset		(3)	(17)
Cumulative impact on reversal of unrealised gain on quoted debt securities on adoption of IFRS 9		-	(35)
Equity instruments through other comprehensive income, net		-	-
		(3)	(52)
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value changes on derivatives designated as cash flow hedge, net		(66)	-
Exchange differences on translation of foreign operations		107	38
Fair value changes on investments, net	2.2	27	-
		68	38
Total other comprehensive income, net of tax		65	(14)
Total comprehensive income		3,548	3,422
Profit attributable to:			
Owners of the Company		3,483	3,436
Non-controlling interests		-	-
		3,483	3,436
Total comprehensive income attributable to:			
Owners of the Company		3,548	3,422
Non-controlling interests		-	-
		3,548	3,422
Earnings per equity share			
Basic (₹)		15.24	15.03
Diluted (₹)		15.23	15.03
Weighted average equity shares used in computing earnings per equity share			
Basic	2.12	228,56,57,604	228,56,22,329
Diluted		228,70,58,148	228,57,68,122

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

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

Infosys Limited and subsidiaries
Condensed Consolidated Statement of Changes in Equity

	(In ₹ crore except equity share data)							
	Shares ⁽¹⁾	Share capital	Share premium	Retained earnings	Other reserves ⁽²⁾	Other components of equity	Cash flow hedge reserve	Total equity attributable to equity holders of the Company
Balance as of April 1, 2016	228,56,21,088	1,144	2,241	57,655	-	739	-	61,779
Changes in equity for the three months ended June 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 note 2.10)	12,406	-	-	-	-	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	9	-	-	-	-	9
Transferred to other reserves	-	-	-	(276)	276	-	-	-
Transferred from other reserves on utilisation	-	-	-	276	(276)	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	(17)	-	(17)
Dividends (including corporate dividend tax)	-	-	-	(3,923)	-	-	-	-3,923
Net profit	-	-	-	3,436	-	-	-	3,436
Exchange differences on translation of foreign operations	-	-	-	-	-	38	-	38
Balance as of June 30, 2016	228,56,33,494	1,144	2,250	57,168	-	725	-	61,287
Balance as of April 1, 2017	228,56,55,150	1,144	2,356	65,056	-	387	39	68,982
Changes in equity for the three months ended June 30, 2017								
Shares issued on exercise of employee stock options (Refer note 2.10)	24,812	-	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-
Employee stock compensation expense (refer to note 2.10)	-	-	45	-	-	-	-	45
Transferred to other reserves	-	-	-	(483)	483	-	-	-
Transferred from other reserves on utilisation	-	-	-	154	(154)	-	-	-
Fair value changes on derivatives designated as cash flow hedge, net (Refer note 2.3)	-	-	-	-	-	-	(66)	(66)
Equity instruments through other comprehensive income, net of tax effect (Refer note 2.2)	-	-	-	-	-	-	-	-
Fair value changes on investments, net of tax effect (Refer note 2.2)	-	-	-	-	-	27	-	27
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	(3)	-	(3)
Dividends (including corporate dividend tax)	-	-	-	(4,061)	-	-	-	(4,061)
Net profit	-	-	-	3,483	-	-	-	3,483
Exchange differences on translation of foreign operations	-	-	-	-	-	107	-	107
Balance as of June 30, 2017	2,285,679,962	1,144	2,401	64,149	329	518	-27	68,514

⁽¹⁾ excludes treasury shares of 1,12,64,702 as of June 30, 2017, 1,12,89,514 as of April 1, 2017, 1,13,11,170 as of June 30, 2016 and 1,13,23,576 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

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Chief Operating Officer
and Whole-time Director

Bangalore
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

Condensed Consolidated Statement of Cash Flows		Three months ended June 30,	
	Note	2017	2016
Operating activities:			
Net Profit		3,483	3,436
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	2.15	450	400
Income tax expense	2.11	1,371	1,362
Income on investments		-240	(50)
Effect of exchange rate changes on assets and liabilities		-3	18
Impairment loss on financial assets		(4)	15
Other adjustments		65	69
Changes in working capital			
Trade receivables and unbilled revenue		-459	(818)
Prepayments and other assets		-164	(852)
Trade payables		-107	(124)
Client deposits		-16	(2)
Unearned revenue		221	207
Other liabilities and provisions		759	122
Cash generated from operations		5,356	3,783
Income taxes paid		(1,205)	(744)
Net cash provided by operating activities		4,151	3,039
Investing activities:			
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors		-553	(859)
Loans to employees		23	20
Deposits placed with corporation		-9	(60)
Income on investments		86	28
Payment of contingent consideration pertaining to acquisition of business	2.9	-33	(36)
Investment in equity and preference securities		-13	(26)
Investment in others		-9	-
Investment in certificates of deposit		-281	-
Redemption of certificates of deposit		150	-
Investment in quoted debt securities		-1	(5)
Redemption of quoted debt securities		4	4
Investment in liquid mutual fund units and fixed maturity plan securities		-16,472	(10,669)
Redemption of liquid mutual fund units and fixed maturity plan securities		16,774	10,183
Net cash used in investing activities		(334)	(1,420)
Financing activities:			
Payment of dividends		-3,363	-3,256
Net cash used in financing		-3,363	(3,256)
Effect of exchange rate changes on cash and cash equivalents		38	(10)
Net increase/(decrease) in cash and cash equivalents		454	(1,637)
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	23,117	31,050
Supplementary information:			
Restricted cash balance	2.1	601	512

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

As per our report of even date attached

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Bengaluru
July 14, 2017

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Company Secretary

Notes to the Interim Condensed Consolidated Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys is a leading provider in consulting, technology, outsourcing and next-generation services 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 July 14, 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

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

1.7 Property, plant and equipment

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

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

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end. (Refer 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 a hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.9.3 Derecognition of financial instruments

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

1.10 Fair value of financial instruments

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

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:

During the quarter, 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:

During the quarter, 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	
	June 30, 2017	March 31, 2017
Cash and bank deposits	15,493	14,889
Deposits with financial institution	7,624	7,736
	23,117	22,625

Cash and cash equivalents as of June 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹601 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	
	June 30, 2017	March 31, 2017
Current Accounts		
ANZ Bank, Taiwan	6	3
Axis Bank, India	1	1
Axis Bank - Unpaid Dividend Account	2	2
Banamex Bank, Mexico	2	2
Banamex Bank, Mexico (U.S. Dollar account)	8	8
Bank of America, Mexico	74	54
Bank of America, USA	960	1,030
Bank of Baroda, Mauritius	1	-
Bank Zachodni WBK S.A, Poland	10	4
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	2	-
Barclays Bank, UK	7	1
Bank Leumi, Israel (US Dollar account)	36	2
Bank Leumi, Israel	8	11
Bank Leumi, Israel (YEN account)	2	-
BNP Paribas Bank, Norway	43	17
China Merchants Bank, China	2	9
Citibank N.A., China	146	61
Citibank N.A., China (U.S. Dollar account)	19	11
Citibank N.A., Costa Rica	2	5
Citibank N.A., Australia	48	19
Citibank N.A., Brazil	20	30
Citibank N.A., Dubai	1	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	2	3
Citibank N.A., Japan	6	12
Citibank N.A., New Zealand	8	10
Citibank N.A., Portugal	2	2
Citibank N.A., Singapore	-	2
Citibank N.A., South Korea	-	1
Citibank N.A., South Africa	15	9
CitiBank N.A., South Africa (Euro account)	1	1
Citibank N.A., Philippines, (U.S. Dollar account)	-	1
CitiBank N.A., USA	92	78
Citibank N.A., EEFC (U.S. Dollar account)	56	1
Commerzbank, Germany	21	18
Danske Bank, Sweden	1	-
Deutsche Bank, India	11	12
Deutsche Bank, Philippines	4	5
Deutsche Bank, Philippines (U.S. Dollar account)	3	4
Deutsche Bank, Poland	9	12
Deutsche Bank, Poland (Euro account)	3	4
Deutsche Bank, EEFC (Australian Dollar account)	2	38
Deutsche Bank, EEFC (Euro account)	28	25
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, EEFC (U.S. Dollar account)	83	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	5	10
Deutsche Bank, Belgium	65	10
Deutsche Bank, Malaysia	-	7
Deutsche Bank, Czech Republic	10	8
Deutsche Bank, Czech Republic (Euro account)	6	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	29	30
Deutsche Bank, France	9	8
Deutsche Bank, Germany	13	48
Deutsche Bank, Netherlands	9	2
Deutsche Bank, Russia	9	3
Deutsche Bank, Russia (U.S. Dollar account)	8	1

Deutsche Bank, Singapore	1	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	22	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	43	26
Deutsche Bank, USA	2	12
HDFC Bank-Unpaid dividend account	2	2
HSBC Bank, Brazil	-	1
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	47	53
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	17	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	1	1
ICICI Bank - Unpaid dividend account	21	13
ING Bank, Belgium	2	2
Nordbanken, Sweden	20	33
Punjab National Bank, India	13	6
Raiffeisen Bank, Czech Republic	4	4
Raiffeisen Bank, Romania	6	4
Royal Bank of Canada, Canada	118	83
Santander Bank, Argentina	2	1
State Bank of India, India	55	7
Silicon Valley Bank, USA	7	4
Silicon Valley Bank, EEFC (U.S. Dollar account)	1	-
Silicon Valley Bank (Euro account)	14	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	3	2
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	39	33
Westpac, Australia	1	1
Yes Bank, India	9	-
	2,367	2,061
Deposit Accounts		
Axis Bank	1,081	1,175
Bank BGZ BNP Paribas S.A	157	183
Barclays Bank	825	825
Canara Bank	259	261
Citibank	148	167
Deutsche Bank, Poland	105	71
HDFC Bank	2,444	469
HSBC Bank	500	500
ICICI Bank	5,425	4,869
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	191	191
Kotak Mahindra Bank	535	535
South Indian Bank	450	450
Standard Chartered Bank	-	500
Syndicate Bank	49	49
Yes Bank	757	633
	13,126	12,828
Deposits with financial institution		
HDFC Limited, India	6,924	7,036
LIC Housing Finance Limited	700	700
	7,624	7,736
Total	23,117	22,625

2.2 Investments

The carrying value of the investments are as follows:

	<i>(In ₹ crore)</i>	
	As of	
	June 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	1,560	1,803
Fixed Maturity Plan Securities		
Fair value	154	151
Fair Value through other comprehensive income		
Quoted Debt Securities		
Fair value	476	102
Certificates of deposit		
Fair value	8,165	7,905
Unquoted equity and preference securities		
Fair value	27	-
	10,388	9,970
(ii) Non-current		
Amortised Cost		
Quoted debt securities		
Cost	1,898	1,898
Fair Value through other comprehensive income		
Quoted debt securities		
Fair value	3,545	3,873
Unquoted equity and preference securities		
Fair value	147	159
Fair Value through profit and loss		
Unquoted convertible promissory note		
Fair value	11	10
Fixed Maturity Plan Securities		
Fair value	414	407
Others		
Fair value	46	35
	6,061	6,382
Total investments	16,449	16,352
Investments carried at amortised cost	1,904	1,907
Investments carried at fair value through other comprehensive income	12,360	12,039
Investments carried at fair value through profit or loss	2,185	2,406

Liquid mutual funds:

The fair value of liquid mutual funds as of June 30, 2017 was ₹1,560 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 June 30, 2017 was ₹568 crore and as of March 31, 2017 was ₹558 crore. 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 June 30, 2017 and March 31, 2017 was ₹2,222 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 June 30, 2017 and March 31, 2017 was ₹4,021 crore and ₹3,975 crore, respectively. The fair value is based on quoted prices and market observable inputs. The unrealised gain of ₹28 crore, net of taxes of ₹2 crore, has been recognized in other comprehensive income for the three months ended June 30, 2017.

Certificates of deposit

The fair value of certificate of deposits as of June 30, 2017 was ₹8,165 crore and as of March 31, 2017 was ₹7,905 crore. The fair value is based on market observable inputs. The unrealised loss of ₹1 crore, net of taxes of less than ₹1 crore, has been recognized in other comprehensive income for the three months ended June 30, 2017.

Unquoted equity and preference and other securities:

The fair value is determined using Level 3 inputs like Discounted cash flows, 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 June 30, 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 2.1)	23,117	-	-	-	-	23,117	23,117
Investments (Refer Note 2.2)							
Liquid mutual funds	-	-	1,560	-	-	1,560	1,560
Fixed maturity plan securities	-	-	568	-	-	568	568
Quoted debt securities	1,904	-	-	-	4,021	5,925	6,243 *
Certificates of deposit	-	-	-	-	8,165	8,165	8,165
Unquoted equity and preference securities	-	-	-	174	-	174	174
Unquoted investment others	-	-	46	-	-	46	46
Unquoted convertible promissory notes	-	-	11	-	-	11	11
Trade receivables	12,488	-	-	-	-	12,488	12,488
Unbilled revenue	3,945	-	-	-	-	3,945	3,945
Prepayments and other assets (Refer to Note 2.4)	2,960	-	-	-	-	2,960	2,960
Derivative financial instruments	-	-	24	-	-	24	24
Total	44,414	-	2,209	174	12,186	58,983	
Liabilities:							
Trade payables	260	-	-	-	-	260	260
Derivative financial instruments	-	-	8	-	37	45	45
Client deposits	16	-	-	-	-	16	16
Other liabilities including contingent consideration (Refer to Note 2.5)	5,614	-	41	-	-	5,655	5,655
Total	5,890	-	49	-	37	5,976	

* On account of fair value changes including interest accrued

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	2,658
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

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 June 30, 2017 is as follows:

		(In ₹ crore)		
	As of June 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)	1,560	1,560	-	-
Investments in fixed maturity plan securities (Refer to Note 2.2)	568	-	568	-
Investments in quoted debt securities (Refer to Note 2.2)	6,243	5,494	749	-
Investments in certificates of deposit (Refer to Note 2.2)	8,165	-	8,165	-
Investments in equity and preference securities (Refer to Note 2.2)	174	-	-	174
Investment in unquoted investments others (Refer to Note 2.2)	46	-	-	46
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	24	-	24	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign exchange forward and option contracts	45	-	45	-
Liability towards contingent consideration (Refer to Note 2.5)*	41	-	-	41

*Discounted \$7 million (approximately ₹45 crore) at 14%

During the three months ended June 30, 2017, quoted debt securities of ₹1,792 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 is as follows:

		(In ₹ crore)		
	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)	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 securities 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 \$14 million (approximately ₹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 June 30, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore and change in discount rates and passage of time.

Income from financial assets or liabilities is as follows:

	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Interest income from financial assets carried at amortised cost	427	651
Interest income on financial assets fair valued through other comprehensive income	203	-
Dividend income from investments carried at fair value through profit or loss	1	19
Gain / (loss) on investments carried at fair value through profit or loss	69	-
	700	670

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 June 30, 2017:

	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore) Total
Cash and cash equivalents	1,392	160	55	156	851	2,614
Trade receivables	8,337	1,335	760	648	703	11,783
Unbilled revenue	2,172	487	325	147	318	3,449
Other assets	383	47	19	14	91	554
Trade payables	-80	-36	-31	-5	-82	-234
Client deposits	-10	-2	0	0	-4	-16
Accrued Expenses	-1,022	-203	-170	-40	-132	-1,567
Employee benefit obligations	-565	-93	-22	-154	-148	-982
Other liabilities	-861	-145	-48	-26	-258	-1,338
Net assets / (liabilities)	9,746	1,550	888	740	1,339	14,263

The following table analyzes 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 June 30, 2017 and June 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 0.49%.

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	
	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	70	516	95	658
In United Kingdom Pound Sterling	45	377	40	324
In Australian dollars	90	447	130	644
Option Contracts				
In Euro	65	479	40	277
In United Kingdom Pound Sterling	10	84	-	-
In Australian dollars	40	198	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	566	3,655	526	3,411
In Euro	91	671	114	786
In United Kingdom Pound Sterling	97	813	75	609
In Australian dollars	35	174	35	174
In Swiss Franc	-	-	10	65
In Singapore dollars	5	23	5	23
In Swedish Krona	50	38	50	36
In New Zealand dollars	5	24	-	-
In Canadian dollars	13	65	-	-
In Polish Zloty	37	64	-	-
Option Contracts				
In U.S. dollars	223	1,437	195	1,265
In Euro	45	332	25	173
In United Kingdom Pound Sterling	20	167	30	243
In Canadian dollars	-	-	13	65
Total forwards & options		9,564		8,753

The Group recognized a net gain of ₹21 crore on derivative financial instruments during the three months ended June 30, 2017 and ₹47 crore during the three months ended June 30, 2016, which are included in other income.

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

	(In ₹ crore)	
	As of	
	June 30, 2017	March 31, 2017
Not later than one month	2,803	2,303
Later than one month and not later than three months	5,075	4,316
Later than three months and not later than one year	1,686	2,134
	9,564	8,753

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

	(In ₹ crore)
	Three months ended June 30, 2017
Balance at the beginning of the period	39
Gain / (loss) recognised in other comprehensive income during the period	(41)
Amount reclassified to revenue during the period	(47)
Tax impact on above	22
Balance at the end of the period	(27)

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			
	June 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	45	(66)	285	(3)
Amount set off	(21)	21	(1)	1
Net amount presented in balance sheet	24	(45)	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 ₹12,488 crore and ₹12,322 crore as of June 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹3,945 crore and ₹3,648 crore as of June 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:

	(In %)	
	Three months ended June 30,	
	2017	2016
Revenue from top customer	3.3	3.6
Revenue from top ten customers	20.0	22.2

Credit risk exposure

The reversal of allowance for lifetime expected credit losses on customer balances for the three months ended June 30, 2017 was ₹4 crore. The allowance for lifetime expected credit loss on customer balances for the three months ended June 30, 2016 was ₹15 crore respectively.

	(In ₹ crore)	
	Three months ended	
	June 30, 2017	June 30, 2016
Balance at the beginning	411	289
Translation differences	1	1
Impairment loss recognised / (reversed)	(4)	15
Write-offs	(3)	-
Balance at the end	405	305

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

	(In ₹ crore except otherwise stated)	
	As of	
	June 30, 2017	March 31, 2017
Trade receivables	12,488	12,322
Unbilled revenues	3,945	3,648
Days Sales Outstanding- DSO (days)	68	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 June 30, 2017, the Group had a working capital of ₹38,977 crore including cash and cash equivalents of ₹23,117 crore and current investments of ₹10,388 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 June 30, 2017 and March 31, 2017, the outstanding employee benefit obligations were ₹1,423 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 June 30, 2017:

Particulars	(In ₹ crore)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	260	-	-	-	260
Client deposits	16	-	-	-	16
Other liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	5,579	36	-	-	5,615
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	45	-	-	-	45

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	Total
Trade payables	367	-	-	-	367
Client deposits	32	-	-	-	32
Other liabilities (excluding liability towards contingent consideration) (Refer to Note 2.5)	4,911	31	-	-	4,942
Liability towards contingent consideration on an undiscounted basis (Refer to Note 2.5)	45	46	-	-	91

2.4 Prepayments and other assets

Prepayments and other assets consist of the following:

	(In ₹ crore)	
	As of	
	June 30, 2017	March 31, 2017
Current		
Rental deposits	14	9
Security deposits	7	10
Loans to employees	255	272
Prepaid expenses ⁽¹⁾	502	441
Interest accrued and not due	851	576
Withholding taxes and others ⁽¹⁾	2,016	1,886
Advance payments to vendors for supply of goods ⁽¹⁾	87	131
Deposit with corporations	1,425	1,416
Deferred contract cost ⁽¹⁾	78	78
Other assets	77	37
	5,312	4,856
Non-current		
Loans to employees	23	29
Deposit with corporations	48	48
Rental deposits	171	175
Security deposits	89	86
Deferred contract cost ⁽¹⁾	272	284
Prepaid expenses ⁽¹⁾	114	96
Prepaid gratuity ⁽¹⁾	39	79
	756	797
	6,068	5,653
Financial assets in prepayments and other assets	2,960	2,658

⁽¹⁾ Non financial assets

Withholding taxes primarily consist of input tax credits. Other assets primarily represent travel advances and other recoverables. 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	
	June 30, 2017	March 31, 2017
Current		
Accrued compensation to employees	2,304	1,881
Accrued expenses	2,846	2,585
Withholding taxes and others ⁽¹⁾	1,288	1,226
Retainage	202	220
Liabilities of controlled trusts	140	145
Deferred income - government grant on land use rights ⁽¹⁾	1	1
Accrued gratuity ⁽¹⁾	1	1
Liability towards contingent consideration (Refer to Note 2.9)	41	45
Tax on dividend ⁽¹⁾	690	-
Deferred rent ⁽¹⁾	12	2
Others	87	80
	7,612	6,186
Non-current		
Liability towards contingent consideration (Refer to Note 2.9)	-	40
Accrued compensation to employees	35	30
Deferred income - government grant on land use rights ⁽¹⁾	42	41
Deferred income ⁽¹⁾	40	42
	117	153
	7,729	6,339
Financial liabilities included in other liabilities	5,655	5,026
Financial liability towards contingent consideration on an undiscounted basis - Refer to Note 2.9	45	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	
	June 30, 2017	March 31, 2017
Provision for post sales client support and other provisions	404	405
	404	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 June 30, 2017
Balance as of April 1, 2017	405
Provision recognized / (reversed)	15
Provision utilized	(15)
Translation difference	(1)
Balance as of June 30, 2017	404

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

As of June 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 June 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	-	52	56	159	41	2	310
Deletions	-	-	(2)	(31)	(2)	(2)	(37)
Translation difference	-	10	2	5	5	-	22
Gross carrying value as of June 30, 2017	1,764	7,341	3,079	4,674	1,738	31	18,627
Accumulated depreciation as of April 1, 2017	(27)	(2,440)	(1,952)	(3,052)	(1,093)	(17)	(8,581)
Depreciation	(1)	(67)	(100)	(170)	(62)	(1)	(401)
Accumulated depreciation on deletions	-	-	1	31	2	1	35
Translation difference	-	-	(1)	(5)	(3)	-	(9)
Accumulated depreciation as of June 30, 2017	(28)	(2,507)	(2,052)	(3,196)	(1,156)	(17)	(8,956)
Capital work-in progress as of June 30, 2017							2,177
Carrying value as of June 30, 2017	1,736	4,834	1,027	1,478	582	14	11,848
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 three months ended June 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	9	36	162	184	52	3	446
Deletions	-	-	(3)	(15)	(1)	(1)	(20)
Translation difference	-	-	-	-	(1)	-	-1
Gross carrying value as of June 30, 2016	1,629	6,361	2,757	4,241	1,494	31	16,513
Accumulated depreciation as of April 1, 2016	(22)	(2,201)	(1,608)	(2,617)	(986)	(17)	(7,451)
Depreciation	(1)	(57)	(90)	(164)	(45)	(1)	(358)
Accumulated depreciation on deletions	-	-	3	15	1	1	20
Translation difference	-	-	-	-	1	(1)	-
Accumulated depreciation as of June 30, 2016	(23)	(2,258)	(1,695)	(2,766)	(1,029)	(18)	(7,789)
Capital work-in progress as of June 30, 2016							2,241
Carrying value as of June 30, 2016	1,606	4,103	1,062	1,475	465	13	10,965
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 consolidated statement of comprehensive income.

Carrying value of land includes ₹643 crore and ₹644 crore as of June 30, 2017 and March 31, 2017, respectively, towards deposits 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 ₹891 crore and ₹ 1,149 crore, as of June 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	
	June 30, 2017	March 31, 2017
Carrying value at the beginning	3,652	3,764
Translation differences	49	(112)
Carrying value at the end	3,701	3,652

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

The following table 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 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 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. For the three months ended June 30, 2017 and June 30, 2016, a post-acquisition employee remuneration expense of ₹13 crore and ₹31 crore, 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. 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 three months ended June 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 June 30, 2017 and March 31, 2017 is ₹45 crore and ₹91 crore respectively, on an undiscounted basis.

2.10 Employees' Stock Option Plans (ESOP)

2015 Stock Incentive Compensation Plan (the 2015 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 1,12,64,702 and 1,12,89,514 shares, as of June 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 100,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to CEO:

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of time-based RSUs of fair value \$2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. Time based RSUs of fair value of \$2 million (approximately ₹13.42 crore) for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADSs.

Based on fiscal 2017 performance evaluation, the Board, on the recommendations of The Nomination and Remuneration committee, approved on April 13, 2017, performance based equity and stock options for fiscal 2017 comprising 1,32,483 RSUs amounting to US\$ 1.9 million (approximately ₹12.91 crore) and 3,30,525 ESOPs amounting to US\$ 0.96 million (approximately ₹6.46 crore). Further, the Board, also approved the annual time-based vesting grant for fiscal 2018 to Dr. Vishal Sikka, comprising of 1,37,741 RSUs amounting to US\$2 million (approximately ₹12.97 crore). These RSUs and ESOPs have been granted effective May 2, 2017. 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. Though the performance based awards for fiscal 2018 and the time based RSU's for the remaining employment term have not been granted as of June 30, 2017, in accordance with IFRS 2 Share-based Payment, the Company has recorded employee stock based compensation expense. The Company has recorded employee stock based compensation expense of ₹10 crore and ₹9 crore during the three months ended June 30, 2017 and June 30, 2016 towards CEO compensation.

Stock incentives granted to COO:

The Nomination and Remuneration 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 KMP (other than CEO and COO)

On November 1, 2016, 245,750 RSUs and 502,550 stock options were granted under the 2015 plan, to key management personnel, excluding CEO and COO, based on fiscal 2016 performance. Additionally, on November 1, 2016, 1,500 RSUs were granted to the Acting General Counsel and the same were outstanding as of June 30, 2017. These RSUs and stock options will 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.

During the three months ended June 30, 2017 and June 30, 2016, we recorded an employee stock compensation expense of ₹12 crore and ₹9 crore, respectively towards key managerial personnel including CEO and COO.

Stock incentive granted to other employees:

During fiscal 2017, the Company granted 2,506,740 RSUs and 703,300 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. These instruments will vest over a period of 4 years and are subject to continued service.

The Company recorded an employee stock compensation expense in the statement of profit and loss for the three months ended June 30, 2017 and June 30, 2016 of ₹46 crore and ₹9 crore respectively. Further, the cash settled stock compensation expense (included above) for the three months ended June 30, 2017 and June 30, 2016 was ₹1 crore and Nil respectively. This comprises of expense pertaining to CEO, COO, other KMP and other employees. As of June 30, 2017 and March 31, 2017 94,090 and 106,845 incentive units were outstanding (net of forfeitures).

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

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

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

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months ended June 30, 2017 and June 30, 2016 is set out below:

Particulars	Three months ended June 30, 2017		Three months ended June 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: Indian equity shares (RSU - IES)				
Outstanding at the beginning	2,003,928	5	221,505	5
Granted	31,750	5	-	-
Forfeited and expired	31,695	5	-	-
Exercised	24,812	5	12,406	5
Outstanding at the end	1,979,171	5	209,099	5
Exercisable at the end	-	-	-	-
2015 Plan: Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	309,650	998	-	-
Granted	50,200	919	-	-
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	359,850	987	-	-
Exercisable at the end	-	-	-	-

Particulars	Three months ended June 30, 2017	
	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan: American Depositary Shares (RSU - ADS)		
Outstanding at the beginning	957,445	0.07
Granted	302,814	0.07
Forfeited and expired	13,425	0.07
Exercised	-	-
Outstanding at the end	1,246,834	0.07
Exercisable at the end	-	-
2015 Plan: Employee Stock Options (ESOPs- ADS)		
Outstanding at the beginning	888,000	15.26
Granted	396,925	14.54
Forfeited and expired	-	-
Exercised	-	-
Outstanding at the end	1,284,925	15.05
Exercisable at the end	-	-

There was no activity in 2015 plan during the three months ended June 30, 2016 involving equity shares represented by ADS

During the three months ended June 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹943/-

During the three months ended June 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,206/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of June 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: ADS and IES			
0 - 5 (RSU)	3,226,005	1.71	5.00
900 - 1100 (ESOP)	1,644,775	6.98	974.50
	4,870,780	3.49	332.38

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: ADS and IES			
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	14.52	14.52
Exercise price (₹)/ (\$- ADS)	5.00	919	0.07	14.54
Expected volatility (%)	21-25	25-28	23-26	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	13.50	2.91

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 June 30,	
	2017	2016
Current taxes		
Domestic taxes	1,076	1,094
Foreign taxes	423	373
	1,499	1,467
Deferred taxes		
Domestic taxes	(89)	(29)
Foreign taxes	(39)	(76)
	(128)	(105)
Income tax expense	1,371	1,362

Income tax expense for the three months ended June 30, 2017 and June 30, 2016 includes reversals (net of provisions) of ₹15 crore and provisions (net of reversals) of ₹8 crore, respectively, pertaining to prior periods.

Entire deferred income tax for the three months ended June 30, 2017 and June 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 June 30,	
	2017	2016
Profit before income taxes	4,854	4,798
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	1,680	1,661
Tax effect due to non-taxable income for Indian tax purposes	(597)	(484)
Overseas taxes	223	190
Tax provision (reversals), overseas and domestic	(15)	8
Effect of exempt non-operating income	(17)	(28)
Effect of unrecognized deferred tax assets	72	(3)
Effect of differential overseas tax rates	9	2
Effect of non-deductible expenses	33	32
Additional deduction on research and development expense	(4)	(14)
Others	(13)	(2)
Income tax expense	1,371	1,362

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

During the quarter ended June 30, 2017 and June 30, 2016, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which was valid upto March 31, 2017. The weighted tax deduction is equal to 150% for quarter ended June 30, 2017 and 200% for quarter ended June 30, 2016 of such expenditure incurred. The Company has applied for renewal of the R&D recognition with DSIR which is pending approval.

The foreign tax expense is due to income taxes payable overseas, principally in the United States. In India, the company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005 (SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Up to 50% of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone Reinvestment 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 June 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 ₹4,982 crore and ₹4,682 crore) amounted to ₹1,489 crore and ₹1,696 crore respectively.

Claims against the Company not acknowledged as debts as on June 30, 2017 include demand from the Indian Income tax authorities for payment of tax including interest upon completion of their tax assessment for fiscal 2007, 2008, 2009, 2010, 2011, 2012 and 2013. Demands were paid to statutory tax authorities in full except for fiscal year 2009, 2011, 2012 and 2013.

Demand for fiscal 2007, 2008 and 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscal 2007, 2008, 2009, 2010 and 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. During the quarter, the Company has received the appeal order for fiscal 2007, 2008 and 2009 allowing deduction under section 10AA of the Income Tax Act for the units and deduction of foreign currency expenditure from export and total turnover. The order giving effect for the above mentioned years has not been received. The Company is in the process of filing appeal for fiscal 2007, 2008 and 2009 before Hon'ble Income Tax Appellate tribunal against the issues which are held against the Company by the Commissioner of Income Tax (Appeals) Bangalore. Demand for fiscal 2012 and 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2013 is pending before the Commissioner of Income Tax (Appeals) Bangalore. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bangalore.

The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

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

	Three month ended June 30,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	228,56,57,604	228,56,22,329
Effect of dilutive common equivalent shares - share options outstanding	1,400,544	145,793
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	228,70,58,148	228,57,68,122

⁽¹⁾ excludes treasury shares

For the three months ended June 30, 2017, 264,886 number of options to purchase equity shares had an anti-dilutive effect. For the three months ended June 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.

Transactions with key management personnel

The following were the changes in key management personnel:-

- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017
- Indrepreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as an Executive Officer effective July 14, 2017
- Sandeep Dadlani, President, resigned from the company effective July 14, 2017

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

	Three months ended June 30,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾	26	21
Commission and other benefits to non-executive/independent directors	3	3
Total	29	24

⁽¹⁾ Includes employee stock compensation expense of ₹12 crore and ₹9 crore for the three months ended June 30, 2017 and June 30, 2016, respectively towards key managerial personnel (Refer Note 2.10)

Investment in Associate

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.

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 June 30, 2017 and June 30, 2016

								(In ₹ crore)
Particulars	FS	MFG	ECS	RCL	HILIFE	HI-TECH	All other segments	Total
Revenues	4,594	1,863	3,957	2,695	2,170	1,235	564	17,078
	4,551	1,844	3,719	2,861	2,004	1,322	481	16,782
Identifiable operating expenses	2,301	1,007	1,967	1,296	1,069	676	309	8,625
	2,238	949	1,757	1,370	1,000	683	344	8,341
Allocated expenses	998	432	917	624	503	286	131	3,891
	1,046	444	896	689	482	318	116	3,991
Segment profit	1,295	424	1,073	775	598	273	124	4,562
	1,267	451	1,066	802	522	321	21	4,450
Unallocable expenses								451
								403
Operating profit								4,111
								4,047
Other income, net								814
								753
Share in associate's profit / (loss)								-
								-2
Write-down of investment in associate								-71
								-
Profit before income taxes								4,854
								4,798
Income tax expense								1,371
								1,362
Net profit								3,483
								3,436
Depreciation and amortization								450
								400
Non-cash expenses other than depreciation and amortization								1
								3

2.14.2 Geographic segments

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

						(In ₹ crore)
Particulars	North America	Europe	India	Rest of the World	Total	
Revenues	10,441	3,831	605	2,201	17,078	
	10,400	3,868	457	2,057	16,782	
Identifiable operating expenses	5,417	1,990	209	1,009	8,625	
	5,336	1,845	247	913	8,341	
Allocated expenses	2,415	884	119	473	3,891	
	2,503	928	95	465	3,991	
Segment profit	2,609	957	277	719	4,562	
	2,561	1,095	115	679	4,450	
Unallocable expenses					451	
					403	
Operating profit					4,111	
					4,047	
Other income, net					814	
					753	
Share in associate's profit / (loss)					-	
					(2)	
Write-down of investment in associate					(71)	
					-	
Profit before income taxes					4,854	
					4,798	
Income tax expense					1,371	
					1,362	
Net profit					3,483	
					3,436	
Depreciation and amortization					450	
					400	
Non-cash expenses other than depreciation and amortization					1	
					3	

2.14.3 Significant clients

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

2.15 Break-up of expenses

Cost of sales

(In ₹ crore)

	Three months ended June 30,	
	2017	2016
Employee benefit costs	8,329	8,286
Depreciation and amortization	450	400
Travelling costs	390	566
Cost of Software packages for own use	218	183
Consultancy and professional charges	13	7
Third party items bought for service delivery to clients	221	93
Cost of technical sub-contractors	1,061	917
Operating lease payments	77	73
Communication costs	54	54
Repairs and maintenance	74	77
Provision for post-sales client support	10	21
Others	3	4
Total	10,900	10,681

Selling and marketing expenses

(In ₹ crore)

	Three months ended June 30,	
	2017	2016
Employee benefit costs	668	661
Travelling costs	80	102
Branding and marketing	92	116
Operating lease payments	19	14
Communication costs	5	5
Consultancy and professional charges	14	12
Others	10	10
Total	888	920

Administrative expenses

(In ₹ crore)

	Three months ended June 30,	
	2017	2016
Employee benefit costs	369	335
Consultancy and professional charges	219	165
Repairs and maintenance	228	252
Power and fuel	49	63
Communication costs	67	62
Travelling costs	57	72
Impairment loss recognised/(reversed) on financial assets	(2)	15
Rates and taxes	49	40
Insurance charges	13	14
Operating lease payments	33	22
Commission to non-whole time directors	3	3
Contribution towards Corporate Social Responsibility	47	49
Others	47	42
Total	1,179	1,134

2.16 Dividends

The Company declares and pays dividends in Indian rupees. The remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable distribution taxes.

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

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.

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. 11,264,702 and 11,289,514 shares were held by controlled trust, as of June 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

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

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

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Condensed Consolidated Financial Statements

We have audited the accompanying Interim Condensed Consolidated Financial Statements of **INFOSYS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Condensed Consolidated Balance Sheet as at June 30, 2017, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows, for the three months period then ended, 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 are 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 the aforesaid accounting principles, of the consolidated state of affairs of the Group as at June 30, 2017, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the three 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, July 14, 2017

INFOSYS LIMITED
In ₹ crore

Condensed Balance Sheet as at	Note	June 30, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	8,519	8,605
Capital work-in-progress		1,507	1,247
Intangible assets		-	-
Financial assets			
Investments	2.2	15,124	15,334
Loans	2.3	4	5
Other financial assets	2.4	215	216
Deferred tax assets (net)		462	346
Other non-current assets	2.7	888	996
Income tax assets (net)		5,754	5,454
Total non - current Assets		32,473	32,203
Current assets			
Financial assets			
Investments	2.2	9,793	9,643
Trade receivables	2.5	11,262	10,960
Cash and cash equivalents	2.6	19,360	19,153
Loans	2.3	294	310
Other financial assets	2.4	5,597	5,403
Other current assets	2.7	2,426	2,213
Total current assets		48,732	47,682
Total Assets		81,205	79,885
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	1,148	1,148
Other equity		66,208	66,869
Total equity		67,356	68,017
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	2.10	-	40
Other non-current liabilities	2.12	40	42
Deferred tax liabilities (net)		3	-
Total non - current liabilities		43	82
Current liabilities			
Financial liabilities			
Trade payables	2.11	485	269
Other financial liabilities	2.10	5,316	5,056
Other current liabilities	2.12	3,254	2,349
Provisions	2.13	344	350
Income tax liabilities (net)		4,407	3,762
Total current liabilities		13,806	11,786
Total equity and liabilities		81,205	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

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

Chartered Accountants

Firm's Registration Number:

117366W/W-100018

P. R. Ramesh
Partner
Membership No. 70928

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

In ₹ crore, except equity share and per equity share data

Condensed Statement of Profit and Loss for the		Three months ended June 30,	
	Note	2017	2016
Revenue from operations	2.15	14,971	14,420
Other income, net	2.16	723	761
Total income		15,694	15,181
Expenses			
Employee benefit expenses	2.17	7,752	7,605
Cost of technical sub-contractors		1,334	1,135
Travel expenses		391	576
Cost of software packages and others	2.17	314	224
Communication expenses		83	82
Consultancy and professional charges		185	119
Depreciation and amortisation expense	2.1	343	319
Other expenses	2.17	576	661
Total expenses		10,978	10,721
Profit before tax		4,716	4,460
Tax expense:			
Current tax	2.14	1,394	1,314
Deferred tax	2.14	(93)	(34)
Profit for the period		3,415	3,180
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of the net defined benefit liability/asset		(2)	(17)
Equity instruments through other comprehensive income, net	2.2 & 2.14	-	-
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value changes on derivatives designated as cash flow hedge, net		(66)	-
Fair value changes on investments, net	2.2	25	-
Total other comprehensive income, net of tax		(43)	(17)
Total comprehensive income for the period		3,372	3,163
Earnings per equity share			
Equity shares of par value ₹5/- each			
Basic (₹)		14.87	13.85
Diluted (₹)		14.86	13.85
Weighted average equity shares used in computing earnings per equity share			
Basic	2.18	2,296,944,664	2,296,944,664
Diluted	2.18	2,297,491,678	2,296,944,664

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

Chartered Accountants

Firm's Registration Number:

117366W/W-100018

P. R. Ramesh
Partner
Membership No. 70928

R. Seshasayee
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Chief Operating Officer
and Whole-time Director

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INFOSYS LIMITED
Condensed Statement of Changes in Equity

Particulars	Equity Share Capital	Other Equity										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other comprehensive income					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Business transfer adjustment reserve ⁽²⁾	Equity Instruments through other comprehensive income	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2016	1,148	2,204	44,698	54	9,508	9	-	3,448	-	-	13	61,082
Changes in equity for the three month ended June 30, 2016												
Transfer to general reserve	-	-	(1,579)	-	1,579	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(276)	-	-	-	276	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	276	-	-	-	(276)	-	-	-	-	-
Exercise of stock options (refer to note 2.9)	-	1	-	-	-	(1)	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment to employees of the group (refer to note 2.9)	-	-	-	-	-	9	-	-	-	-	-	9
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Equity instruments through other comprehensive income (Refer	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(3,939)	-	-	-	-	-	-	-	-	(3,939)
Profit for the period	-	-	3,180	-	-	-	-	-	-	-	-	3,180
Balance as of June 30, 2016	1,148	2,205	42,360	54	11,087	17	-	3,448	-	-	(4)	60,315

In ₹ crore

INFOSYS LIMITED
Condensed Statement of Changes in Equity

Particulars	Equity Share Capital	Other Equity										Total equity attributable to equity holders of the Company
		Reserves & Surplus					Other comprehensive income					
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽¹⁾	Business transfer adjustment reserve ⁽²⁾	Equity Instruments through other comprehensive income	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2017	1,148	2,208	49,957	54	11,087	120	-	3,448	(5)	39	(39)	68,017
Changes in equity for the year the three month ended June 30, 2017												
Transfer to general reserve	-	-	(1,382)	-	1,382	-	-	-	-	-	-	-
Transferred to Special Economic Zone Re-investment reserve	-	-	(468)	-	-	-	468	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	146	-	-	-	(146)	-	-	-	-	-
Exercise of stock options (refer to note 2.9)	-	2	-	-	-	(2)	-	-	-	-	-	-
Income tax benefit arising on exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-
Share based payment to employees of the group (refer to note 2.9)	-	-	-	-	-	45	-	-	-	-	-	45
Remeasurement of the net defined benefit liability/asset, net of tax effect	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on cash flow hedge, net of tax (Refer note 2.8)	-	-	-	-	-	-	-	-	-	(66)	-	(66)
Fair valuation of investments, net of tax effect (Refer note 2.2)	-	-	-	-	-	-	-	-	-	-	25	25
Equity instruments through other comprehensive income, net of tax effect (Refer to note 2.2)	-	-	-	-	-	-	-	-	-	-	-	-
Dividends (including corporate dividend tax)	-	-	(4,078)	-	-	-	-	-	-	-	-	(4,078)
Profit for the period	-	-	3,415	-	-	-	-	-	-	-	-	3,415
Balance as of June 30, 2017	1,148	2,210	47,590	54	12,469	163	322	3,448	(5)	(27)	(16)	67,356

⁽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

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INFOSYS LIMITED
(In ₹ crore)

Condensed Statement of Cash Flows	Three months ended June 30,	
	2017	2016
Cash flow from operating activities:		
Profit for the period	3,415	3,180
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization	343	319
Income tax expense	1,301	1,280
Allowance for credit losses on financial assets	(8)	23
Interest and dividend income	(615)	(671)
Other adjustments	71	26
Exchange differences on translation of assets and liabilities	(4)	16
Changes in assets and liabilities		
Trade receivables and unbilled revenue	(424)	(797)
Loans and other financial assets and other assets	49	(179)
Trade payables	216	(322)
Other financial liabilities, other liabilities and provisions	396	249
Cash generated from operations	4,740	3,124
Income taxes paid	(1,049)	(569)
Net cash generated by operating activities	3,691	2,555
Cash flow from investing activities:		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(489)	(647)
Deposits with corporations	(7)	(59)
Loans to employees	18	19
Investment in subsidiaries	(209)	(185)
Payment towards contingent consideration pertaining to acquisition	(33)	(36)
Payments to acquire financial assets		
Preference securities	-	(26)
Liquid mutual fund and fixed maturity plan securities	(15,539)	(10,087)
Certificates of Deposit	(281)	-
Government Bond	(1)	-
Proceeds on sale of financial assets		
Liquid mutual fund and fixed maturity plan securities	16,078	9,757
Certificates of Deposit	150	-
Interest and dividend received on investments	206	123
Net cash used in investing activities	(107)	(1,141)
Cash flow from financing activities:		
Payment of dividends	(3,380)	(3,272)
Net cash used in financing activities	(3,380)	(3,272)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	3	(7)
Net decrease in cash and cash equivalents	204	(1,858)
Cash and cash equivalents at the beginning of the period	19,153	29,176
Cash and cash equivalents at the end of the period	19,360	27,311
Supplementary information:		
Restricted cash balance	435	359

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

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

Chartered Accountants

Firm's Registration Number:

117366W/W-100018

P. R. Ramesh
Partner
Membership No. 70928

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S Manikantha
Company Secretary

INFOSYS LIMITED

Notes to the Interim Condensed Financial Statements

1. Company Overview and Significant Accounting Policies

1.1 Company overview

Infosys (the Company) is a leading provider in consulting, technology, outsourcing and next-generation services. Along with its subsidiaries, Infosys provides Business IT services (comprising application development and maintenance, independent validation, infrastructure management, engineering services comprising product engineering and life cycle solutions and business process management); Consulting and systems integration services (comprising consulting, enterprise solutions, systems integration and advanced technologies); Products, business platforms and solutions to accelerate intellectual property-led innovation. 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 July 14, 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.

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.

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 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 judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Also refer to Note 2.14 and Note 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 value-added taxes in its Statement of Profit and Loss.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by 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 amortised cost

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

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

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

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

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

(iv) Financial liabilities

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

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

b. Derivative financial instruments

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

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

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

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

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

(ii) Cash flow hedge

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

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

c. Share capital

Ordinary Shares

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

1.8.3 Derecognition of financial instruments

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

1.9 Fair value of financial instruments

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

Refer to Note 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 recognised is recognized as an impairment gain or loss in profit or loss.

b. Non-financial assets

(i) Intangible assets and property, plant and equipment

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

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

1.11 Provisions

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

a. Post sales client support

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

b. Onerous contracts

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

1.12 Foreign currency

Functional currency

The functional currency of the Company is the Indian rupee. These 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:

During the quarter, 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:

During the quarter, 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 the effect on the interim consolidated financial statements.

2.1 PROPERTY, PLANT AND EQUIPMENT

The changes in the carrying value of property, plant and equipment for the three months ended June 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	-	-	52	31	22	121	30	2	258
Deletions	-	-	-	-	(1)	(5)	(1)	-	(7)
Gross carrying value as of June 30, 2017	1,093	659	6,535	2,050	790	4,002	1,306	26	16,461
Accumulated depreciation as of April 1, 2017	-	(26)	(2,377)	(1,290)	(472)	(2,603)	(823)	(14)	(7,605)
Depreciation	-	(1)	(60)	(66)	(30)	(143)	(42)	(1)	(343)
Accumulated depreciation on deletions	-	-	-	-	1	4	1	-	6
Accumulated depreciation as of June 30, 2017	-	(27)	(2,437)	(1,356)	(501)	(2,742)	(864)	(15)	(7,942)
Carrying value as of June 30, 2017	1,093	632	4,098	694	289	1,260	442	11	8,519
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 three months ended June 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	4	5	35	113	48	141	49	2	397
Deletions	-	-	-	(1)	-	(5)	(1)	-	(7)
Gross carrying value as of June 30, 2016	974	643	6,208	1,791	727	3,617	1,118	21	15,099
Accumulated depreciation as of April 1, 2016	-	(21)	(2,150)	(1,044)	(369)	(2,195)	(671)	(11)	(6,461)
Depreciation	-	(1)	(56)	(59)	(26)	(140)	(36)	(1)	(319)
Accumulated depreciation on deletions	-	-	-	1	-	5	1	-	7
Accumulated depreciation as of June 30, 2016	-	(22)	(2,206)	(1,102)	(395)	(2,330)	(706)	(12)	(6,773)
Carrying value as of June 30, 2016	974	621	4,002	689	332	1,287	412	9	8,326
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 amortisation expense in the Statement of Profit and Loss.

Tangible assets provided on operating lease to subsidiaries as at June 30, 2017 and March 31, 2017 are as follows:

(In ₹ crore)

Particulars	Cost	Accumulated depreciation	Net book value
Buildings	198	83	115
	197	82	115
Plant and machinery	33	21	12
	33	19	14
Furniture and fixtures	25	17	8
	25	16	9
Computer Equipment	3	2	1
	3	2	1
Office equipment	18	11	7
	18	10	8

The aggregate depreciation charged on the above assets during the three months ended June 30, 2017 and June 30, 2016 amounted to ₹5 crore and ₹6 crore respectively.

The rental income from subsidiaries for the three months ended June 30, 2017 and June 30, 2016 amounted to ₹17 crore and ₹16 crore respectively.

2.2 INVESTMENTS

(In ₹ crore)		
Particulars	As at	
	June 30, 2017	March 31, 2017
Non-current investments		
Equity instruments of subsidiaries	7,420	7,305
Debentures of subsidiary	2,129	2,129
Preference securities and equity investments	132	132
Others	3	3
Tax free bonds	1,833	1,833
Fixed maturity plans securities	363	357
Non convertible debentures	3,244	3,575
	15,124	15,334
Current investments		
Liquid mutual fund units	1,270	1,755
Fixed maturity plans securities	154	151
Certificates of deposit	7,892	7,635
Government bonds	1	-
Non convertible debentures	476	102
	9,793	9,643
Total carrying value	24,917	24,977

in ₹ crore, except as otherwise stated		
Particulars	As at	
	June 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 Tecnologia do Brasil Ltda	149	149
5,91,24,348 (5,91,24,348) shares of BRL 1.00 par value, fully paid		
Infosys Technologies (Shanghai) Company Limited	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
131,18,40,000 (131,18,40,000) 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
10,990,000 (10,990,000) shares of SGD 1.00 par value, fully paid		
	7,420	7,305
Investment carried at amortised cost		
Investment in debentures of subsidiary		
EdgeVerve Systems Limited		
21,29,00,000 (21,29,00,000) Unsecured redeemable, non-convertible debentures of ₹ 100/- each fully paid up	2,129	2,129
	2,129	2,129
	9,549	9,434
Investments carried at fair value through profit or loss		
Others	3	3
	3	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	1,833	1,833
	1,833	1,833
Investments carried at fair value through profit or loss		
Fixed Maturity Plans	363	357
	363	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	15,124	15,334

Current investments**Unquoted****Investments carried at fair value through profit or loss**

Liquid mutual fund units

1,270

1,755

1,270**1,755****Investments carried at fair value through other comprehensive income**

Certificates of Deposit

7,892

7,635

7,892**7,635****Quoted****Investments carried at amortized cost**

Government bonds

1

-

1**-****Investments carried at fair value through profit or loss**

Fixed Maturity Plans

154

151

154**151****Investments carried at fair value through other comprehensive income**

Non convertible debentures

476

102

476**102****Total current investments****9,793****9,643****Total investments****24,917****24,977**

Aggregate amount of quoted investments

6,071

6,018

Market value of quoted investments (including interest accrued)

6,376

6,327

Aggregate amount of unquoted investments

18,846

18,959

Aggregate amount of impairment in value of investments

100

6

Investments carried at cost

7,420

7,305

Investments carried at amortised cost

3,963

3,962

Investments carried at fair value through other comprehensive income

11,744

11,444

Investments carried at fair value through profit or loss

1,790

2,266

* During the quarter 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.

2.3 LOANS

Particulars	(In ₹ crore)	
	As at	
	June 30, 2017	March 31, 2017
Non- Current		
Unsecured, considered good		
Other Loans		
Loans to employees	4	5
	4	5
Unsecured, considered doubtful		
Loans to employees	17	17
	21	22
Less: Allowance for doubtful loans to employees	17	17
	4	5
Current		
Unsecured, considered good		
Loans to subsidiaries (Refer note 2.20)	70	69
Other Loans		
Loans to employees	224	241
	294	310
Total Loans	298	315

2.4 OTHER FINANCIAL ASSETS

Particulars	(In ₹ crore)	
	As at	
	June 30, 2017	March 31, 2017
Non-current		
Security deposits ⁽¹⁾	84	81
Rental deposits ⁽¹⁾	131	135
	215	216
Current		
Security deposits ⁽¹⁾	1	2
Rental deposits ⁽¹⁾	6	2
Restricted deposits ⁽¹⁾	1,316	1,309
Unbilled revenues ^{(1)&(4)}	3,330	3,200
Interest accrued but not due ⁽¹⁾	778	514
Foreign currency forward and options contracts ^{(2)&(3)}	20	268
Others ^{(1)&(5)}	146	108
	5,597	5,403
Total	5,812	5,619
⁽¹⁾ Financial assets carried at amortized cost	5,792	5,351
⁽²⁾ Financial assets carried at fair value through other comprehensive income	-	52
⁽³⁾ Financial assets carried at fair value through Profit or Loss	20	216
⁽⁴⁾ Includes dues from subsidiaries (Refer note 2.20)	2	47
⁽⁵⁾ Includes dues from subsidiaries (Refer note 2.20)	26	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⁾

Particulars	(In ₹ crore)	
	As at	
	June 30, 2017	March 31, 2017
Current		
Unsecured		
Considered good ⁽²⁾	11,262	10,960
Considered doubtful	266	289
	11,528	11,249
Less: Allowances for credit losses	266	289
	11,262	10,960
⁽¹⁾ Includes dues from companies where directors are interested	1	1
⁽²⁾ Includes dues from subsidiaries (refer note 2.20)	299	235

2.6 CASH AND CASH EQUIVALENTS

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Balances with banks		
In current and deposit accounts	12,429	12,222
Cash on hand	-	-
Others		
Deposits with financial institution	6,931	6,931
	19,360	19,153
<i>Balances with banks in unpaid dividend accounts</i>	25	17
<i>Deposit with more than 12 months maturity</i>	6,765	6,765
<i>Balances with banks held as margin money deposits against guarantees</i>	410	394

Cash and cash equivalents as of June 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹ 435 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	
	June 30, 2017	March 31, 2017
In current accounts		
ANZ Bank, Taiwan	6	3
Bank of America, USA	728	769
Bank of Baroda, Mauritius	1	-
Bank of Tokyo, Japan	1	-
BNP Paribas Bank, Norway	38	7
Citibank N.A., Australia	24	8
Citibank N.A., India	2	2
Citibank N.A., Dubai	1	1
Citibank N.A., EEFC (U.S. Dollar account)	56	1
Citibank N.A., Hungary	3	3
Citibank N.A., Japan	6	12
Citibank N.A., New Zealand	4	6
Citibank N.A., South Africa	15	9
Citibank N.A., South Korea	-	1
Deutsche Bank, Philippines	2	4
Deutsche Bank, India	9	9
Deutsche Bank, EEFC (Euro account)	8	11
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	4	8
Deutsche Bank, EEFC (Australian Dollar account)	2	38
Deutsche Bank, EEFC (U.S. Dollar account)	81	73
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, Belgium	65	10
Deutsche Bank, France	9	8
Deutsche Bank, Germany	12	48
Deutsche Bank, Malaysia	-	7
Deutsche Bank, Netherlands	9	2
Deutsche Bank, Russia (U.S. Dollar account)	8	1
Deutsche Bank, Russia	9	3
Deutsche Bank, Singapore	1	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	5	5
Deutsche Bank, Switzerland (U.S. Dollar Account)	-	1
Deutsche Bank, United Kingdom	38	25
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	8	40
ICICI Bank, EEFC (U.S. Dollar account)	6	3
Nordbanken, Sweden	2	22
Punjab National Bank, India	13	6
Royal Bank of Canada, Canada	10	5
State Bank of India	54	6
	1,243	1,166

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
In deposit accounts		
Axis Bank	945	945
Barclays Bank	825	825
HDFC Bank	2,299	349
HSBC Bank	500	500
ICICI Bank	4,557	4,351
IDBI Bank	-	1,750
IndusInd Bank	191	191
Kotak Mahindra Bank	500	500
South Indian Bank	200	200
Standard Chartered Bank	-	500
Syndicate Bank	49	49
Yes Bank	685	485
	10,751	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	21	13
	25	17
In margin money deposits against guarantees		
Canara Bank	175	177
ICICI Bank	235	217
	410	394
Deposits with financial institution		
HDFC Limited	6,231	6,231
LIC Housing Finance Limited	700	700
	6,931	6,931
Total cash and cash equivalents as per Balance Sheet	19,360	19,153

2.7 OTHER ASSETS

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Non-current		
Capital advances	504	562
Advances other than capital advance		
Prepaid gratuity	22	56
Others		
Prepaid expenses	91	95
Deferred contract cost	271	283
	888	996
Current		
Advances other than capital advance		
Payment to vendors for supply of goods	65	87
Others		
Prepaid expenses ⁽¹⁾	473	387
Deferred contract cost	75	74
Withholding taxes and others	1,813	1,665
	2,426	2,213
Total other assets	3,314	3,209
⁽¹⁾ Includes dues from subsidiaries (Refer note 2.20)	91	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 June 30, 2017 were as follows:

(In ₹ crore)						
Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value	
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory	
Assets:						
Cash and cash equivalents (Refer Note 2.6)	19,360	-	-	-	-	19,360
Investments (Refer note 2.2)						
Equity and preference securities and others	-	-	3	132	-	135
Tax free bonds and government bonds	1,834	-	-	-	-	1,834
Liquid mutual fund units	-	-	1,270	-	-	1,270
Redeemable, non-convertible debentures ⁽¹⁾	2,129	-	-	-	-	2,129
Fixed maturity plans	-	-	517	-	-	517
Certificates of deposit	-	-	-	-	7,892	7,892
Non convertible debentures	-	-	-	-	3,720	3,720
Trade receivables (Refer Note 2.5)	11,262	-	-	-	-	11,262
Loans (Refer note 2.3)	298	-	-	-	-	298
Other financial assets (Refer Note 2.4)	5,792	-	20	-	-	5,812
Total	40,675	-	1,810	132	11,612	54,229
Liabilities:						
Trade payables (Refer Note 2.11)	485	-	-	-	-	485
Other financial liabilities (Refer Note 2.10)	4,050	-	48	-	37	4,135
Total	4,535	-	48	-	37	4,620

⁽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

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

(In ₹ crore)							
Particulars	Amortised cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Equity instruments designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (Refer Note 2.6)	19,153	-	-	-	-	19,153	19,153
Investments (Refer Note 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 2.5)	10,960	-	-	-	-	10,960	10,960
Loans (Refer note 2.3)	315	-	-	-	-	315	315
Other financial assets (Refer Note 2.4)	5,351	-	216	-	52	5,619	5,619
Total	39,741	-	2,482	132	11,364	53,719	
Liabilities:							
Trade payables (Refer note 2.11)	269	-	-	-	-	269	269
Other financial liabilities (Refer Note 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

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 June 30, 2017:

Particulars	As of June 30, 2017	(In ₹ crore)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.2)	1,270	1,270	-	-
Investments in tax free bonds (Refer Note 2.2)	2,138	1,966	172	-
Investments in government bonds (Refer Note 2.2)	1	1	-	-
Investments in equity instruments (Refer Note 2.2)	1	-	-	1
Investments in preference securities (Refer Note 2.2)	131	-	-	131
Investments in fixed maturity plans (Refer Note 2.2)	517	-	517	-
Investments in certificates of deposit (Refer Note 2.2)	7,892	-	7,892	-
Investments in non convertible debentures (Refer Note 2.2)	3,720	3,193	527	-
Other investments (Refer Note 2.2)	3	-	-	3
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.4)	20	-	20	-
Liabilities				
Derivative financial instruments - foreign currency forward and option contracts (Refer Note 2.10)	44	-	44	-
Liability towards contingent consideration (Refer note 2.10) ⁽¹⁾⁽²⁾	41	-	-	41

⁽¹⁾ Pertains to contingent consideration payable to selling shareholders of Kallidus as per the share purchase agreement.

⁽²⁾ Discounted \$7 million (approximately ₹45 crore) at 14%

During the three months ended June 30, 2017, tax free bonds of ₹1,753 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:

Particulars	As of March 31, 2017	(In ₹ crore)		
		Fair value measurement at end of the reporting period/year using		
		Level 1	Level 2	Level 3
Assets				
Investments in liquid mutual fund units (Refer Note 2.2)	1,755	1,755	-	-
Investments in tax free bonds (Refer Note 2.2)	2,142	206	1,936	-
Investments in equity instruments (Refer Note 2.2)	1	-	-	1
Investments in preference securities (Refer Note 2.2)	131	-	-	131
Investments in fixed maturity plans (Refer Note 2.2)	508	-	508	-
Investments in certificates of deposit (Refer Note 2.2)	7,635	-	7,635	-
Investments in non convertible debentures (Refer Note 2.2)	3,677	3,160	517	-
Other investments (Refer Note 2.2)	3	-	-	3
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note 2.4)	268	-	268	-
Liabilities				
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer note 2.10)	2	-	2	-
Liability towards contingent consideration (Refer note 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 \$14 million (approximately ₹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 June 30, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore and change in discount rate and passage of time.

The fair value of liquid mutual funds is based on quoted price. The fair value of tax free bonds and government bonds is based on quoted prices and market observable inputs. The fair value 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 focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

Market risk

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

The following table analyzes foreign currency risk from financial instruments as of June 30, 2017:

Particulars	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies	(In ₹ crore)
						Total
Cash and cash equivalents	879	102	42	26	108	1,157
Trade receivables	7,651	1,141	802	603	406	10,603
Other financials assets (including loans)	2,349	437	338	150	131	3,405
Trade payables	(234)	(18)	(29)	(35)	(35)	(351)
Other financial liabilities	(2,011)	(256)	(182)	(183)	(107)	(2,739)
Net assets / (liabilities)	8,634	1,406	971	561	503	12,075

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 June 30, 2017 and June 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 0.52% 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 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 exchange forward and option contracts:

Particulars	(In ₹ crore)			
	As of		As of	
	June 30, 2017	March 31, 2017	June 30, 2017	March 31, 2017
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	70	516	95	658
In United Kingdom Pound Sterling	45	377	40	324
In Australian dollars	90	447	130	644
Option Contracts				
In Euro	65	479	40	277
In United Kingdom Pound Sterling	10	84	-	-
In Australian dollars	40	198	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	515	3,326	480	3,113
In Euro	86	634	106	735
In United Kingdom Pound Sterling	90	754	70	566
In Australian dollars	30	149	30	149
In Swiss Franc	-	-	10	65
In Singapore dollars	5	23	5	23
In Swedish Krona	50	38	50	36
In New Zealand dollars	5	24	-	-
In Canadian dollars	13	65	-	-
Option Contracts				
In U.S. dollars	223	1,437	195	1,265
In Euro	45	332	25	173
In United Kingdom Pound Sterling	20	167	30	243
In Canadian dollars	-	-	13	65
Total forwards and options		9,050		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	(In ₹ crore)	
	As of	
	June 30, 2017	March 31, 2017
Not later than one month	2,708	2,215
Later than one month and not later than three months	4,790	4,103
Later than three months and not later than one year	1,552	2,018
	9,050	8,336

During the three months ended June 30, 2017, the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related hedge transactions for balance in cash flow hedging reserve are expected to occur and reclassified to 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 ended June 30, 2017: (In ₹ crore)

	Three months ended June 30, 2017
Balance at the beginning of the period	39
Gain / (Loss) recognised in other comprehensive income during the period	(41)
Amount reclassified to revenue during the period	(47)
Tax impact on above	22
Balance at the end of the period	(27)

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

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

				(In ₹ crore)
Particulars	As of		As of	
	June 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	40	(64)	269	(3)
Amount set off	(20)	20	(1)	1
Net amount presented in balance sheet	20	(44)	268	(2)

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹11,262 crore and ₹10,960 crore as of June 30, 2017 and March 31, 2017, respectively and unbilled revenue amounting to ₹3,330 crore and ₹3,200 crore as of June 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 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:

Particulars	(In %)	
	Three months ended,	
	June 30, 2017	June 30, 2016
Revenue from top customer	3.8	4.1
Revenue from top ten customers	21.8	24.9

Credit risk exposure

The reversal for lifetime expected credit loss on customer balances for the three months ended June 30, 2017 was ₹8 crore. The allowance for lifetime expected credit loss on customer balances for the three months ended June 30, 2016 was ₹23 crore.

Particulars	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Balance at the beginning	379	249
Impairment loss recognised/ reversed	(8)	23
Amounts written off	(3)	-
Translation differences	1	3
Balance at the end	369	275

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. Accordingly, no liquidity risk is perceived.

As of June 30, 2017, the Company had a working capital of ₹ 34,926 crore including cash and cash equivalents of ₹19,360 crore and current investments of ₹9,793 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 June 30, 2017 and March 31, 2017, the outstanding compensated absences were ₹1,181 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 June 30, 2017:

Particulars	(In ₹ crore)				
	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	485	-	-	-	485
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.10)	4,050	-	-	-	4,050
Liability towards acquisitions on an undiscounted basis (including contingent consideration)	45	-	-	-	45

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	Total
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	
	June 30, 2017	March 31, 2017
Authorized		
Equity shares, ₹5/- par value		
240,00,00,000 (240,00,00,000 ⁽²⁾) equity shares	1,200	1,200
Issued, Subscribed and Paid-Up		
Equity shares, ₹5/- par value ⁽¹⁾	1,148	1,148
229,69,44,664 (229,69,44,664 ⁽²⁾) equity shares fully paid-up		
	1,148	1,148

⁽¹⁾ Refer note 2.18 for details of basic and diluted shares

⁽²⁾ Represents number of shares as of March 31, 2017

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.

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

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.

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 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 1,12,64,702 and 11,289,514 shares, as of June 30, 2017 and March 31, 2017, respectively under the 2015 plan, out of which 100,000 equity shares have been earmarked for welfare activities of the employees.

Stock incentives granted to CEO:

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of time-based RSUs of fair value \$2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. Time based RSUs of fair value of \$2 million (approximately ₹13.42 crore) for financial year 2017 was granted on August 1, 2016 amounting to 120,700 RSUs in equity shares represented by ADSs.

Based on fiscal 2017 performance evaluation, the Board, on the recommendations of nomination and remuneration committee, approved on April 13, 2017, performance based equity and stock options for fiscal 2017 comprising 1,32,483 RSUs amounting to US\$ 1.9 million (approximately ₹12.91 crore) and 3,30,525 ESOPs amounting to US\$ 0.96 million (approximately ₹6.46 crore). Further, the Board, also approved the annual time-based vesting grant for fiscal 2018 to Dr. Vishal Sikka, comprising of 1,37,741 RSUs amounting to US\$2 million (approximately ₹12.97 crore). These RSUs and ESOPs have been granted effective May 2, 2017. 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. Though the performance based awards for fiscal 2018 and the time based RSU's for the remaining employment term have not been granted as of June 30, 2017, in accordance with Ind AS 102 Share-based Payment, the Company has recorded employee stock based compensation expense. The Company has recorded employee stock based compensation expense of ₹10 crore and ₹9 crore during the three months ended June 30, 2017 and June 30, 2016 towards CEO compensation.

Stock incentives granted to COO:

The Nomination and Remuneration 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 KMP (other than CEO and COO)

On November 1, 2016, 245,750 RSUs and 502,550 stock options were granted under the 2015 plan, to key management personnel, excluding CEO and COO, based on fiscal 2016 performance. Additionally, on November 1, 2016, 1,500 RSUs were granted to the Acting General Counsel and the same were outstanding as of June 30, 2017. These RSUs and stock options will 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.

During the three months ended June 30, 2017 and June 30, 2016, we recorded an employee stock compensation expense of ₹12 crore and ₹9 crore, respectively towards key managerial personnel including CEO and COO.

Stock incentive granted to other employees:

During fiscal 2017, the Company granted 2,506,740 RSUs and 703,300 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. These instruments will vest over a period of 4 years and are subject to continued service.

The Company recorded an employee stock compensation expense in the Statement of Profit and Loss for the three months ended June 30, 2017 and June 30, 2016 of ₹43 crore and ₹9 crore respectively. Further, the cash settled stock compensation expense (included above) for the three months ended June 30, 2017 and June 30, 2016 was less than ₹1 crore and Nil respectively. This comprises of expense pertaining to CEO, COO, other KMP and other employees. As of June 30, 2017 and March 31, 2017 94,090 and 106,845 incentive units were outstanding (net of forfeitures).

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

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

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

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months ended June 30, 2017 and June 30, 2016 is set out below:

Particulars	Three months ended June 30, 2017		Three months ended June 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan Indian equity shares (RSU - IES)				
Outstanding at the beginning	2,003,928	5	221,505	5
Granted	31,750	5	-	-
Forfeited and expired	31,695	5	-	-
Exercised	24,812	5	12,406	5
Outstanding at the end	1,979,171	5	209,099	5
Exercisable at the end	-	-	-	-
2015 Plan Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	309,650	998	-	-
Granted	50,200	919	-	-
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	359,850	987	-	-
Exercisable at the end	-	-	-	-

Particulars	Three months ended June 30, 2017	
	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan American Depository Shares (RSU - ADS)		
Outstanding at the beginning	957,445	0.07
Granted	302,814	0.07
Forfeited and expired	13,425	0.07
Exercised	-	-
Outstanding at the end	1,246,834	0.07
Exercisable at the end	-	-
2015 Plan Employee Stock Options (ESOPs- ADS)		
Outstanding at the beginning	888,000	15.26
Granted	396,925	14.54
Forfeited and expired	-	-
Exercised	-	-
Outstanding at the end	1,284,925	15.05
Exercisable at the end	-	-

There was no activity in 2015 plan during the three months ended June 30, 2016 involving equity shares represented by ADS

During the three months ended June 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹943/-

During the three months ended June 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,206/-

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of June 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: ADS and IES			
0 - 5 (RSU)	3,226,005	1.71	5.00
900 - 1100 (ESOP)	1,644,775	6.98	974.50
	4,870,780	3.49	332.38

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

Range of exercise prices per share (₹)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan: ADS and IES			
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	14.52	14.52
Exercise price (₹)/ (\$- ADS)	5.00	919	0.07	14.54
Expected volatility (%)	21-25	25-28	23-26	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	13.50	2.91

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

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

2.10 OTHER FINANCIAL LIABILITIES

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Non-current		
Payable for acquisition of business	-	40
	-	40
Current		
Unpaid dividends	25	17
Others		
Accrued compensation to employees	1,809	1,404
Accrued expenses ⁽¹⁾	2,033	2,013
Retention monies	133	153
Payable for acquisition of business		
- Deferred consideration	-	-
- Contingent consideration	41	45
Client deposits	9	25
Capital creditors	25	36
Compensated absences	1,181	1,142
Other payables ⁽²⁾	16	219
Foreign currency forward and options contracts	44	2
	5,316	5,056
Total financial liabilities	5,316	5,096
Financial liability carried at amortized cost	4,050	3,867
Financial liability carried at fair value through profit or loss	48	87
Financial liability carried at fair value through other comprehensive income	37	-
Liability towards acquisition of business on undiscounted basis	45	91
⁽¹⁾ Includes dues to subsidiaries (Refer note 2.20)	-	3
⁽²⁾ Includes dues to subsidiaries (Refer note 2.20)	4	14

2.11 TRADE PAYABLES

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Trade payables *	485	269
	485	269
<i>*Includes dues to subsidiaries (refer note 2.20)</i>	138	135

2.12 OTHER LIABILITIES

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Non current		
Deferred income	40	42
	40	42
Current		
Unearned revenue	1,520	1,320
Others		
Tax on dividend	690	-
Withholding taxes and others	1,033	1,027
Deferred rent	11	2
	3,254	2,349
	3,294	2,391

2.13 PROVISIONS

(In ₹ crore)

Particulars	As at	
	June 30, 2017	March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	344	350
	344	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 June 30, 2017
Balance at the beginning	350
Provision recognized/(reversed)	11
Provision utilized	(15)
Exchange difference	(2)
Balance at the end	344

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 June 30,	
	2017	2016
Current taxes	1,394	1,314
Deferred taxes	(93)	(34)
Income tax expense	1,301	1,280

Current tax expense for the three months ended June 30, 2017 and June 30, 2016 includes reversals (net of provisions) amounting to ₹15 crore and nil respectively pertaining to prior periods.

2.15 REVENUE FROM OPERATIONS (In ₹ crore)

Particulars	Three months ended June 30,	
	2017	2016
Revenue from software services	14,970	14,416
Revenue from software products	1	4
	14,971	14,420

2.16 OTHER INCOME, NET (In ₹ crore)

Particulars	Three months ended June 30,	
	2017	2016
Interest received on financial assets- Carried at amortised cost		
Tax free bonds and government bonds	34	84
Deposit with Bank and others	386	569
Interest received on financial assets fair valued through other comprehensive income		
Non convertible debentures and certificates of deposit	194	-
Dividend received on investments carried at fair value through profit or loss		
Mutual fund units	1	-
Gain / (loss) on investments carried at fair value through profit or loss	63	18
Exchange gains/(losses) on foreign currency forward and options contracts	18	45
Exchange gains/(losses) on translation of other assets and liabilities	65	4
Write-down of investment in subsidiary (Refer note 2.2)	(94)	-
Miscellaneous income, net	56	41
	723	761

2.17 EXPENSES*(In ₹ crore)*

Particulars	Three months ended June 30,	
	2017	2016
<i>Employee benefit expenses</i>		
Salaries including bonus	7,527	7,430
Contribution to provident and other funds	168	143
Share based payments to employees (Refer note 2.9)	43	9
Staff welfare	14	23
	7,752	7,605
<i>Cost of software packages and others</i>		
For own use	190	171
Third party items bought for service delivery to clients	124	53
	314	224
<i>Other expenses</i>		
Power and fuel	39	52
Brand and Marketing	78	97
Operating lease payments	81	57
Rates and taxes	36	31
Repairs and Maintenance	247	284
Consumables	6	7
Insurance	12	11
Provision for post-sales client support and warranties	6	28
Commission to non-whole time directors	3	2
Impairment loss recognized / (reversed) on financial assets	(7)	23
Auditor's remuneration		
Statutory audit fees	1	-
Other services	-	-
Reimbursement of expenses	-	-
Bank Charges and commission	2	2
Contributions towards Corporate Social Responsibility	43	45
Others	29	22
	576	661

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 June 30,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding	229,69,44,664	229,69,44,664
Effect of dilutive common equivalent shares - share options outstanding	5,47,014	-
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	229,74,91,678	229,69,44,664

For the three months ended June 30, 2017, 169,984 number of options to purchase equity shares had an anti-dilutive effect.

For the three months ended June 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	
	June 30, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts ⁽¹⁾	1,694	1,902
[Net of amount paid to statutory authorities ₹4,994 crore (₹4,694 crore)]		
Commitments :		
Estimated amount of contracts remaining to be executed on capital contracts and not provided for (net of advances and deposits)	860	1,094
Other Commitments*	38	37

*Uncalled capital pertaining to investments

⁽¹⁾ Claims against the Company not acknowledged as debts as on June 30, 2017 include demand from the Indian Income tax authorities for payment of tax including interest upon completion of their tax assessment for fiscals 2007, 2008, 2009, 2010, 2011, 2012 and 2013. Demands were paid to statutory tax authorities in full except for fiscals year 2009, 2011, 2012 and 2013.

Demand for fiscals 2007, 2008 and 2009 includes disallowance of a portion of the deduction claimed by the Company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscals 2007, 2008, 2009, 2010 and 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. During the quarter, the Company has received the appeal order for fiscals 2007, 2008 and 2009 allowing deduction under section 10AA of the Income Tax Act for the units and deduction of foreign currency expenditure from export and total turnover. The order giving effect for the above mentioned years has not been received. The Company is in the process of filing appeal for fiscals 2007, 2008 and 2009 before Hon'ble Income Tax Appellate tribunal against the issues which are held against the Company by the Commissioner of Income Tax (Appeals) Bengaluru. Demand for fiscals 2012 and 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2013 is pending before the Commissioner of Income Tax (Appeals) Bengaluru. The matter for fiscals 2010, 2011 and 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bengaluru.

The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

2.20 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 June 30, 2017 and March 31, 2017 are as follows:

Particulars	(In ₹ crore)	
	As at	
	June 30, 2017	March 31, 2017
Investment in debentures		
EdgeVerve ⁽²⁾	2,129	2,129
	<u>2,129</u>	<u>2,129</u>
Trade receivables		
Infosys China	46	41
Infosys Mexico	2	2
Infosys Brasil	-	1
Infosys BPO	6	5
Infy Consulting Company Ltd.	85	73
EdgeVerve	40	-
Infosys Public Services	55	61
Infosys Shanghai	1	-
Infosys Sweden	1	1
Kallidus	-	6
Infosys McCamish Systems LLC	5	1
Panaya Ltd	58	44
	<u>299</u>	<u>235</u>
Loans⁽¹⁾		
Infosys Technologies China	70	69
	<u>70</u>	<u>69</u>
Prepaid and other financial assets		
Infosys BPO	8	5
Panaya Ltd.	92	57
Infosys Technologies (Australia) Pty. Limited	1	-
Infosys Consulting SAS	3	3
Infosys Consulting GmbH	1	1
Infosys China	1	1
Infy Consulting Company Ltd.	5	4
Infosys Consulting AG	1	1
Infy Consulting B.V.	2	1
Infosys Consulting Pte Ltd.	1	1
Kallidus	1	-
Skava Systems Pvt. Ltd.	1	-
	<u>117</u>	<u>74</u>
Unbilled revenues		
EdgeVerve	-	45
Kallidus	2	2
	<u>2</u>	<u>47</u>
Trade payables		
Infosys China	9	10
Infosys BPO	38	33
Infosys (Czech Republic) Limited s.r.o.	4	3
Infosys Mexico	2	2
Infosys Sweden	5	5
Infosys Shanghai	10	-
Infosys Management Consulting Pty Limited	9	8
Infosys Consulting Pte Ltd.	4	4
Infy Consulting Company Ltd.	7	9
Infosys Brasil	1	1
Noah Consulting LLC	16	17
Panaya Ltd.	15	1
Infosys Public Services	3	3
Kallidus	14	35
Noah Information Management Consulting Inc.	-	3
Infosys Poland Sp Z.o.o	1	1
	<u>138</u>	<u>135</u>
Other financial liabilities		
Infosys BPO	1	2
Infosys Mexico	1	1
Infosys Consulting Holding AG	-	10
Infosys Consulting BV	1	-
Infosys Consulting GmbH	1	1
	<u>4</u>	<u>14</u>
Accrued expenses		
Panaya Ltd	-	3
	<u>-</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% per annum and is repayable within a period of one year from the date of grant for Infosys China.

⁽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 ended June 30, 2017 and June 30, 2016 are as follows:

Particulars	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Capital transactions:		
Financing transactions		
Equity		
Panaya Ltd.	38	-
Infosys China	97	67
Infosys Sweden	-	51
Infosys Shanghai	74	67
	<u>209</u>	<u>185</u>
Loans (net of repayment)		
Infosys China	1	1
	<u>1</u>	<u>1</u>
Revenue transactions:		
Purchase of services		
Infosys China	25	29
Infosys Management Consulting Pty Limited	26	32
Infy Consulting Company Limited	169	187
Infosys Consulting Pte Ltd.	14	8
Portland Group Pty Ltd	1	-
Infosys (Czech Republic) Limited s.r.o.	10	7
Infosys BPO	108	92
Infosys Sweden	15	24
Infosys Shanghai	10	-
Infosys Mexico	6	5
Infosys Public Services	8	4
Panaya Ltd.	21	9
Infosys Brasil	3	1
Infosys Poland Sp Z.o.o	2	1
Kallidus	13	1
Noah Consulting, LLC	47	29
Noah Information Management Consulting Inc.	1	1
	<u>479</u>	<u>430</u>
Purchase of shared services including facilities and personnel		
Panaya Ltd.	-	1
Infosys BPO	3	3
Infosys Mexico	1	-
	<u>4</u>	<u>4</u>
Interest income		
Infosys China	1	1
EdgeVerve	41	54
	<u>42</u>	<u>55</u>
Sale of services		
Infosys China	5	4
Infosys Mexico	5	8
Infy Consulting Company Limited	10	17
Infosys Brasil	2	2
Infosys BPO	17	14
McCamish Systems LLC	7	-
Infosys Sweden	4	4
Infosys Shanghai	1	-
EdgeVerve	96	-
Infosys Public Services	169	235
	<u>316</u>	<u>284</u>
Sale of shared services including facilities and personnel		
EdgeVerve	10	68
Panaya Ltd.	12	6
Infy Consulting Company Limited	1	-
Infy Consulting B.V	1	-
Infosys BPO	16	11
Infosys Public Services	2	-
	<u>42</u>	<u>85</u>

Transactions with key management personnel

The following were the changes in key management personnel:-

- Gopi Krishnan Radhakrishnan, Acting General Counsel, resigned from the company effective June 24, 2017
- Indrepreet Sawhney, Group General Counsel and Chief Compliance Officer, appointed as an Executive Officer effective July 14, 2017
- Sandeep Dadlani, President, resigned from the company effective July 14, 2017

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 June 30,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾	27	21
Commission and other benefits to non-executive/independent directors	3	3
Total	<u>30</u>	<u>24</u>

⁽¹⁾ Includes stock compensation expense of ₹12 crore and ₹9 crore for the three months ended June 30, 2017 and June 30, 2016 respectively (Refer 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 June 30, 2017 and June 30, 2016

(In ₹ crore)							
Particulars	FS	MFG	ECS	RCL	HILIFE	Hi-tech	All other segments
Revenue from operations	3,897	1,556	3,654	2,501	1,862	1,155	346
	3,873	1,472	3,341	2,583	1,627	1,270	254
Identifiable operating expenses	2,084	843	1,851	1,252	935	637	161
	2,056	761	1,636	1,284	843	669	202
Allocated expenses	743	299	702	481	358	222	66
	791	301	683	528	333	260	52
Segment operating income	1,070	414	1,101	768	569	296	119
	1,026	410	1,022	771	451	341	-
Unallocable expenses							344
							322
Operating profit							3,993
							3,699
Other income, net							723
							761
Profit before income taxes							4,716
							4,460
Income tax expense							1,301
							1,280
Net profit							3,415
							3,180
Depreciation and amortization							343
							319
Non-cash expenses other than depreciation and amortization							1
							3

Geographic segments

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

(In ₹ crore)

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	9,594	3,284	493	1,600	14,971
	9,410	3,244	336	1,430	14,420
Identifiable operating expenses	5,117	1,762	140	744	7,763
	5,002	1,591	187	671	7,451
Allocated expenses	1,843	630	95	303	2,871
	1,925	664	68	291	2,948
Segment operating income	2,634	892	258	553	4,337
	2,483	989	81	468	4,021
Unallocable expenses					344
					322
Operating profit					3,993
					3,699
Other income, net					723
					761
Profit before income taxes					4,716
					4,460
Income tax expense					1,301
					1,280
Net profit					3,415
					3,180
Depreciation and amortization					343
					319
Non-cash expenses other than depreciation and amortization					1
					3

Significant clients

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

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

(In ₹ crore)

Particulars	Three months ended June 30,	
	2017	2016
Revenue from operations	14,971	14,420
Cost of sales	9,389	9,167
Gross Profit	5,582	5,253
Operating expenses		
Selling and marketing expenses	684	699
General and administration expenses	905	855
Total operating expenses	1,589	1,554
Operating profit	3,993	3,699
Other income, net	723	761
Profit before tax	4,716	4,460
Tax expense:		
Current tax	1,394	1,314
Deferred tax	(93)	(34)
Profit for the period	3,415	3,180
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of the net defined benefit liability/asset	(2)	(17)
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	(66)	-
Fair value changes on investments, net	25	-
Total other comprehensive income, net of tax	(43)	(17)
Total comprehensive income for the period	3,372	3,163

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

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim Condensed 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 June 30, 2017, and the Condensed Statement of Profit and Loss (including Other Comprehensive Income), the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows for the three months period then ended, 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 June 30, 2017, and its profit, total comprehensive income, changes in equity and its cash flows for the three 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, July 14, 2017

INFOSYS LIMITED AND SUBSIDIARIES
In ₹ crore

Consolidated Balance Sheets as at	Note	June 30, 2017	March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	2.4	9,671	9,751
Capital work-in-progress		1,672	1,365
Goodwill	2.5	3,701	3,652
Other intangible assets	2.5	730	776
Investment in associate	2.25	-	71
Financial assets:			
Investments	2.6	6,061	6,382
Loans	2.7	23	29
Other financial assets	2.8	308	309
Deferred tax assets (net)	2.17	679	540
Income tax assets (net)	2.17	6,076	5,716
Other non-current assets	2.11	930	1,059
Total non-current assets		29,851	29,650
Current assets			
Financial assets:			
Investments	2.6	10,388	9,970
Trade receivables	2.9	12,488	12,322
Cash and cash equivalents	2.10	23,117	22,625
Loans	2.7	255	272
Other financial assets	2.8	6,343	5,980
Other Current assets	2.11	2,683	2,536
Total current assets		55,274	53,705
Total assets		85,125	83,355
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.13	1,144	1,144
Other equity		67,370	67,838
Total equity attributable to equity holders of the Company		68,514	68,982
Non-controlling interests		-	-
Total equity		68,514	68,982
Liabilities			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	2.14	35	70
Deferred tax liabilities (net)	2.17	197	207
Other non-current liabilities	2.15	82	83
Total non-current liabilities		314	360
Current liabilities			
Financial Liabilities			
Trade payables		260	367
Other financial liabilities	2.14	7,104	6,349
Other current liabilities	2.15	3,990	3,007
Provisions	2.16	404	405
Income tax liabilities (net)	2.17	4,539	3,885
Total current liabilities		16,297	14,013
Total equity and liabilities		85,125	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 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

R. Seshasayee
Chairman

Ravi Venkatesan
Co- Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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Chief Operating Officer
and Whole-time Director

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikantha
Company Secretary

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

Consolidated Statement of Profit and Loss		Three months ended June 30,	
	Note	2017	2016
Revenue from operations	2.18	17,078	16,782
Other income, net	2.19	814	753
Total income		17,892	17,535
Expenses			
Employee benefit expenses	2.20	9,366	9,282
Cost of technical sub-contractors		1,061	917
Travel expenses		527	740
Cost of software packages and others	2.20	440	276
Communication expenses		125	120
Consultancy and professional charges		246	175
Depreciation and amortisation expenses	2.4 and 2.5	450	400
Other expenses	2.20	752	825
Total expenses		12,967	12,735
Profit before non-controlling interests/share in net profit/(loss) of associate		4,925	4,800
Share in net profit/(loss) of associate		-	(2)
Write-down of investment in associate	2.25	(71)	-
Profit before tax		4,854	4,798
Tax expense:			
Current tax	2.17	1,499	1,467
Deferred tax	2.17	(128)	(105)
Profit for the period		3,483	3,436
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurement of the net defined benefit liability/asset		(3)	(17)
Equity instruments through other comprehensive income, net		-	-
		(3)	(17)
<i>Items that will be reclassified subsequently to profit or loss</i>			
Fair value changes on derivatives designated as cash flow hedge, net	2.12	(66)	-
Exchange differences on translation of foreign operations		107	38
Fair value changes on investments, net		27	-
		68	38
Total other comprehensive income, net of tax		65	21
Total comprehensive income for the period		3,548	3,457
Profit attributable to:			
Owners of the Company		3,483	3,436
Non-controlling interests		-	-
		3,483	3,436
Total comprehensive income attributable to:			
Owners of the Company		3,548	3,457
Non-controlling interests		-	-
		3,548	3,457
Earnings per Equity share			
Equity shares of par value ₹5/- each			
Basic (₹)		15.24	15.03
Diluted (₹)		15.23	15.03
Weighted average equity shares used in computing earnings per equity share	2.23		
Basic		228,56,57,604	228,56,22,329
Diluted		228,70,58,148	228,57,68,122

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

 R. Seshasayee
 Chairman

 Ravi Venkatesan
 Co-Chairman

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

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

 Bengaluru
 July 14, 2017

 Roopa Kudva
 Director

 M. D. Ranganath
 Chief Financial Officer

 A.G.S. Manikantha
 Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
Consolidated Statement of Changes in Equity
In ₹ crore

Particulars	OTHER EQUITY												Total equity attributable to equity holders of the Company
	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS					Other comprehensive income						
		Securities premium reserve	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	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2016	1,144	2,213	47,063	54	10,553	8	-	5	-	715	-	(11)	61,744
Changes in equity for the three months ended June 30, 2016													
Income tax benefit arising on exercise of stock options	-	1	-	-	-	(1)	-	-	-	-	-	-	-
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	-	-	(276)	-	-	-	276	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	276	-	-	-	(276)	-	-	-	-	-	-
Share based payments to employees (refer note 2.13)	-	-	-	-	-	9	-	-	-	-	-	-	9
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17)	-	-	-	-	-	-	-	-	-	-	-	(17)	(17)
Profit for the period	-	-	3,436	-	-	-	-	-	-	-	-	-	3,436
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	38	-	-	38
Balance as of June 30, 2016	1,144	2,214	44,997	54	12,132	16	-	5	-	753	-	(28)	61,287

Consolidated Statement of Changes in Equity (contd.)

In ₹ crore

Particulars	Equity Share capital ⁽¹⁾	RESERVES & SURPLUS					OTHER EQUITY		Other comprehensive income				Total equity attributable to equity holders of the Company
		Securities premium reserve	Retained earnings	Capital reserve	General reserve	Share Options Outstanding Account	Special Economic Zone Re- investment reserve ⁽²⁾	Other reserves ⁽³⁾	Equity instruments through Other comprehens ive income	Exchange differences on translating the financial statements of a foreign operation	Cash flow hedge reserve	Other items of other comprehensive income	
Balance as of April 1, 2017	1,144	2,216	52,882	54	12,135	120	-	5	(5)	458	39	(66)	68,982
Changes in equity for the three months ended June 30, 2017													
Share based payments to employees (refer to note 2.13)	-	-	-	-	-	45	-	-	-	-	-	-	45
Exercise of stock options (refer to note 2.13)	-	2	-	-	-	(2)	-	-	-	-	-	-	-
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	-	-	(483)	-	-	-	483	-	-	-	-	-	-
Transferred from Special Economic Zone Re-investment reserve on utilization	-	-	154	-	-	-	(154)	-	-	-	-	-	-
Remeasurement of the net defined benefit liability/asset, net of tax effect (refer note 2.22.1 and 2.17)	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Equity instruments through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value changes on investments , net of tax effect	-	-	-	-	-	-	-	-	-	-	-	27	27
Fair value changes on derivatives designated as cash flow hedge, net of tax (refer note 2.12)	-	-	-	-	-	-	-	-	-	-	(66)	-	(66)
Profit for the period	-	-	3,483	-	-	-	-	-	-	-	-	-	3,483
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-	107	-	-	107
Balance as of June 30, 2017	1,144	2,218	50,593	54	13,517	163	329	5	(5)	565	(27)	(42)	68,514

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

R. Seshasayee
Chairman

Ravi Venkatesan
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A. G. S. Manikanta
Company Secretary

INFOSYS LIMITED AND SUBSIDIARIES
In ₹ crore

Consolidated Statement of Cash Flows	Three months ended June 30,	
	2017	2016
Cash flow from operating activities		
Profit for the period	3,483	3,436
Adjustments to reconcile net profit to net cash provided by operating activities:		
Income tax expense	1,371	1,362
Depreciation and amortization	450	400
Interest and dividend income	(631)	(670)
Impairment loss on financial assets	(4)	15
Exchange differences on translation of assets and liabilities	(3)	18
Other adjustments	65	69
Changes in assets and		
Trade receivables and unbilled revenue	(459)	(818)
Loans, other financial assets and other assets	103	(327)
Trade payables	(107)	(124)
Other financial liabilities, other liabilities and provisions	964	327
Cash generated from operations	5,232	3,688
Income taxes paid	(1,205)	(744)
Net cash generated by operating activities	4,027	2,944
Cash flows from investing activities		
Expenditure on property, plant and equipment net of sale proceeds, including changes in retention money and capital creditors	(553)	(859)
Loans to employees	23	20
Deposits placed with corporation	(9)	(60)
Interest and dividend received on investments	210	123
Payment of contingent consideration for acquisition of business	(33)	(36)
Payments to acquire financial assets		
Preference and equity securities	(13)	(26)
Tax free bonds and government bonds	(1)	(5)
Liquid mutual funds and fixed maturity plan securities	(16,472)	(10,669)
Certificates of deposit	(281)	-
Others	(9)	-
Proceeds on sale of financial assets		
Tax free bonds and government bonds	4	4
Redemption of certificates of deposit	150	-
Liquid mutual funds and fixed maturity plan securities	16,774	10,183
Net cash used in investing activities	(210)	(1,325)
Cash flows from financing activities:		
Payment of dividends	(3,363)	(3,256)
Net cash used in financing activities	(3,363)	(3,256)
Net increase / (decrease) in cash and cash equivalents	454	(1,637)
Cash and cash equivalents at the beginning of the period	22,625	32,697
Effect of exchange rate changes on cash and cash equivalents	38	(10)
Cash and cash equivalents at the end of the period	23,117	31,050
Supplementary information:		
Restricted cash balance	601	512

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
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Bengaluru
July 14, 2017

Roopa Kudva
Director

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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 is a leading provider in 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 July 14, 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.

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 2.25. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

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

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

1.4 Use of estimates

The preparation of the financial statements in conformity with Ind AS requires 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 1.5. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Critical accounting estimates

a. Revenue recognition

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

b. Income taxes

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

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 Company presents revenues net of value-added taxes in its Statement of Profit and Loss.

1.7 Property, plant and equipment

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

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 a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

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

(ii) Cash flow hedge

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

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

c. Share capital and treasury shares

(i) Ordinary Shares

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

(ii) Treasury Shares

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

1.11.3 Derecognition of financial instruments

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

1.12 Fair value of financial instruments

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

Refer to Note 2.12 for the disclosure on carrying value and fair value of financial assets and liabilities. For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximates fair value due to the short maturity of those instruments.

1.13 Impairment

a. Financial assets

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

b. Non-financial assets

(i) Goodwill

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

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

(ii) Intangible assets and property, plant and equipment

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

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

1.14 Provisions

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

a. Post sales client support

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

b. Onerous contracts

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

1.15 Foreign currency

Functional currency

The functional currency of Infosys, Infosys 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:

During the quarter, 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 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:

During the quarter, 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 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.

2.3 Business combinations

Noah Consulting LLC

On November 16, 2015, Infosys has acquired 100% membership interest in Noah Consulting, LLC (Noah), a leading provider of advanced information management consulting services for the oil and gas industry. The business acquisition was conducted by entering into a share purchase agreement for cash consideration of \$33 million (approximately ₹216 crore), contingent consideration of upto \$5 million (approximately ₹33 crore on acquisition date) and an additional consideration of upto \$32 million (approximately ₹212 crore on acquisition date), referred to as retention bonus, payable to the employees of Noah at each anniversary year following the acquisition date over the next three years, subject to their continuous employment with the group at each anniversary. 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 has been recorded in the Statement of Profit and Loss for the three months ended June 30, 2017 and ₹31 crore for the three months ended June 30, 2016.

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. 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 three months ended June 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 June 30, 2017 and March 31, 2017 is ₹45 crore and ₹91 crore, respectively, on an undiscounted basis.

2.4 PROPERTY, PLANT AND EQUIPMENT

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

Particulars	In ₹ crore							
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles
Gross carrying value as of April 1, 2017	1,095	671	7,279	2,101	922	4,540	1,693	31
Additions	-	-	52	32	24	159	42	1
Deletions	-	-	-	(1)	(1)	(31)	(2)	(2)
Translation difference	-	-	10	1	1	5	5	-
Gross carrying value as of June 30, 2017	1,095	671	7,341	2,133	946	4,673	1,738	30
Accumulated depreciation as of April 1, 2017	-	(27)	(2,440)	(1,353)	(599)	(3,053)	(1,092)	(17)
Depreciation	-	(1)	(67)	(68)	(33)	(169)	(62)	(1)
Accumulated depreciation on deletions	-	-	-	-	1	31	2	1
Translation difference	-	-	-	-	(1)	(4)	(4)	-
Accumulated depreciation as of June 30, 2017	-	(28)	(2,507)	(1,421)	(632)	(3,195)	(1,156)	(17)
Carrying value as of June 30, 2017	1,095	643	4,834	712	314	1,478	582	13
Carrying value as of April 1, 2017	1,095	644	4,839	748	323	1,487	601	14

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

Particulars	In ₹ crore							
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles
Gross carrying value as of April 1, 2016	972	650	6,325	1,759	839	4,072	1,444	29
Additions	4	5	36	114	48	184	52	3
Deletions	-	-	-	(1)	(2)	(16)	(1)	(1)
Translation difference	-	-	-	-	-	-	(1)	-
Gross carrying value as of June 30, 2016	976	655	6,361	1,872	885	4,240	1,494	31
Accumulated depreciation as of April 1, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(986)	(17)
Depreciation	-	(1)	(57)	(62)	(28)	(164)	(45)	(1)
Accumulated depreciation on deletions	-	-	-	1	2	15	1	1
Translation difference	-	-	-	-	-	-	1	-
Accumulated depreciation as of June 30, 2016	-	(23)	(2,258)	(1,161)	(535)	(2,767)	(1,029)	(17)
Carrying value as of June 30, 2016	976	632	4,103	711	350	1,473	465	14
Carrying value as of April 1, 2016	972	628	4,124	659	330	1,454	458	12

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

Particulars	In ₹ crore							
	Land-Freehold	Land-Leasehold	Buildings ⁽¹⁾	Plant and machinery	Office Equipment	Computer equipment	Furniture and fixtures	Vehicles
Gross carrying value as of April 1, 2016	972	650	6,325	1,759	839	4,072	1,444	29
Additions	123	21	981	349	138	800	379	8
Deletions	-	-	-	(4)	(52)	(315)	(113)	(6)
Translation difference	-	-	(27)	(3)	(3)	(17)	(17)	-
Gross carrying value as of March 31, 2017	1,095	671	7,279	2,101	922	4,540	1,693	31
Accumulated depreciation as of April 1, 2016	-	(22)	(2,201)	(1,100)	(509)	(2,618)	(986)	(17)
Depreciation	-	(5)	(239)	(261)	(119)	(678)	(210)	(5)
Accumulated depreciation on deletions	-	-	-	4	27	230	92	5
Translation difference	-	-	-	4	2	13	12	-
Accumulated depreciation as of March 31, 2017	-	(27)	(2,440)	(1,353)	(599)	(3,053)	(1,092)	(17)
Carrying value as of March 31, 2017	1,095	644	4,839	748	323	1,487	601	14
Carrying value as of April 1, 2016	972	628	4,124	659	330	1,454	458	12

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

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

The aggregate depreciation has been included under depreciation and amortisation expense in the consolidated Statement of Profit and Loss.

2.5 GOODWILL AND OTHER INTANGIBLE ASSETS

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

Particulars	In ₹ crore	
	As at	
	June 30, 2017	March 31, 2017
Carrying value at the beginning	3,652	3,764
Translation differences	49	(112)
Carrying value at the end	3,701	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	
	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 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	
	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 June 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 April 1, 2017	750	405	21	1	66	90	62	1,395
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	7	(1)	-	-	1	-	-	7
Gross carrying value as of June 30, 2017	757	404	21	1	67	90	62	1,402
Accumulated amortization as of April 1, 2017	(382)	(121)	(21)	(1)	(7)	(49)	(38)	(619)
Amortization expense	(22)	(20)	-	-	-	(3)	(4)	(49)
Deletion during the period	-	-	-	-	-	-	-	-
Translation differences	(3)	1	-	-	-	(2)	-	(4)
Accumulated amortization as of June 30, 2017	(407)	(140)	(21)	(1)	(7)	(54)	(42)	(672)
Carrying value as of April 1, 2017	368	284	-	-	59	41	24	776
Carrying value as of June 30, 2017	350	264	-	-	60	36	20	730
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 three months ended June 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 April 1, 2016	775	414	21	1	72	93	63	1,439
Additions during the period	-	-	-	-	-	-	-	-
Deletions during the period	-	-	-	-	-	-	-	-
Translation difference	9	8	-	-	-	1	1	19
Gross carrying value as of June 30, 2016	784	422	21	1	72	94	64	1,458
Accumulated amortization as of April 1, 2016	(303)	(62)	(21)	(1)	(6)	(38)	(23)	(454)
Amortization expense	(23)	(11)	-	-	-	(4)	(4)	(42)
Deletions during the period	-	-	-	-	-	-	-	-
Translation differences	(3)	(1)	-	-	-	-	-	(4)
Accumulated amortization as of June 30, 2016	(329)	(74)	(21)	(1)	(6)	(42)	(27)	(500)
Carrying value as of April 1, 2016	472	352	-	-	66	55	40	985
Carrying value as of June 30, 2016	455	348	-	-	66	52	37	958

Following are the changes in the carrying value of acquired intangible assets for the year ended March 31, 2017:

In ₹ crore

Particulars	Customer related	Software related	Sub-contracting rights related	Intellectual property rights related	Land use-rights related	Brand or Trademark Related	Others	Total
Gross carrying value as 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 June 30, 2017 and June 30, 2016 is ₹198 crore and ₹184 crore respectively.

2.6 INVESTMENTS

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Non-current		
Unquoted		
Investments carried at fair value through other comprehensive income (refer note 2.6.1)		
Preference securities	131	144
Equity instruments	16	15
	147	159
Investments carried at fair value through profit and loss (refer note 2.6.1)		
Convertible promissory note	11	10
Others	46	35
	57	45
Quoted		
Investment carried at amortized cost (refer note 2.6.2)		
Tax free bonds	1,898	1,898
	1,898	1,898
Investments carried at fair value through profit and loss (refer note 2.6.3)		
Fixed maturity plan securities	414	407
	414	407
Investments carried at fair value through other comprehensive income (refer note 2.6.4)		
Non convertible debentures	3,545	3,873
	3,545	3,873
Total non-current investments	6,061	6,382
Current		
Unquoted		
Investments carried at fair value through profit or loss (refer note 2.6.3)		
Liquid mutual fund units	1,560	1,803
	1,560	1,803
Investments carried at fair value through other comprehensive income		
Certificates of deposit (refer note 2.6.4)	8,165	7,905
Preference Securities (refer note 2.6.1)	27	-
	8,192	7,905
Quoted		
Investment carried at amortized cost (refer note 2.6.2)		
Government Bonds	6	9
	6	9
Investments carried at fair value through profit or loss (refer note 2.6.3)		
Fixed maturity plan securities	154	151
	154	151
Investments carried at fair value through other comprehensive income (refer note 2.6.4)		
Non convertible debentures	476	102
	476	102
Total current investments	10,388	9,970
Total investments	16,449	16,352
Aggregate amount of quoted investments	6,493	6,440
Market value of quoted investments (including interest accrued)	6,811	6,701
Aggregate amount of unquoted investments (including investment in associate)	9,956	9,983
Aggregate amount of impairment made for non-current unquoted investments (including investment in associate)	95	24
Investments carried at amortized cost	1,904	1,907
Investments carried at fair value through other comprehensive income	12,360	12,039
Investments carried at fair value through profit or loss	2,185	2,406

2.6.1 Details of investments

The details of investments in preference, equity and other instruments at June 30, 2017 and March 31, 2017 are as follows:

Particulars	<i>in ₹ crore, except otherwise stated</i>	
	As at	
	June 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) Preferred Series B Shares, fully paid up, par value ILS 0.01 each		
Nivetti Systems Private Limited	10	10
2,28,501 (2,28,501) Preferred Stock, fully paid up, par value ₹1 each		
Waterline Data Science, Inc	24	24
39,33,910 (39,33,910) Preferred Series B Shares, fully paid up, par value USD 0.00001 each		
Trifacta Inc.	26	26
11,80,358 (11,80,358) Preferred Stock		
Cloudyn Software Ltd	27	13
54,044 (27,022) Preferred Series B-3 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		
Unsilos A/S	15	14
69,894 (69,894) Equity Shares, fully paid up, par value DKK 1 each		
<i>Others</i>		
Stellaris Venture Partners India I	3	3
Vertex Ventures US Fund L.L.P	43	32
<i>Convertible promissory note</i>		
Tidalscale	11	10
	231	204

2.6.2 Details of investments in tax free bonds and government bonds

The balances held in tax free bonds as at June 30, 2017 and March 31, 2017 are as follows:

in ₹ crore, except as otherwise stated

Particulars	As at June 30, 2017			As at March 31, 2017	
	Face Value ₹	Units	Amount	Units	Amount
7.04% Indian Railway Finance Corporation Limited Bonds 03MAR2026	10,00,000/-	470	50	470	50
7.16% Power Finance Corporation Ltd Bonds 17JUL2025	10,00,000/-	1,000	107	1,000	107
7.18% Indian Railway Finance Corporation Limited Bonds 19FEB2023	1,000/-	20,00,000	201	20,00,000	201
7.28% Indian Railway Finance Corporation Limited 21DEC2030	1,000/-	4,22,800	42	4,22,800	42
7.28% National Highways Authority of India Bonds 18SEP2030	10,00,000/-	3,300	343	3,300	343
7.34% Indian Railway Finance Corporation Limited Bonds 19FEB2028	1,000/-	21,00,000	211	21,00,000	211
7.35% National Highways Authority of India Bonds 11JAN2031	1,000/-	5,71,396	57	5,71,396	57
7.93% Rural Electrification Corporation Limited Bonds 27MAR2022	1,000/-	2,00,000	21	2,00,000	21
8.00% Indian Railway Finance Corporation Limited Bonds 2022	1,000/-	1,50,000	15	1,50,000	15
8.10% Indian Railway Finance Corporation Limited Bonds 23FEB2027	1,000/-	5,00,000	53	5,00,000	53
8.20% Power Finance Corporation Limited Bonds 2022	1,000/-	5,00,000	50	5,00,000	50
8.26% India Infrastructure Finance Company Limited Bonds 23AUG2028	10,00,000/-	1,000	100	1,000	100
8.30% National Highways Authority of India Bonds 25JAN2027	1,000/-	5,00,000	53	5,00,000	53
8.35% National Highways Authority of India Bonds 22NOV2023	10,00,000/-	1,500	150	1,500	150
8.46% India Infrastructure Finance Company Limited Bonds 30AUG2028	10,00,000/-	2,000	200	2,000	200
8.46% Power Finance Corporation Limited Bonds 30AUG2028	10,00,000/-	1,500	150	1,500	150
8.48% India Infrastructure Finance Company Limited Bonds 05SEP2028	10,00,000/-	450	45	450	45
8.54% Power Finance Corporation Limited Bonds 16NOV2028	1,000/-	5,00,000	50	5,00,000	50
	74,55,416		1,898	74,55,416	1,898

The balances held in government bonds as at June 30, 2017 and March 31, 2017 are as follows:

in ₹ crore, except as otherwise stated

Particulars	Face Value	As at June 30, 2017		As at March 31, 2017	
	PHP	Units	Amount	Units	Amount
Treasury Notes PHY6972FWQ99 MAT DATE 07 Jun 2017	100	-	-	340,000	4
Treasury Notes PIBL1217E082 MAT DATE 09 May 2018	100	1,00,000	1	-	-
Treasury Notes PIBL1217C056 MAT DATE 14 Mar 2018	100	4,00,000	5	4,00,000	5
		500,000	6	740,000	9

2.6.3 Details of investments in liquid mutual fund units and fixed maturity plans

The balances held in liquid mutual fund units as at June 30, 2017 and March 31, 2017 are as follows:

in ₹ crore, except as otherwise stated

Particulars	As at June 30, 2017		As at March 31, 2017	
	Units	Amount	Units	Amount
Birla Sun Life Cash Plus- Growth- Direct Plan	19,67,474	52	1,45,22,491	380
Birla Sun Life Floating Rate Fund- Short Term Plan- Growth Direct Plan	1,43,25,061	316	-	-
BSL Cash Manager - Growth	2,29,989	9	2,66,264	11
HDFC Liquid Fund- Direct Plan- Growth Option	8,26,701	269	-	-
ICICI Prudential Liquid- Direct Plan- Growth	1,38,92,060	340	1,03,88,743	250
ICICI Prudential Money Market Fund- Direct Plan - Growth	11,38,787	26	-	-
IDFC Cash Fund- Direct Plan- Growth	8,34,497	168	12,65,679	250
Kotak Low Duration Fund Direct Growth (Ultra Short Term)	-	-	15,02,564	305
L&T Liquid Fund Direct Plan Growth	-	-	6,72,806	150
Reliance Liquid Fund Cash Plan	28,305	8	28,305	7
Reliance Liquid Fund- Treasury Plan- Direct Growth Plan- Growth Option	8,47,956	342	8,82,465	350
SBI Premier Liquid Fund- Direct Plan- Growth	1,15,696	30	3,91,909	100
	3,42,06,526	1,560	2,99,21,226	1,803

The balances held in fixed maturity plans as at June 30, 2017 and March 31, 2017 are as follows:

Particulars	As at June 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	61	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	39	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	57	5,50,00,000	55
ICICI Prudential Fixed Maturity Plan Series 80- 1187 Days Plan G Direct Plan	4,20,00,000	43	4,20,00,000	42
ICICI Prudential Fixed Maturity Plan Series 80- 1253 Days Plan J Direct Plan	3,00,00,000	31	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	15	1,50,00,000	15
Kotak FMP Series 199 Direct- Growth	3,50,00,000	36	3,50,00,000	36
Reliance Fixed Horizon Fund- XXXII Series 8- Dividend Plan	5,00,00,000	51	5,00,00,000	50
Reliance Yearly Interval Fund Series 1- Direct Plan- Growth Plan	10,69,06,898	154	10,69,06,898	151
	511,906,898	568	51,19,06,898	558

2.6.4 Details of investments in non convertible debentures and certificates of deposit

The balances held in non convertible debenture units as at June 30, 2017 and March 31, 2017 is as follows:

in ₹ crore, except as otherwise stated

Particulars	Face Value ₹	As at June 30, 2017		As at March 31, 2017	
		Units	Amount	Units	Amount
7.48% Housing Development Finance Corporation Ltd 18NOV2019	1,00,00,000/-	50	53	50	52
7.58% LIC Housing Finance Ltd 28FEB2020	10,00,000/-	1,000	104	1,000	100
7.58% LIC Housing Finance Ltd 11JUN2020	10,00,000/-	500	52	500	51
7.59% LIC Housing Finance Ltd 14OCT2021	10,00,000/-	3,000	319	3,000	309
7.75% LIC Housing Finance Ltd 27AUG2021	10,00,000/-	1,250	134	1,250	129
7.79% LIC Housing Finance Ltd 19JUN2020	10,00,000/-	500	51	500	52
7.80% Housing Development Finance Corporation Ltd 11NOV2019	1,00,00,000/-	150	159	150	155
7.81% LIC Housing Finance Ltd 27APR2020	10,00,000/-	2,000	205	2,000	208
7.95% Housing Development Finance Corporation Ltd 23SEP2019	1,00,00,000/-	50	54	50	53
8.02% LIC Housing Finance Ltd 18FEB2020	10,00,000/-	500	52	500	51
8.26% Housing Development Finance Corporation Ltd 12AUG2019	1,00,00,000/-	100	109	100	106
8.34% Housing Development Finance Corporation Ltd 06MAR2019	1,00,00,000/-	200	206	200	217
8.37% LIC Housing Finance Ltd 03OCT2019	10,00,000/-	2,000	207	2,000	218
8.37% LIC Housing Finance Ltd 10MAY2021	10,00,000/-	500	52	500	55
8.43% IDFC Bank Limited 30JAN2018	10,00,000/-	1,000	104	1,000	102
8.46% Housing Development Finance Corporation Ltd 11MAR2019	1,00,00,000/-	50	51	50	54
8.47% LIC Housing Finance Ltd 21JAN2020	10,00,000/-	500	53	500	52
8.49% Housing Development Finance Corporation Ltd 27APR2020	5,00,000/-	900	47	900	49
8.50% Housing Development Finance Corporation Ltd 31AUG2020	1,00,00,000/-	100	110	100	108
8.54% IDFC Bank Limited 30MAY2018	10,00,000/-	1,500	185	1,500	182
8.59% Housing Development Finance Corporation Ltd 14JUN2019	1,00,00,000/-	50	53	50	51
8.60% LIC Housing Finance Ltd 22JUL2020	10,00,000/-	1,000	111	1,000	108
8.60% LIC Housing Finance Ltd 29JUL2020	10,00,000/-	1,750	194	1,750	190
8.61% LIC Housing Finance Ltd 11DEC2019	10,00,000/-	1,000	107	1,000	104
8.66% IDFC Bank Limited 25JUN2018	10,00,000/-	1,520	187	1,520	184
8.66% IDFC Bank Limited 27DEC2018	10,00,000/-	400	50	400	49
8.72% Housing Development Finance Corporation Ltd 15APR2019	1,00,00,000/-	75	78	75	77
8.75% Housing Development Finance Corporation Ltd 13JAN2020	5,00,000/-	5,000	267	5,000	260
8.75% LIC Housing Finance Ltd 14JAN2020	10,00,000/-	1,070	115	1,070	112
8.75% LIC Housing Finance Ltd 21DEC2020	10,00,000/-	1,000	107	1,000	104
8.97% LIC Housing Finance Ltd 29OCT2019	10,00,000/-	500	55	500	53
9.45% Housing Development Finance Corporation Ltd 21AUG2019	10,00,000/-	3,000	336	3,000	327
9.65% Housing Development Finance Corporation Ltd 19JAN2019	10,00,000/-	500	54	500	53
		32,715	4,021	32,715	3,975

The balances held in certificates of deposit as at June 30, 2017 and March 31, 2017 are as follows:

in ₹ crore, except as otherwise stated

Particulars	Face Value ₹	As at June 30, 2017		As at March 31, 2017	
		Units	Amount	Units	Amount
Andhra Bank	1,00,000/-	25,000	249	35,000	344
Axis Bank	1,00,000/-	3,05,600	2,963	3,05,600	2,914
Corporation Bank	1,00,000/-	33,500	331	33,500	327
DBS Bank	1,00,000/-	-	-	5,000	49
ICICI Bank	1,00,000/-	42,500	419	42,500	413
IDFC Bank	1,00,000/-	1,40,000	1,350	1,40,000	1,328
IndusInd Bank	1,00,000/-	1,06,400	1,027	1,06,400	1,011
Kotak Bank	1,00,000/-	1,15,500	1,109	85,500	813
Vijaya Bank	1,00,000/-	14,000	139	14,000	137
Yes Bank	1,00,000/-	60,000	578	60,000	569
		842,500	8,165	827,500	7,905

2.7 LOANS

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Non Current		
Unsecured, considered good		
Other loans		
Loans to employees	23	29
	23	29
Unsecured, considered doubtful		
Loans to employees	25	24
	48	53
Less: Allowance for doubtful loans to employees	25	24
	23	29
Current		
Unsecured, considered good		
Other loans		
Loans to employees	255	272
	255	272
Total loans	278	301

2.8 OTHER FINANCIAL ASSETS

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Non Current		
Security deposits ⁽¹⁾	89	86
Rental deposits ⁽¹⁾	171	175
Restricted deposits ⁽¹⁾	48	48
	308	309
Current		
Security deposits ⁽¹⁾	7	10
Rental deposits ⁽¹⁾	14	9
Restricted deposits ⁽¹⁾	1,425	1,416
Unbilled revenues ⁽¹⁾	3,945	3,648
Interest accrued but not due ⁽¹⁾	851	576
Foreign currency forward and options contracts ^{(2) (3)}	24	284
Others ⁽¹⁾	77	37
	6,343	5,980
Total financial assets	6,651	6,289
⁽¹⁾ Financial assets carried at amortized cost	6,627	6,005
⁽²⁾ Financial assets carried at fair value through other comprehensive income	-	52
⁽³⁾ Financial assets carried at fair value through profit or loss	24	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. Other assets primarily represent travel advances and other recoverables.

2.9 TRADE RECEIVABLES ⁽¹⁾

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Current		
Unsecured		
Considered good	12,488	12,322
Considered doubtful	297	318
	12,785	12,640
Less: Allowances for credit loss	297	318
	12,488	12,322
	5	1

⁽¹⁾ Includes dues from companies where directors are interested

2.10 CASH AND CASH EQUIVALENTS

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Balances with banks		
In current and deposit accounts	15,493	14,889
Cash on hand	-	-
Others		
Deposits with financial institutions	7,624	7,736
	23,117	22,625
<i>Balances with banks in unpaid dividend accounts</i>	25	17
<i>Deposit with more than 12 months maturity</i>	6,953	6,954
<i>Balances with banks held as margin money deposits against guarantees</i>	420	404

Cash and cash equivalents as of June 30, 2017 and March 31, 2017 include restricted cash and bank balances of ₹601 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	
	June 30, 2017	March 31, 2017
Current accounts		
ANZ Bank, Taiwan	6	3
Axis Bank, India	1	1
Banamex Bank, Mexico	2	2
Banamex Bank, Mexico (U.S. Dollar account)	8	8
Bank of America, Mexico	74	54
Bank of America, USA	960	1,030
Bank of Baroda, Mauritius	1	-
Bank Zachodni WBK S.A. Poland	10	4
Bank of Tokyo-Mitsubishi UFJ Ltd., Japan	2	-
Barclays Bank, UK	7	1
Bank Leumi, Israel (US Dollar account)	36	2
Bank Leumi, Israel	8	11
Bank Leumi, Israel (YEN account)	2	-
BNP Paribas Bank, Norway	43	17
China Merchants Bank, China	2	9
Citibank N.A., China	146	61
Citibank N.A., China (U.S. Dollar account)	19	11
Citibank N.A., Costa Rica	2	5
Citibank N.A., Australia	48	19
Citibank N.A., Brazil	20	30
Citibank N.A., Dubai	1	1
Citibank N.A., Hungary	3	3
Citibank N.A., India	2	3
Citibank N.A., Japan	6	12
Citibank N.A., New Zealand	8	10
Citibank N.A., Portugal	2	2
Citibank N.A., Singapore	-	2
Citibank N.A., South Korea	-	1
Citibank N.A., South Africa	15	9
Citibank N.A., South Africa (Euro account)	1	1
Citibank N.A., Philippines, (U.S. Dollar account)	-	1
Citibank N.A., USA	92	78
Citibank N.A., EEFC (U.S. Dollar account)	56	1
Commerzbank, Germany	21	18
Danske Bank, Sweden	1	-
Deutsche Bank, India	11	12
Deutsche Bank, Philippines	4	5
Deutsche Bank, Philippines (U.S. Dollar account)	3	4
Deutsche Bank, Poland	9	12
Deutsche Bank, Poland (Euro account)	3	4
Deutsche Bank, EEFC (Australian Dollar account)	2	38
Deutsche Bank, EEFC (Euro account)	28	25
Deutsche Bank, EEFC (Swiss Franc account)	1	2
Deutsche Bank, EEFC (U.S. Dollar account)	83	76
Deutsche Bank, EEFC (United Kingdom Pound Sterling account)	5	10
Deutsche Bank, Belgium	65	10

Deutsche Bank, Malaysia	-	7
Deutsche Bank, Czech Republic	10	8
Deutsche Bank, Czech Republic (Euro account)	6	7
Deutsche Bank, Czech Republic (U.S. Dollar account)	29	30
Deutsche Bank, France	9	8
Deutsche Bank, Germany	13	48
Deutsche Bank, Netherlands	9	2
Deutsche Bank, Russia	9	3
Deutsche Bank, Russia (U.S. Dollar account)	8	1
Deutsche Bank, Singapore	1	6
Deutsche Bank, Spain	1	-
Deutsche Bank, Switzerland	22	9
Deutsche Bank, Switzerland (U.S. Dollar account)	-	1
Deutsche Bank, United Kingdom	43	26
Deutsche Bank, USA	2	12
HSBC Bank, Brazil	-	1
HSBC Bank, Hong Kong	1	1
ICICI Bank, India	47	53
ICICI Bank, EEFC (Euro account)	-	1
ICICI Bank, EEFC (U.S. Dollar account)	17	5
ICICI Bank, EEFC (United Kingdom Pound Sterling account)	1	1
ING Bank, Belgium	2	2
Nordbanken, Sweden	20	33
Punjab National Bank, India	13	6
Raiffeisen Bank, Czech Republic	4	4
Raiffeisen Bank, Romania	6	4
Royal Bank of Canada, Canada	118	83
Santander Bank, Argentina	2	1
State Bank of India, India	55	7
Silicon Valley Bank, USA	7	4
Silicon Valley Bank, EEFC (U.S. Dollar account)	1	-
Silicon Valley Bank (Euro account)	14	19
Silicon Valley Bank (United Kingdom Pound Sterling account)	3	2
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	39	33
Westpac, Australia	1	1
Yes Bank, India	9	-
	2,342	2,044

Particulars	<i>in ₹ crore</i>	
	As at	
	June 30, 2017	March 31, 2017
Deposit accounts		
Axis Bank	1,081	1,175
Bank BGZ BNP Paribas S.A	157	183
Barclays Bank	825	825
Canara Bank	84	84
Citibank	146	165
Deutsche Bank, Poland	105	71
HDFC Bank	2,444	469
HSBC Bank	500	500
ICICI Bank	5,182	4,644
IDBI Bank	-	1,750
IDFC Bank	200	200
IndusInd Bank	191	191
Kotak Mahindra Bank	535	535
South Indian Bank	450	450
Standard Chartered Bank	-	500
Syndicate Bank	49	49
Yes Bank	757	633
	12,706	12,424
Unpaid dividend accounts		
Axis Bank - Unpaid dividend account	2	2
HDFC Bank - Unpaid dividend account	2	2
ICICI Bank - Unpaid dividend account	21	13
	25	17

Margin money deposits against guarantees

Canara Bank	175	177
Citibank	2	2
ICICI Bank	243	225
	420	404

Deposits with financial institutions

HDFC Limited	6,924	7,036
LIC Housing Finance Limited	700	700
	7,624	7,736

Total cash and cash equivalents	23,117	22,625
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2.11 OTHER ASSETS*in ₹ crore*

Particulars	As at	
	June 30, 2017	March 31, 2017
Non Current		
Capital advances	505	600
Advances other than capital advances		
Prepaid gratuity (<i>refer note 2.22.1</i>)	39	79
Others		
Deferred Contract Cost	272	284
Prepaid expenses	114	96
	930	1,059
Current		
Advances other than capital advances		
Payment to vendors for supply of goods	87	131
Others		
Withholding taxes and others	2,016	1,886
Prepaid expenses	502	441
Deferred Contract Cost	78	78
	2,683	2,536
Total other assets	3,613	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.

2.12 FINANCIAL INSTRUMENTS

Financial instruments by category

The carrying value and fair value of financial instruments by categories as of June 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 2.10)	23,117	-	-	-	-	23,117	23,117
Investments (Refer Note 2.6)							
Equity and preference securities	-	-	-	174	-	174	174
Tax-free bonds and government bonds	1,904	-	-	-	-	1,904	2,222 *
Liquid mutual fund units	-	-	1,560	-	-	1,560	1,560
Non convertible debentures	-	-	-	-	4,021	4,021	4,021
Certificates of deposit	-	-	-	-	8,165	8,165	8,165
Convertible promissory note	-	-	11	-	-	11	11
Other investments	-	-	46	-	-	46	46
Fixed maturity plan securities	-	-	568	-	-	568	568
Trade receivables (Refer Note 2.9)	12,488	-	-	-	-	12,488	12,488
Loans (Refer Note 2.7)	278	-	-	-	-	278	278
Other financial assets (Refer Note 2.8)	6,627	-	24	-	-	6,651	6,651
Total	44,414	-	2,209	174	12,186	58,983	
Liabilities:							
Trade payables	260	-	-	-	-	260	260
Other financial liabilities (Refer Note 2.14)	5,630	-	49	-	37	5,716	5,716
Total	5,890	-	49	-	37	5,976	

* On account of fair value changes including interest accrued

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 2.10)	22,625	-	-	-	-	22,625	22,625
Investments (Refer Note 2.6)							
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 2.9)	12,322	-	-	-	-	12,322	12,322
Loans (Refer Note 2.7)	301	-	-	-	-	301	301
Other financial assets (Refer Note 2.8)	6,005	-	232	-	52	6,289	6,289
Total	43,160	-	2,638	159	11,932	57,889	
Liabilities:							
Trade payables	367	-	-	-	-	367	367
Other financial liabilities (Refer Note 2.14)	4,973	-	87	-	-	5,060	5,060
Total	5,340	-	87	-	-	5,427	

* On account of fair value changes including interest accrued

Fair value hierarchy

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

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

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

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of June 30, 2017:

	As of June 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 2.6)	1,560	1,560	-	-
Investments in tax-free bonds (Refer Note 2.6)	2,216	2,044	172	-
Investments in government bonds (Refer Note 2.6)	6	6	-	-
Investments in equity instruments (Refer Note 2.6)	16	-	-	16
Investments in preference securities (Refer Note 2.6)	158	-	-	158
Investments in non convertible debentures (Refer Note 2.6)	4,021	3,444	577	-
Investments in certificates of deposit (Refer Note 2.6)	8,165	-	8,165	-
Investments in fixed maturity plan securities (Refer Note 2.6)	568	-	568	-
Investments in convertible promissory note (Refer Note 2.6)	11	-	-	11
Other investments (Refer Note 2.6)	46	-	-	46
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note 2.8)	24	-	24	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note 2.14)	45	-	45	-
Liability towards contingent consideration (Refer note 2.14)*	41	-	-	41

*Discounted \$7 million (approximately ₹45 crore) at 14.0%

During the three months ended June 30, 2017, tax free bonds & non convertible debentures of ₹1,792 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:

		(In ₹ crore)		
	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 2.6)	1,803	1,803	-	-
Investments in tax free bonds (Refer Note 2.6)	2,159	282	1,877	-
Investments in government bonds (Refer Note 2.6)	9	9	-	-
Investments in equity instruments (Refer Note 2.6)	15	-	-	15
Investments in preference securities (Refer Note 2.6)	144	-	-	144
Investments in non convertible debentures (Refer Note 2.6)	3,975	3,371	604	-
Investments in certificates of deposit (Refer Note 2.6)	7,905	-	7,905	-
Investments in fixed maturity plan securities (Refer Note 2.6)	558	-	558	-
Investments in convertible promissory note (Refer Note 2.6)	10	-	-	10
Other investments (Refer Note 2.6)	35	-	-	35
Derivative financial instruments - gain on outstanding foreign currency forward and option contracts (Refer Note 2.8)	284	-	284	-
Liabilities				
Derivative financial instruments - loss on outstanding foreign currency forward and option contracts (Refer Note 2.14)	2	-	2	-
Liability towards contingent consideration (Refer note 2.14)*	85	-	-	85

*Discounted \$14 million (approximately ₹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 June 30, 2017 from March 31, 2017 is on account of settlement of contingent consideration of ₹45 crore and change in discount rate and passage of time.

The fair value of liquid mutual funds is based on quoted price. The fair value of tax-free bonds and government bonds is based on quoted prices and market observable inputs. The fair value is of non-convertible debentures is based on quoted prices and market observable inputs. 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 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 June 30, 2017:

Particulars	(In ₹ crore)				
	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies
Cash and cash equivalents	1,392	160	55	156	851
Trade receivables	8,337	1,335	760	648	703
Other financial assets (including loans)	2,555	534	344	161	409
Trade payables	(80)	(36)	(31)	(5)	(82)
Other financial liabilities	(2,458)	(443)	(240)	(220)	(542)
Net assets / (liabilities)	9,746	1,550	888	740	1,339

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

Particulars	(In ₹ crore)				
	U.S. dollars	Euro	United Kingdom Pound Sterling	Australian dollars	Other currencies
Cash and cash equivalents	1,334	131	36	183	700
Trade receivables	8,345	1,244	775	561	702
Other financial assets (including loans)	2,862	535	372	159	403
Trade payables	(115)	(32)	(13)	(5)	(158)
Other financial liabilities	(2,129)	(406)	(211)	(211)	(547)
Net assets / (liabilities)	10,297	1,472	959	687	1,100

For each of the three months ended June 30, 2017 and June 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 0.49%.

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	
	June 30, 2017		March 31, 2017	
	In million	In ₹ crore	In million	In ₹ crore
Derivatives designated as cash flow hedges				
Forward contracts				
In Euro	70	516	95	658
In United Kingdom Pound Sterling	45	377	40	324
In Australian dollars	90	447	130	644
Option Contracts				
In Euro	65	479	40	277
In United Kingdom Pound Sterling	10	84	-	-
In Australian dollars	40	198	-	-
Other derivatives				
Forward contracts				
In U.S. dollars	566	3,655	526	3,411
In Euro	91	671	114	786
In United Kingdom Pound Sterling	97	813	75	609
In Australian dollars	35	174	35	174
In Swiss Franc	-	-	10	65
In Singapore dollars	5	23	5	23
In Swedish Krona	50	38	50	36
In New Zealand dollars	5	24	-	-
In Canadian dollars	13	65	-	-
In Polish Zloty	37	64	-	-
Option Contracts				
In U.S. dollars	223	1,437	195	1,265
In Euro	45	332	25	173
In United Kingdom Pound Sterling	20	167	30	243
In Canadian dollars	-	-	13	65
Total forwards and options		9,564		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	
	June 30, 2017	March 31, 2017
Not later than one month	2,803	2,303
Later than one month and not later than three months	5,075	4,316
Later than three months and not later than one year	1,686	2,134
	9,564	8,753

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

	(In ₹ crore)
	Three months ended June 30, 2017
Balance at the beginning of the period	39
Gain / (Loss) recognised in other comprehensive income during the period	(41)
Amount reclassified to revenue during the period	(47)
Tax impact on above	22
Balance at the end of the period	(27)

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		As of	
	June 30, 2017		March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognized financial asset/liability	45	(66)	285	(3)
Amount set off	(21)	21	(1)	1
Net amount presented in Balance Sheet	24	(45)	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 ₹12,488 crore and ₹12,322 crore as of June 30, 2017 and March 31, 2017, respectively and unbilled revenues amounting to ₹3,945 crore and ₹3,648 crore as of June 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:

	(In %)	
	Three months ended June 30,	
	2017	2016
Revenue from top customer	3.3	3.6
Revenue from top ten customers	20.0	22.2

Credit risk exposure

The reversal of lifetime expected credit loss on customer balances for the three months June 30, 2017 was ₹4 crore and allowance for lifetime expected credit loss was ₹15 crore for the three months ended June 30, 2016.

	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Balance at the beginning	411	289
Impairment loss recognized / (reversed)	(4)	15
Amounts written off	(3)	-
Translation differences	1	1
Balance at the end	405	305

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

	(In ₹ crore except otherwise stated)	
	As of	
	June 30, 2017	March 31, 2017
Trade receivables	12,488	12,322
Unbilled revenues	3,945	3,648
Days Sales Outstanding- DSO (days)	68	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 June 30, 2017, the Group had a working capital of ₹38,977 crore including cash and cash equivalents of ₹23,117 crore and current investments of ₹10,388 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 June 30, 2017 and March 31, 2017, the outstanding employee compensated absences were ₹1,423 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 June 30, 2017:

	(In ₹ crore)				
Particulars	Less than 1 year	1-2 years	2-4 years	4-7 years	Total
Trade payables	260	-	-	-	260
Other financial liabilities (excluding liability towards acquisition) (Refer Note 2.14)	5,595	36	-	-	5,631
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note 2.14)	45	-	-	-	45

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 2.14)	4,943	31	-	-	4,974
Liability towards acquisitions on an undiscounted basis (including contingent consideration) (Refer Note 2.14)	45	46	-	-	91

2.13 EQUITY

SHARE CAPITAL

in ₹ crore, except as otherwise stated

Particulars	As at	
	June 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
2,28,56,79,962 (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 2.23 for details of basic and diluted shares

⁽²⁾ Net of treasury shares 1,12,64,702 (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 June 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 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 their meeting on October 14, 2016 declared an interim dividend of ₹11/- per equity share, which resulted in cash outflow of ₹3,029 crore, (excluding dividend paid on treasury shares) inclusive of corporate dividend tax.

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

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 details of shareholder holding more than 5% shares as at June 30, 2017 and March 31, 2017 are set out below :

Name of the shareholder	As at June 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)	38,32,97,937	16.69	38,33,17,937	16.69
Life Insurance Corporation of India	16,14,48,093	7.03	16,14,36,123	7.03

The reconciliation of the number of shares outstanding and the amount of share capital as at June 30, 2017 and March 31, 2017 is as follows:

Particulars	As at June 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	24,812	-	34,062	-
At the end of the period	228,56,79,962	1,144	228,56,55,150	1,144

Employee Stock Option Plan (ESOP):

2015 Stock Incentive Compensation Plan (the 2015 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 1,12,64,702 and 1,12,89,514 shares, as of June 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 CEO:

Pursuant to the approval from the shareholders through postal ballot on March 31, 2016, Dr. Vishal Sikka is eligible to receive under the 2015 Plan, an annual grant of time-based RSUs of fair value \$2 million which vest over time, subject to continued service, and an annual grant of performance based equity and stock options of \$5 million subject to achievement of performance targets set by the Board or its committee, which vest over time. Time based RSUs of fair value of \$2 million (approximately ₹ 13.42 crore) for financial year 2017 was granted on August 1, 2016 amounting to 1,20,700 RSUs in equity shares represented by ADSs.

Based on fiscal 2017 performance evaluation, the Board, on the recommendations of nomination and remuneration committee, approved on April 13, 2017, performance based equity and stock options for fiscal 2017 comprising 1,32,483 RSUs amounting to US\$ 1.9 million (approximately ₹12.91 crore) and 3,30,525 ESOPs amounting to US\$ 0.96 million (approximately ₹6.46 crore). Further, the Board, also approved the annual time-based vesting grant for fiscal 2018 to Dr. Vishal Sikka, comprising of 1,37,741 RSUs amounting to US\$2 million (approximately ₹12.97 crore). These RSUs and ESOPs have been granted effective May 2, 2017. 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. Though the performance based awards for fiscal 2018 and the time based RSU's for the remaining employment term have not been granted as of June 30, 2017, in accordance with Ind AS 102 Share-based Payment, the company has recorded employee stock based compensation expense. The company has recorded employee stock based compensation expense of ₹10 crore and ₹9 crore during the three months ended June 30, 2017 and June 30, 2016 towards CEO compensation.

Stock incentives granted to COO:

The Nomination and Remuneration 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 KMP (other than CEO and COO)

On November 1, 2016, 2,45,750 RSUs and 5,02,550 stock options were granted under the 2015 plan, to key management personnel, excluding CEO and COO, based on fiscal 2016 performance. Additionally, on November 1, 2016, 1,500 RSUs were granted to the Acting General Counsel and the same were outstanding as of June 30, 2017. These RSUs and stock options will 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.

During the three months ended June 30, 2017 and June 30, 2016, we recorded an employee stock compensation expense of ₹12 crore and ₹9 crore, respectively towards key managerial personnel including CEO and COO.

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. These instruments will vest over a period of 4 years and are subject to continued service.

The company recorded an employee stock compensation expense in the statement of profit and loss for the three months ended June 30, 2017 and June 30, 2016 of ₹ crore and ₹9 crore respectively. Further, the cash settled stock compensation expense (included above) for the three months ended June 30, 2017 and June 30, 2016 was ₹ 1 crore and Nil respectively. This comprises of expense pertaining to CEO, COO, other KMP and other employees. As of June 30, 2017 and March 31, 2017 94,090 and 1,06,845 incentive units were outstanding (net of forfeitures).

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

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

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

The activity in the 2015 Plan (formerly 2011 RSU Plan) for equity-settled share based payment transactions during the three months ended June 30, 2017 and June 30, 2016 is set out below:

Particulars	Three months ended June 30, 2017		Three months ended June 30, 2016	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
2015 Plan: Indian equity shares (RSU - IES)				
Outstanding at the beginning	2,003,928	5	221,505	5
Granted	31,750	5	-	-
Forfeited and expired	31,695	5	-	-
Exercised	24,812	5	12,406	5
Outstanding at the end	1,979,171	5	209,099	5
Exercisable at the end	-	-	-	-
2015 Plan: Employee Stock Options (ESOPs- IES)				
Outstanding at the beginning	309,650	998	-	-
Granted	50,200	919	-	-
Forfeited and expired	-	-	-	-
Exercised	-	-	-	-
Outstanding at the end	359,850	987	-	-
Exercisable at the end	-	-	-	-

Particulars	Three months ended June 30, 2017	
	Shares arising out of options	Weighted average exercise price (\$)
2015 Plan: American Depositary Shares (RSU - ADS)		
Outstanding at the beginning	957,445	0.07
Granted	302,814	0.07
Forfeited and expired	13,425	0.07
Exercised	-	-
Outstanding at the end	1,246,834	0.07
Exercisable at the end	-	-
2015 Plan: Employee Stock Options (ESOPs- ADS)		
Outstanding at the beginning	888,000	15.26
Granted	396,925	14.54
Forfeited and expired	-	-
Exercised	-	-
Outstanding at the end	1,284,925	15.05
Exercisable at the end	-	-

There was no activity in 2015 plan during the three months ended June 30, 2016 involving equity shares represented by ADS

During the three months ended June 30, 2017, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹943/-

During the three months ended June 30, 2016, the weighted average share price of options exercised under the 2015 Plan on the date of exercise was ₹1,206/-

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

The following table summarizes information about equity settled RSUs and ESOPs outstanding as of June 30, 2017.			
Range of exercise prices per share (₹)	No. of shares arising out of options	Options outstanding	
		Weighted average remaining contractual life	Weighted average exercise price (₹)
2015 Plan: ADS and IES			
0 - 5 (RSU)	3,226,005	1.71	5.00
900 - 1100 (ESOP)	1,644,775	6.98	974.50
	4,870,780	3.49	332.38

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: ADS and IES			
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	14.52	14.52
Exercise price (₹) / (\$- ADS)	5.00	919	0.07	14.54
Expected volatility (%)	21-25	25-28	23-26	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	13.50	2.91
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.

2.14 OTHER FINANCIAL LIABILITIES

Particulars	in ₹ crore	
	As at	
	June 30, 2017	March 31, 2017
Non-current		
Others		
Accrued compensation to employees ⁽¹⁾	35	30
Payable for acquisition of business (refer note 2.3) ⁽²⁾		
Contingent consideration	-	40
	35	70
Current		
Unpaid dividends ⁽¹⁾	25	17
Others		
Accrued compensation to employees ⁽¹⁾	2,304	1,881
Accrued expenses ⁽¹⁾	2,846	2,585
Retention monies ⁽¹⁾	202	220
Payable for acquisition of business		
Contingent consideration (refer note 2.3) ⁽²⁾	41	45
Client deposits ⁽¹⁾	16	32
Payable by controlled trusts ⁽¹⁾	140	145
Compensated absences	1,423	1,359
Foreign currency forward and options contracts ⁽²⁾⁽³⁾	45	2
Capital creditors ⁽¹⁾	32	48
Other payables ⁽¹⁾	30	15
	7,104	6,349
Total financial liabilities	7,139	6,419
⁽¹⁾ Financial liability carried at amortized cost	5,630	4,973
⁽²⁾ Financial liability carried at fair value through profit and loss	49	87
⁽³⁾ Financial liability carried at fair value through other comprehensive income	37	-
Contingent consideration on undiscounted basis	45	91

2.15 OTHER LIABILITIES

Particulars	in ₹ crore	
	As at	
	June 30, 2017	March 31, 2017
Non-current		
Others		
Deferred income - government grant on land use rights	42	41
Deferred income	40	42
	82	83
Current		
Unearned revenue	1,998	1,777
Others		
Withholding taxes and others	1,288	1,226
Accrued gratuity (refer note 2.22.1)	1	1
Tax on dividend	690	-
Deferred rent	12	2
Deferred income - government grant on land use rights	1	1
	3,990	3,007

2.16 PROVISIONS

Particulars	in ₹ crore	
	As at	
	June 30, 2017	March 31, 2017
Current		
Others		
Post-sales client support and warranties and others	404	405
	404	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	
	June 30, 2017	
Balance at the beginning		405
Provision recognized/(reversed)		15
Provision utilized		(15)
Exchange difference		(1)
Balance at the end		404

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

2.17 INCOME TAXES

Income tax expense in the consolidated Statement of Profit and Loss comprises:

	<i>In ₹ crore</i>	
	Three months ended June 30,	
	2017	2016
Current taxes	1,499	1,467
Deferred taxes	(128)	(105)
Income tax expense	1,371	1,362

Income tax expense for the three months ended June 30, 2017 and June 30, 2016 includes reversals (net of provisions) of ₹15 crore and provisions (net of reversals) of ₹8 crore, respectively, pertaining to prior periods.

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

During the three months ended June 30, 2017 and June 30, 2016, a current tax credit of ₹1 crore and ₹5 crore respectively have been recorded in other comprehensive income pertaining to remeasurement of defined benefit plan asset.

During the three months ended June 30, 2017, a deferred tax asset of ₹22 crore and a deferred tax liability of ₹2 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 quoted debt securities.

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:

	<i>In ₹ crore</i>	
	Three months ended June 30,	
	2017	2016
Profit before income taxes	4,854	4,798
Enacted tax rates in India	34.61%	34.61%
Computed expected tax expense	1,680	1,661
Tax effect due to non-taxable income for Indian tax purposes	(597)	(484)
Overseas taxes	223	190
Tax provision (reversals), overseas and domestic	(15)	8
Effect of exempt non-operating income	(17)	(28)
Effect of unrecognized deferred tax assets	72	(3)
Effect of differential overseas tax rates	9	2
Effect of non-deductible expenses	33	32
Additional deduction on research and development expense	(4)	(14)
Others	(13)	(2)
Income tax expense	1,371	1,362

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

During the quarter ended June 30, 2017 and June 30, 2016, the Group has claimed weighted tax deduction on eligible research and development expenditure based on the approval received from Department of Scientific and Industrial Research (DSIR) which was valid upto March 31, 2017. The weighted tax deduction is equal to 150% for quarter ended June 30, 2017 and 200% for quarter ended June 30, 2016 of such expenditure incurred. The company has applied for renewal of the R&D recognition with DSIR which is pending approval.

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 June 30, 2017, the Company has provided for branch profit tax of ₹326 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 ₹1 crore is on account of exchange rate during the three months ended June 30, 2017.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹5,533 crore and ₹5,309 crore as of June 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 June 30, 2017 and March 31, 2017:

	<i>In ₹ crore</i>	
Particulars	As at	
	June 30, 2017	March 31, 2017
Income tax assets	6,076	5,716
Current income tax liabilities	4,539	3,885
Net current income tax asset/ (liability) at the end	1,537	1,831

The gross movement in the current income tax asset/ (liability) for the three months ended June 30, 2017 and June 30, 2016 is as follows:

	<i>In ₹ crore</i>	
	Three months ended June 30,	
	2017	2016
Net current income tax asset/ (liability) at the beginning	1,831	1,820
Translation differences	(1)	-
Income tax paid	1,205	744
Current income tax expense	(1,499)	(1,467)
Income tax on other comprehensive income	1	5
Net current income tax asset/ (liability) at the end	1,537	1,102

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

	<i>In ₹ crore</i>	
	As at	
	June 30, 2017	March 31, 2017
Deferred income tax assets		
Property, plant and equipment	147	138
Computer software	41	40
Accrued compensation to employees	76	57
Trade receivables	132	136
Compensated absences	388	374
Post sales client support	94	97
Intangibles	24	22
Others	146	143
Total deferred income tax assets	1,048	1007
Deferred income tax liabilities		
Intangible asset	(196)	(206)
Temporary difference related to branch profits	(326)	(327)
Others	(44)	(141)
Total deferred income tax liabilities	(566)	(674)
Deferred income tax assets after set off	679	540
Deferred income tax liabilities after set off	(197)	(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 ended June 30, 2017 and June 30, 2016, is as follows:

	<i>In ₹ crore</i>	
	Three months ended June 30,	
	2017	2016
Net deferred income tax asset at the beginning	333	284
Translation differences	1	(11)
Credits / (charge) relating to temporary differences	128	105
Temporary differences on other comprehensive income	20	-
Net deferred income tax asset at the end	482	378

The credit relating to temporary differences during the three months ended June 30, 2017 are primarily on account of property plant and equipment, accrued compensation to employees and compensated absences partially offset by trade receivables and post sales client support. The credits relating to temporary differences during the three months ended June 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.

2.18 REVENUE FROM OPERATIONS

Particulars	in ₹ crore	
	Three months ended June 30,	
	2017	2016
Revenue from software services	16,550	16,279
Revenue from software products	528	503
	17,078	16,782

2.19 OTHER INCOME

Particulars	in ₹ crore	
	Three months ended June 30,	
	2017	2016
Interest received on financial assets carried at amortized cost:		
Bonds and government bonds	36	31
Deposit with Bank and others	391	620
Interest received on financial assets carried at fair value through other comprehensive income:		
Non convertible debentures	73	-
Certificates of deposit	130	-
Income received on investment carried at fair value through profit or loss		
Dividend received on liquid mutual fund units	1	19
Gains/(losses) on liquid mutual fund units	69	-
Exchange gains/ (losses) on foreign currency forward and options contracts	21	47
Exchange gains/ (losses) on translation of other assets and liabilities	51	9
Others	42	27
	814	753

2.20 EXPENSES

Particulars	in ₹ crore	
	Three months ended June 30,	
	2017	2016
<i>Employee benefit expenses</i>		
Salaries including bonus	9,074	9,043
Contribution to provident and other funds	201	173
Share based payments to employees (Refer note 2.13)	46	9
Staff welfare	45	57
	9,366	9,282
<i>Cost of software packages and others</i>		
For own use	219	183
Third party items bought for service delivery to clients	221	93
	440	276
<i>Other expenses</i>		
Repairs and maintenance	295	322
Power and fuel	49	64
Brand and marketing	93	116
Operating lease payments	129	109
Rates and taxes	49	40
Consumables	8	9
Insurance	15	14
Provision for post-sales client support and warranties	10	21
Commission to non-whole time directors	3	3
Impairment loss recognized / (reversed) on financial assets	(2)	15
Auditor's remuneration		
Statutory audit fees	2	2
Taxation matters	-	-
Other services	-	-
Reimbursement of expenses	-	-
Contributions towards Corporate Social responsibility	47	48
Others	54	62
	752	825

2.21 LEASES

The lease rentals charged during the period is as follows:

Particulars	in ₹ crore	
	Three months ended June 30,	
	2017	2016
Lease rentals recognized during the period	129	109

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

Future minimum lease payable	In ₹ crore	
	As at	
	June 30, 2017	March 31, 2017
Not later than 1 year	446	461
Later than 1 year and not later than 5 years	1,196	1,237
Later than 5 years	926	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.

2.22 EMPLOYEE BENEFITS

2.22.1 Gratuity

The following tables set out the funded status of the gratuity plans and the amounts recognized in the Group's financial statements as of June 30, 2017 and March 31, 2017:

Particulars	(In ₹ crore)	
	As of	
	June 30, 2017	March 31, 2017
Change in benefit obligations		
Benefit obligations at the beginning	1,117	944
Service cost	38	129
Interest expense	19	69
Remeasurements - Actuarial (gains)/ losses	7	67
Curtailment gain	-	(3)
Benefits paid	(26)	(89)
Benefit obligations at the end	1,155	1,117
Change in plan assets		
Fair value of plan assets at the beginning	1,195	947
Interest income	21	79
Remeasurements- Return on plan assets excluding amounts included in interest income	3	12
Contributions	-	246
Benefits paid	(26)	(89)
Fair value of plan assets at the end	1,193	1,195
Funded status	38	78
Prepaid gratuity benefit	39	79
Accrued gratuity	(1)	(1)

Amount for the three months ended June 30, 2017 and June 30, 2016 recognized in the Statement of Profit and Loss under employee benefit expense:

Particulars	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Service cost	38	32
Net interest on the net defined benefit liability/asset	(2)	-
Curtailment gain	-	(3)
Net gratuity cost	36	29

Amount for the three months ended June 30, 2017 and June 30, 2016 recognized in the statement of other comprehensive income:

Particulars	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
Remeasurements of the net defined benefit liability/ (asset)		
Actuarial (gains) / losses	7	25
(Return) / loss on plan assets excluding amounts included in the net interest on the net defined benefit liability/(asset)	(3)	(3)
	4	22

Particulars	(In ₹ crore)	
	Three months ended June 30,	
	2017	2016
(Gain)/loss from change in demographic assumptions	-	-
(Gain)/loss from change in financial assumptions	20	11
(Gain)/loss from experience adjustment	(13)	-
	7	11

The weighted-average assumptions used to determine benefit obligations as of June 30, 2017 and March 31, 2017 are set out below:

Particulars	(in %)	
	As of	
	June 30, 2017	March 31, 2017
Discount rate	6.6	6.9
Weighted average rate of increase in compensation levels	8.0	8.0

The weighted-average assumptions used to determine net periodic benefit cost for the three months June 30, 2017 and June 30, 2016 are set out below:

Particulars	Three months ended June 30,	
	2017	2016
Discount rate(%)	6.9	7.8
Weighted average rate of increase in compensation levels(%)	8.0	8.0
Weighted average duration of defined benefit obligation(years)	6.1	6.4

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 June 30, 2017, every percentage point increase / decrease in discount rate will affect our gratuity benefit obligation by approximately ₹60 crore.

As of June 30, 2017, every percentage point increase / decrease in weighted average rate of increase in compensation levels will affect our gratuity benefit obligation by approximately ₹51 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 June 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 June 30, 2017, and June 30, 2016 were ₹24 crore and ₹21 crore, respectively.

The Group expects to contribute ₹80 crore to the gratuity trusts during the remainder of fiscal 2018.

Maturity profile of defined benefit obligation:

	(in ₹ crore)
Within 1 year	161
1-2 year	166
2-3 year	174
3-4 year	189
4-5 year	200
5-10 years	963

2.22.2 Superannuation

The group contributed ₹42 crore and ₹41 crore to the superannuation plan during the three months ended June 30, 2017 and June 30, 2016, respectively and same has been recognized in the Statement of profit and loss account under the head employee benefit expense.

2.22.3 Provident fund

Infosys has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the assumptions provided below there is no shortfall as at June 30, 2017 and March 31, 2017, respectively.

The details of fund and plan asset position are as follows:

	(in ₹ crore)	
Particulars	As of	
	June 30, 2017	March 31, 2017
Plan assets at period end, at fair value	4,532	4,459
Present value of benefit obligation at period end	4,532	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:

	As of	
Particulars	June 30, 2017	March 31, 2017
Government of India (GOI) bond yield (%)	6.60	6.90
Remaining term to maturity of portfolio (years)	6	6
Expected guaranteed interest rate (%) - First year:	8.60	8.60
- Thereafter:	8.60	8.60

The Group contributed ₹116 crore and ₹113 crore to the provident fund during the three months ended June 30, 2017 and June 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.

2.22.4 Employee benefit costs include:

	(in ₹ crore)	
Particulars	Three months ended June 30,	
	2017	2016
Salaries and bonus*	9,172	9,099
Defined contribution plans	63	61
Defined benefit plans	131	122
	9,366	9,282

* Includes stock compensation expense of ₹46 crore and ₹9 crore for three months ended June 30, 2017 and June 30, 2016 respectively. Refer note 2.13

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

Particulars	Three months ended June 30,	
	2017	2016
Basic earnings per equity share - weighted average number of equity shares outstanding ⁽¹⁾	228,56,57,604	228,56,22,329
Effect of dilutive common equivalent shares - share options outstanding	14,00,544	1,45,793
Diluted earnings per equity share - weighted average number of equity shares and common equivalent shares outstanding	228,70,58,148	228,57,68,122

⁽¹⁾ Excludes treasury shares

For the three months ended June 30, 2017, 2,64,886 options to purchase equity shares had an anti-dilutive effect. For the three months June 30, 2016, no outstanding option to purchase equity shares had an anti-dilutive effect.

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

in ₹ crore

Particulars	As at	
	June 30, 2017	March 31, 2017
Contingent liabilities :		
Claims against the Company, not acknowledged as debts ⁽¹⁾	1,790	1,997
[Net of amount paid to statutory authorities ₹5,017 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)	891	1,149
Other commitments*	94	114

*Uncalled capital pertaining to investments

⁽¹⁾ Claims against the Company not acknowledged as debts as on June 30, 2017 include demand from the Indian Income tax authorities for payment of tax including interest upon completion of their tax assessment for fiscals 2007, 2008, 2009, 2010, 2011, 2012 and 2013. Demands were paid to statutory tax authorities in full except for fiscals 2009, 2011, 2012 and 2013.

Demand for fiscals 2007, 2008 and 2009 includes disallowance of a portion of the deduction claimed by the company under Section 10A of the income Tax Act as determined by the ratio of export turnover to total turnover. The disallowance arose from certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover. Demand for fiscals 2007, 2008, 2009, 2010 and 2011 also includes disallowance of portion of profit earned outside India from the STP units under section 10A of the Income Tax Act and disallowance of profits earned from SEZ units under section 10AA of the Income Tax Act. During the quarter the company has received the appeal order for fiscals 2007, 2008 and 2009 allowing deduction under section 10AA of the Income Tax Act for the units and deduction of foreign currency expenditure from export and total turnover. The order giving effect for the above mentioned years has not been received. The Company is in the process of filing appeal for fiscals 2007, 2008 and 2009 before Hon'ble Income Tax Appellate tribunal against the issues which are held against the company by the Commissioner of Income Tax (Appeals) Bengaluru. Demands for fiscal 2012 and 2013 includes disallowance of certain expenses incurred in foreign currency being reduced from export turnover but not reduced from total turnover and disallowance of profits earned from SEZ units which commenced operations before April 1, 2009 under section 10AA of the Income Tax Act and also others. The matters for fiscal 2013 is pending before the Commissioner of Income Tax (Appeals) Bengaluru. The matter for fiscal 2010, fiscal 2011 and fiscal 2012 is pending before Hon'ble Income Tax Appellate Tribunal (ITAT) Bengaluru.

The Company is contesting the demand and the management including its tax advisors believes that its position will likely be upheld in the appellate process. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

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

2.25 RELATED PARTY TRANSACTIONS

List of related parties:

Name of subsidiaries	Country	Holdings as at	
		June 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 BPO S.de.R.L.de.C.V ⁽¹⁾⁽¹³⁾	Mexico	-	-
Infosys McCamish Systems LLC ⁽¹⁾	U.S.	99.98%	99.98%
Portland Group Pty Ltd ⁽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⁾⁽¹⁴⁾	Switzerland	-	-
Lodestone GmbH (formerly Hafner Bauer & Ödman GmbH) ⁽³⁾⁽¹⁶⁾	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) ⁽¹⁷⁾	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⁾⁽¹⁸⁾	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⁾⁽¹⁵⁾	Australia	-	-
Panaya Japan Co. Ltd. ⁽⁷⁾	Japan	100%	100%
Skava Systems Pvt. Ltd. (Skava Systems) ⁽⁸⁾	India	100%	100%
Kallidus Inc. (Kallidus) ⁽⁹⁾	U.S.	100%	100%
Noah Consulting LLC (Noah) ⁽¹⁰⁾	U.S.	100%	100%
Noah Information Management Consulting Inc. (Noah Canada) ⁽¹¹⁾	Canada	100%	100%

⁽¹⁾ Wholly owned subsidiary of Infosys BPO.

⁽²⁾ Under liquidation

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

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

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

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

⁽⁷⁾ Wholly owned subsidiary of Panaya Inc.

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

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

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

⁽¹¹⁾ Wholly owned subsidiary of Noah

⁽¹²⁾ Incorporated effective November 20, 2015

⁽¹³⁾ Liquidated effective March 15, 2016

⁽¹⁴⁾ Liquidated effective October 5, 2016

⁽¹⁵⁾ Liquidated effective November 16, 2016

⁽¹⁶⁾ Liquidated effective December 21, 2016

⁽¹⁷⁾ Wholly owned subsidiary of Infosys

⁽¹⁸⁾ Liquidated effective May 9, 2017

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

Name of Associates	Country	Holdings as at	
		June 30, 2017	March 31, 2017
DWA Nova LLC ⁽¹⁾	U.S.	16%	16%

⁽¹⁾ Associate of Infosys Nova Holding LLC

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.

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

List of key management personnel

Whole-time directors

U. B. Pravin Rao
Dr. Vishal Sikka

Non-whole-time directors

Prof. Jeffrey S. Lehman
R. Seshasayee
Ravi Venkatesan
Kiran Mazumdar-Shaw
Prof. John W. Etchemendy
Roopa Kudva
Dr. Punita Kumar-Sinha
D. N. Prahlad (appointed effective October 14, 2016)

Executive Officers

M. D. Ranganath, Chief Financial Officer
David D. Kennedy, General Counsel and Chief Compliance Officer (till 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 (till July 14, 2017)
Krishnamurthy Shankar, Group Head - Human Resources (effective October 13, 2016)
Gopi Krishnan Radhakrishnan - Acting General Counsel (till 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 June 30,	
	2017	2016
Salaries and other employee benefits to whole-time directors and executive officers ⁽¹⁾	26	21
Commission and other benefits to non-executive/independent directors	3	3
Total	29	24

⁽¹⁾ Includes stock compensation expense of ₹12 crore and ₹9 crore for three months ended June 30, 2017 and June 30, 2016 respectively, towards key managerial personnel. Refer note 2.13

Geographic SegmentsThree months ended June 30, 2017 and *June 30, 2016* :

in ₹ crore

Particulars	North America	Europe	India	Rest of the World	Total
Revenue from operations	10,441	3,831	605	2,201	17,078
	<i>10,400</i>	<i>3,868</i>	<i>457</i>	<i>2,057</i>	<i>16,782</i>
Identifiable operating expenses	5,417	1,990	209	1,009	8,625
	<i>5,336</i>	<i>1,845</i>	<i>247</i>	<i>913</i>	<i>8,341</i>
Allocated expenses	2,415	884	119	473	3,891
	<i>2,503</i>	<i>928</i>	<i>95</i>	<i>465</i>	<i>3,991</i>
Segmental operating income	2,609	957	277	719	4,562
	<i>2,561</i>	<i>1,095</i>	<i>115</i>	<i>679</i>	<i>4,450</i>
Unallocable expenses					451
					403
Other income, net					814
					753
Share in net profit/(loss) of associate					-
					(2)
Write-down of investment in associate					(71)
					-
Profit before tax					4,854
					<i>4,798</i>
Tax expense					1,371
					<i>1,362</i>
Profit for the period					3,483
					<i>3,436</i>
Depreciation and amortization					450
					400
Non-cash expenses other than depreciation and amortization					1
					3

Significant clients

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

2.27 FUNCTION WISE CLASSIFICATION OF CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	in ₹ crore	
	Three months ended June 30,	
	2017	2016
Revenue from operations	17,078	16,782
Cost of Sales	10,900	10,681
Gross profit	6,178	6,101
Operating expenses		
Selling and marketing expenses	888	920
General and administration expenses	1,179	1,134
Total operating expenses	2,067	2,054
Operating profit	4,111	4,047
Other income	814	753
Profit before non controlling interest / Share in net profit / (loss) of associate	4,925	4,800
Share in net profit/(loss) of associate	-	(2)
Write-down of investment in associate	(71)	
Profit before tax	4,854	4,798
Tax expense:		
Current tax	1,499	1,467
Deferred tax	(128)	(105)
Profit for the period	3,483	3,436
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of the net defined benefit liability/asset	(3)	(17)
Equity instruments through other comprehensive income, net	-	-
	(3)	(17)
<i>Items that will be reclassified subsequently to profit or loss</i>		
Fair value changes on derivatives designated as cash flow hedge, net	(66)	-
Exchange differences on translation of foreign operations	107	38
Fair value changes on investments, net	27	-
	68	38
Total other comprehensive income, net of tax	65	21
Total comprehensive income for the period	3,548	3,457
Profit attributable to:		
Owners of the Company	3,483	3,436
Non-controlling interests	-	-
	3,483	3,436
Total comprehensive income attributable to:		
Owners of the Company	3,548	3,457
Non-controlling interests	-	-
	3,548	3,457

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

R. Seshasayee
Chairman

Ravi Venkates
Co-Chairman

Dr. Vishal Sikka
Chief Executive Officer
and Managing Director

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

Bengaluru
July 14, 2017

Roopa Kudva
Director

M. D. Ranganath
Chief Financial Officer

A.G.S. Manikantha
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF INFOSYS LIMITED

Report on the Interim 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 June 30, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the three months period then ended, 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.

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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 June 30, 2017, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the three 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, July 14, 2017